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*Determination of Terms of Credits and Discounts to
Customers Policy*

DETERMINATION OF TERMS OF CREDIT AND DISCOUNTS TO CUSTOMERS

A) INTRODUCTION / POLICY STATEMENT

AGL is manufacturing and selling three products: Ammonia (Intermediary Chemical Product), Urea and SSP (End Product). All these products are mainly sold through Dealers who are appointed on their market standing, repute and potential. Occasional sales are also made directly to the farmers, with some sales also made to Industrial Consumers and Institutions. The Company aims to put in place a formal policy on the Credits and Discounts to these Dealers, Farmers, Industrial Consumers and Institutions, collectively referred to as "Customers".

B) OBJECTIVE

This Policy is aimed at establishing and strengthening a framework for the terms of credits and discounts to its customers.

C) SCOPE/APPLICABILITY

This Policy is applicable to CEO, CFO, Head of Sales & Marketing, Regional Manager, Deputy Regional Managers, Area Manager, Jr. Area Managers and Sales Executives.

D) POLICY STATEMENTS

a) Determination of Terms of Credits

- No Un-Secured Credit Policy on any Product and for any Customer.
- Credit through Secured Facilities i.e. Bank Guarantees (BG) or Letter of Credit (LCs) will be allowed with BG & LC for a duration of Minimum One month to Maximum Six Months. CEO will approve Letters of Credit and Bank Guarantees after due legal vetting thereof.
- Extra Charges on BG & LC discounting will be recovered from the Customers as per the Industry Practices. CEO approval for the applicability of BG Charges will be sought by Head of Sales & Marketing for each case or alternatively for a period.
- All Sales on Secured Credit (BG or LC) will be made after the issuance of these in Advance and necessary Confirmations from the respective Banks.

b) Discounts to Customers

- Discounts for Urea will be based on the Approval from the Board of Directors for Quarterly basis with CEO authorized to increase or decrease on the recommendation of Head of Sales & Marketing as per Market Situation (Urea Demand Supply & Seasonality) and Company Cashflow needs. BOD will be updated with actual discounts on quarterly basis.
- SSP discounts shall be based on the Market Situation of major Phosphate Fertilizers primarily DAP Supply Demand, Seasonality and landed prices; Competitive Price structure of other SSP Producers and Cashflow Needs of the Company. A parity with DAP price i.e. 24% shall be maintained while determining the discounts for SSP. CEO is authorized to approve the discounts on the recommendation of Head of Sales & Marketing and BOD will be informed of the SSP Netback as well as Price Parity with DAP on quarterly basis.
- Discounts for Ammonia shall be based on the Market Prices offered by the major Competition. A committee of Head of Sales & Marketing and Head of Manufacturing to prepare and recommend Ammonia pricing and discounts for the Approval of CEO.


(Head of Sales & Marketing)


(Chief Financial Officer)


(Chief Executive Officer)