

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. M/s_____ has requested for Six Month MOU quantity of _____ MT of **spl. Alumina NSPL 102**. However, after review of availability of spl. Aluminas, M/s NALCO has agreed for _____ MT of spl. alumina NSPL 102 for the period 01.10.2014 to 31.03.2015.

3. MOU Period, Products and Quantity:

a) **MOU Period:** From 01.10.2014 to 31.03.2015.

b) **Product covered:** Special Alumina NSPL 102.

c) **Six Month MOU quantity:** Total signed quantity for six months from 01.10.2014 to 31.03.2015.

d) **Monthly MOU quantity:** Six Month MOU quantity divided by 6 (Six).

4. **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 as follows:

Monthly MoU Qty. <72 MT	=	1truck/day(approx.16 MT)
Monthly MoU Qty.<144 MT	=	2trucks/day(approx.32 MT)
Monthly MoU Qty.≥144 MT	=	3trucks/day(approx. 48 MT)

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.

GRADED MOU REWARD FOR SIX MONTH MOU:

Sl.No.	Six Month MOU quantity for the period 01.10.2014 to 31.03.2015	Monthly MOU quantity (MT)	Six Month graded MOU reward in percentage (%)
1	=96 <192	=16<32	0.8
2	=192<288	=32<48	1.04
3	=288<432	=48<72	1.28
4	=432<576	=72<96	1.6
5	=576<720	=96<120	2.0
6	=720<1200	=120<200	2.4
7	=1200	=200	2.8

On fulfillment of qualification criteria at Para -4 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 the 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.

6. The graded MOU reward shall be paid preferably within 15 days from the expiry of FY 2014-15 by way of credit note.
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. Last date of signing MOU:
 - (a) Customers desirous of signing Six Month MOU scheme should send their requests latest by **15.10.2014**.

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

2nd PART

For.....

For, National Aluminium Co. Ltd.

By.....
Designation:

By.....
Designation: