

REF.No.NBC/BD/CGU/18, Date:23.06.10

Sub: Expression of Interest (EOI) for setting up of grinding unit for cement plant in Damanjodi, Orissa

National Aluminum Company Ltd (NALCO) is interested for setting up a grinding unit for cement plant at Damanjodi, Orissa of approx 2 to 3 Lakh MTPA and above capacity, through a Joint Venture partnership. For this purpose NALCO invites Expression of Interest (EOI) from the interested and competent manufacturers having expertise in production and marketing of fly ash cements. NALCO is open to different options for the Joint Venture for the project. However, Nalco's equity participation will be minor and could be between 5% min to 25% max.

PART-1

1.0 General Information:

1.1 Company profile and location of the plant:

NALCO was incorporated in 1981 following a major investment decision by the Government of India to exploit a part of the Bauxite deposit discovered in the East coast of India. The company has charted an excellent track record in both physical and financial performance, and has been listed in the LME(London Metal exchange).Recently, the company has been conferred the "Nav Ratna"(literally Nine Jewels} by the Govt.of India, in recognition of its consistent outstanding performance over the years, hereby incorporating higher investment and operational autonomy.

NALCO is operating a multi-location Bauxite Mines-Alumina-Aluminium complex along with a Captive Power Plant, in the State of Orissa, India. A major expansion programme (1st phase) was started in 1997/1998 and the same has already been completed. Currently the organization is in the midst of Phase-2 expansion, due for completion in July, 2010. The plant capacity and location of various units of the complex after Phase-1 expansion and ongoing expansion are as under:

Unit	Location	Current Capacities	Capacities after ongoing expansion
Bauxite Mines	Panchpatmali, Distt:Koraput, Orissa	4.8 MTPY	6.3 MTPY
Alumina Refinery	Damanjodi, Distt:Koraput, Orissa	1.575 MTPY	2.1 MTPY
Aluminium Smelter	Angul, Distt. Angul, Orissa	0.345 MTPY	0.460 MTPY
Captive Power Plant	Angul, Distt., Angul, Orissa	960 MW	1200 MW

The current product mixes of NALCO are as follows:

- 1 Alumina & Hydrate** Calcined Alumina (Metallurgical Grade)
Alumina Hydrate

- 2 Special Products** Specialty Hydrate/Specialty Aluminas

- 3 Aluminium Metal** Ingots
Sows
Billets
Wire rods
Alloy wire rods

- 4 Flat Product** Aluminium Flat Rolled Products and Cast Strips

Nalco's metal is registered in the LME and the products are sold both in domestic and international market.

Brief company Highlights:

1.2.1 Financial:

All figures are as on 31st March, 2008

Sl.No.	Particulars	In INR Crores*	Equivalent in US\$ Mn
1	Paid-up Share Capital	644.31	150.29
2	Net Worth	8874.45	2070.08
3	Sales Turnover	5474.45	1276.99
4	Net Profit after Tax (PAT)	1631.52	380.57

*1Crore equals to 10 Millions.

1.2.2 General:

The company is listed on National Stock Exchange of India. The registered office is located at Nalco Bhawan, P/1, Nayapalli, Bhubaneswar-751013, Orissa, India. It is certified for ISO 9001: 2000, ISO 14001 and OHSAS 18001. It has won several awards for Environmental performance including the most coveted, Indira Gandhi Paryavaran Puraskar- 2000, Pollution Control Excellence Award-2000, and CII, Orissa, Environment Safety & Health Management Award-2005. The Company has also won CAPEXIL Highest Export Award continuously since 1988, the EEPC Export award, FIEO Niryat Shree Award and many other awards for excellence in export performance.

1.3 Company Background

Steam is the source of heat for various chemical reactions taking place in refining process of Bauxite to Alumina at NALCO Damanjodi. Steam is produced from 4 Boiler units of capacity 200TPH 68Kg/cm² and 485 °C, out of which 3 is running and 1 is standby. Coal is the principal fuel in production of steam. NALCO uses coal from Talcher and Ib region which is on an average 40% ash content.

Though NALCO Damanjodi produces on an average 950T of fly ash per day from 3 running boiler units, NALCO is able to collect only 300T fly ash by the dry ash collection unit installed in Boiler unit 4. After commissioning of Boiler unit 5, total dry ash collection is expected to increase by another 350T per day. Installation of dry ash collection unit in other boiler units is in the final stage.

Total Ash utilisation for the year 2009-10 is 27.29 % against the target 50%. As per the revised norm, the target of total Ash utilization for this year 2010-11 is 60% of the total ash generation by weight. At present NALCO is utilizing dry ash for brick manufacturing, low land area filling and for cement production. NALCO intends to use more ash in cement production.

1.4 Raw Material Availability:

The major raw material required for production of Pozzolana Portland Cement are clinker, fly ash and gypsum. Out of these 3 raw materials only fly ash will be made available from dry ash collection unit installed at power plant. The scope of other 2 raw materials lies with the JV partner.

1.5 Possible Location of the Proposed Plant:

Some of the key considerations for setting up a grinding unit for cement plant, which would influence its possible site location, include proximity to raw material, access to abundant utilities, availability of skilled personnel, ready availability of market and adequate infrastructure facilities. The JV partners can decide the location of the proposed plant at or near Damanjodi Alumina refinery complex taking the above points in to consideration.

PART-2

2.1 QUALIFICATION CRITERIA:

Firms intending to participate are expected to meet the pre-qualification requirement stated hereunder:

2.1.1 The firms should have technical capability and own production capacity of minimum 1 Lakh TPA. The plant should be in operation for the past 3 years.

2.1.2 The firms should have adequate expertise in production and marketing of Pozzolana Portland Cement.

2.1.3 The firms should be financially sound, which would be judged by their latest audited accounts. The net worth and financial performance should be commensurate with the volume of operation being proposed under this invitation, but should be positive, during the last accounting year.

2.2 PREPARATION/SUBMISSION OF EOI

2.2.1 EOI outline requirements:

The interested Firms are invited to furnish a proposal in a format as outlined below in order to achieve the objective of maintaining uniform proposal structure from all the Firms:

CHAPTER-I	LETTER OF SUBMISSION OF THE PROPOSAL
CHAPTER-II	ORGANIZATION PROFILE
CHAPTER-III	EOI QUALIFICATION SUMMARY (as per Para 2.1 above)
CHAPTER-IV	INFORMATION ABOUT ORGANIZATION

In this section, the Firm is requested to furnish details pertaining to company formation, legal status, place of registration, principal place of business of the company, number of years in the relevant business, and volume of sales along with market share in the related segment. Organization Structure along with qualification & experience of key personnel, etc may be provided

CHAPTER-V	TECHNICAL CAPABILITY
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In this section, the Firm may furnish details about technical capability, capacity, market etc in undertaking similar nature of works. Firm may also submit any other information he desires to furnish on his own to supplement his capabilities.

CHAPTER-VI OUTLINE OF THE PROPOSED PROJECT (PROPOSAL)

In this section, Firm is expected to furnish a brief on production and business plan which should comprise of the technology to be used, their market, growth potential, market price, raw materials and utility sourcing, financial analysis, cash flow and profitability statements etc.

CHAPTER-VII OTHER REQUIRED DOCUMENTS

- 1) Details of the experience as per Para 2.1 above
- 2) Annual Report and Audited Accounts of the latest financial year.

2.3 SUBMISSION OF EXPRESSION OF INTEREST (EOI):

Firms are expected to prepare EOI in accordance with requirement vide Para 2.1 and 2.2. The language of the proposal shall be "English" with all units in MKS system. The proposal along with all information and requisite documents should be delivered through post or courier in printed format at the following address.

Last date for submission of proposal is 31st Jul, 2010.

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