

Annexure-A

MEMORANDUM OF UNDERSTANDING 2014-15

1. This memorandum of understanding (MOU) is between M/s..... having its registered office at (first part) and M/s National Aluminium Company Limited having its registered office at plot no. P/1, Nayapalli, Bhubaneswar-751061 and Office at..... (second part) and is being signed on _____(Date).

This memorandum of understanding (MOU) will be governed broadly by the following terms and conditions:

2. (a) M/s _____ has requested for an Annual MOU quantity / Nine Months MOU quantity /Six Month MOU quantity (Strike out whichever is not applicable) of _____MT of **alumina hydrate (AH10)**. However, after review of availability of alumina hydrate (AH10) M/s NALCO has agreed for _____ MT of alumina hydrate (AH10) for the period 01.04.2014 to 31.03.2015/01.07.2014 to 31.03.2015/01.10.2014 to 31.03.2015 (Strike out whichever is not applicable).
- (b) M/s _____ has requested for an Annual MOU quantity / Nine Months MOU quantity /Six Month MOU quantity (Strike out whichever is not applicable) of _____MT of **Spl. hydrate(NSPH-5, 10,25 & 30)** . However, after review of availability of Spl. hydrate(NSPH-5, 10,25 & 30) M/s NALCO has agreed for _____ MT of Spl. hydrate(NSPH-5, 10,25 & 30) for the period 01.04.2014 to 31.03.2015/01.07.2014 to 31.03.2015/01.10.2014 to 31.03.2015 (Strike out whichever is not applicable).
3. MOU Period, Products and Quantity:
 - a) **MOU Period:** From 01.04.2014 to 31.03.2015 for Annual MOU, from 01.07.2014 to 31.03.2015 for nine month MOU and from 01.10.2014 to 31.03.2015 for Six Month MOU.
 - b) **Products covered:** Alumina Hydrate (AH 10) and Special Hydrate (NSPH-5, 10, 25 & 30).
 - c) **Annual MOU quantity:** Total signed quantity for the financial year 2014-15 including revision as mentioned at para- 10.
 - d) **Nine Month MOU quantity:** Total signed quantity for nine month from 01.07.2014 to 31.03.2015.
 - e) **Six Month MOU quantity:** Total signed quantity for six months from 01.10.2014 to 31.03.2015.
 - f) **Monthly MOU quantity:** Annual MOU quantity divided by 12(Twelve) for the financial year 2014-15 except for revised monthly MOU quantity as per para- 10 for Annual MOU, Nine month MOU quantity divided by 9(Nine) for Nine month MOU and Six Month MOU quantity divided by 6 (Six) for Six Month MOU.
4. (I) **Qualification Criteria for Annual MOU:**
 - a) The customer should lift 100% of the signed MOU quantity in the MOU period of 2014-15(including revision as mentioned at para-10).

- b) The customer should achieve lifting of minimum 40% of the annual signed MOU quantity in the 1st six months ending on 30th September 2014.
 - a) The customer should lift stipulated monthly MOU quantity in at least 7(seven) months out of 12 (twelve) months. However, lifting of at least 70% of the stipulated monthly MOU quantity shall not be considered as failure.
- (II) **Qualification Criteria for Nine Month MOU:**
- a) The customer should lift 100% of the signed Nine month MOU quantity during the MOU period from 01.07.2014 to 31.03.2015.
 - b) The customer should lift stipulated monthly MOU quantity in at least 6(six) months out of 9 (nine) months. However, lifting of at least 70% of the stipulated monthly MOU quantity shall not be considered as failure.
- (III) **Qualification Criteria for Six Month MOU:**
- a) The customer should lift 100% of the signed Six Month MOU quantity in the MOU period of 2014-15.
 - b) The customer should lift stipulated monthly MOU quantity in at least 4(Four) months out of 6 (six) months. However, lifting of at least 70% of the stipulated monthly MOU quantity shall not be considered as failure.

Once an MOU customer fails to meet the criteria as above, the customer would automatically cease to be an MOU customer and would not be entitled for any benefit under the scheme thereafter.

5. **Facilities / Benefits for MOU Customers:**

- a) MOU customers will get priority in dispatch. Considering the DI issuance date as 1st day and the turn of the MOU customer does not come for dispatch of the specified product while making the program on the 2nd day for loading on the 3rd day, then the priority would be given to the MOU customers for giving program on 3rd day subject to availability of the product. There could also be an inevitable queue amongst the MOU customers depending on the DI quantum and the stock availability. To avoid such situation to the extent possible, the above priority would be limited to maximum of 2 truck per day(approx. 18 MT) for monthly MOU quantity less than 110 MT and upto a maximum of 4 trucks per day(approx. 36 MT) for monthly quantity of \geq 110MT .

However in case of more material availability after considering above, the additional material could be given on priority to MOU customers based on their seniority against their pending DIs but not more than their monthly MOU quantity.

In case of material availability after meeting monthly MOU quantity, additional quantity may be given to MOU customers on priority upto 10% over their monthly MOU quantity rounded off to nearest truckload multiples depending on their DI seniority. However, if MOU customers are not interested to lift additional material the same could be given to non-MOU customers.

- b) **MOU Customer Reward:** This would be calculated considering the following:
 - I) Basic price for the purpose of calculating the MOU reward would be the Basic price ex-plant ruling on the date of dispatch.

II) GRADED MOU REWARD: This would be calculated as follows.

a) GRADED MOU REWARD FOR ANNUAL MOU:

SI.No	Annual MOU quantity 2014-15 (MT)	Monthly MOU quantity (MT)	Annual graded MOU reward in percentage (%)
1	≥192< 288	≥16<24	0.75
2	≥288<588	≥24<49	1.0
3	≥588<876	≥49<73	1.3
4	≥876<1320	≥73<110	1.6
5	≥1320<1764	≥110<147	2.0
6	≥1764<2208	≥147<184	2.5
7	≥2208	≥184	3.0

On fulfillment of qualification criteria at para-4(I) above, annual graded MOU reward shall be paid for the actual quantity lifted by the customer as per percentage (%) indicated in above table applicable to signed quantity (including revision as mentioned at para-10), multiplied by the weighted average basic price (ex-Plant) of invoices raised in favour of customer during the financial year 2014-15.

b) GRADED MOU REWARD FOR NINE MONTH MOU:

SI.No	Nine Month MOU quantity during 01.07.2014 to 31.03.2015 (MT)	Monthly MOU quantity (MT)	Nine Month graded MOU reward in percentage (%)
1	≥144< 216	≥16<24	0.68
2	≥216<441	≥24<49	0.9
3	≥441<657	≥49<73	1.17
4	≥657<990	≥73<110	1.44
5	≥990<1323	≥110<147	1.8
6	≥1323<1656	≥147<184	2.25
7	≥1656	≥184	2.7

On fulfillment of qualification criteria at para-4(II) above, Nine Month graded MOU reward shall be paid for the actual quantity lifted by the customer as per percentage (%) indicated in above table applicable to signed quantity multiplied by the weighted average basic price (ex-Plant) of invoices raised in favour of customer during the MOU period i.e. 01.07.2014 to 31.03.2015.

c) GRADED MOU REWARD FOR SIX MONTH MOU:

SI.No	Six Month MOU quantity for the period 01.10.2013 to 31.03.2014	Monthly MOU quantity (MT)	Annual graded MOU reward in percentage (%)
1	≥96<144	≥16<24	0.6
2	≥144<294	≥24<49	0.8
3	≥294<438	≥49<73	1.04
4	≥438<660	≥73<110	1.28
5	≥660<882	≥110<147	1.6
6	≥882<1104	≥147<184	2.0
7	≥1104	≥184	2.4

On fulfillment of qualification criteria at Para -4(III) above, Six Month graded MOU reward on the signed quantity shall be paid for the actual quantity lifted by the customer as per percentage (%) indicated in above table multiplied by the weighted average basic price (ex-Plant) of invoices raised in favour of customer during the MOU period i.e. 01.10.2014 to 31.03.2015.

The graded MOU reward shall be paid preferably within 15 days from the expiry of FY 2014-15 by way of credit note.

6. **Loyalty Reward:**

In addition to graded MOU reward as above, MOU customers of Spl. Hydrate who have lifted 100% of annual MOU quantity (considering revised MOU quantity) in the preceding FY i.e. 2013-14 will qualify for a loyalty bonus subject to their fulfillment of MOU qualifying criteria in the year 2014-15. The loyalty bonus at the rate of 5% of total annual graded MOU reward amount as per para 5(b) above for the year 2014-15 shall be paid to the MOU customers of Spl. Hydrate. The loyalty bonus as applicable will be payable along with the annual graded MOU reward at the end of the financial year 2014-15 by way of credit note.

However, loyalty reward for alumina hydrate annual MOU customers shall not be applicable as annual MOU for alumina hydrate is introduced for the current financial year i.e. FY 14-15.

7. All discounts & credit terms as applicable to non-MOU customers would also be applicable to MOU customers.
8. The price and the term and conditions for supply shall be as per the company's policy declared from time to time by NALCO.
9. In the event of any shortfall in supply by NALCO during any period of the MOU, no compensation would be payable by NALCO.

10. **Revision in MOU :**

There may be some customers who wish to revise their Annual MOU Quantity during the financial year depending on their requirement. Such customers shall be permitted to exercise an one time option for a mid-year revision to the annual MOU quantity subject to the following:

- (i) Reduction in the Annual MOU Quantity may be allowed. However, the reduced MOU quantity should not be less than 90% of the Signed MOU quantity and should be equal to or more than 192 MT.
- (ii) Increase in MOU quantity may be allowed without any ceiling subject to availability of the product.
- (iii) Such request for revision in annual MOU quantity should be received by NALCO by 15th September 2014 and the revision in quantity, if agreed, shall be applicable from 1st October 2014 to 31st March 2015.
- (iv) The corresponding monthly MOU quantity for the 2nd half of the year will get increased/decreased accordingly.
- (v) On revision of Annual MOU Quantity, the benefits associated with Annual MOU quantity will be with reference to the rate applicable to original Annual MOU signed quantity for 1st half and with reference to rate applicable to revised Annual MOU quantity for 2nd half of the year as per Graded MOU Reward table at 5. (b).

11. Last date of signing MOU:

- (a) Customers desirous of signing annual MOU scheme should send their requests latest by **17th of April, 2014.**
- (b) Customers desirous of signing Nine Month MOU scheme should send their requests latest by **15th of June, 2014.**

- (c) Customers desirous of signing Six Month MOU scheme should send their requests latest by **15th of September, 2014.**

DISCLAIMER: This is a reward scheme for loyalty and consistency, benefit of which would accrue to you on successful performance as stipulated in the scheme. However, materials would be supplied subject to availability. NALCO reserve right to review the terms & conditions of the MOU, if required.

The memorandum of understanding has been entered into on the aforementioned date by the authorized representatives of the two parties.

1st PART

For.....

By.....

Designation:

2ND PART

For, National Aluminium Co. Ltd.

By.....

Designation: