

**MEMORANDUM OF UNDERSTANDING 2020-21 – Rolled Products**

This memorandum of understanding (MOU) is between M/s ..... (First part) having its office at ..... and M/s National Aluminium Company Limited (Second part) having its registered office at Plot No. P/1, Nayapalli, Bhubaneswar-751013 and is being signed on .....(Date).

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

1. M/s..... has requested for an Annual / Quarterly MOU quantity of ..... MT as per following quarterly break-up. However after review of availability of metal M/s. NALCO has agreed for..... MT of metal for the period from ..... to ..... as per following quarterly break-up. For the sake of simplicity, the two-month period of May-June 2020 shall henceforth be referred as 1<sup>st</sup> Quarter, an 11-month MoU shall henceforth be referred as Annual MoU and the year-end MoU Reward shall henceforth be referred as Annual MoU Reward.

	Quarterly break up of Requested qty (MT)	Quarterly break up of agreed qty (MT)
1st Quarter – May-Jun 2020		
2nd Quarter – Jul-Sep 2020		
3rd Quarter – Oct-Dec 2020		
4th Quarter – Jan-Mar 2021		
<b>TOTAL ANNUAL MOU QTY</b>		

**2. MOU PERIOD, PRODUCTS & SIGNING DATE**

- (a) PERIOD: Financial Year 2020-21 (from 01.05.2020 to 31.03.2021).
- (b) PRODUCTS COVERED: Aluminium Rolled Products in general and does not include any specific type/grade of material. However, specific type/grade of material may be supplied subject to availability.
- (c) Last date for signing MOU:
  - (i) For Annual MOU Scheme: Customers desirous of signing MOU for the whole year shall sign preferably before 15<sup>th</sup> May 2020.
  - (ii) For Quarterly MOU Scheme: Customers desirous of signing MOU for any quarter other than 1<sup>st</sup> quarter and consecutively from that quarter shall sign preferably before last day of the preceding month prior to beginning of that (those) quarter(s). For 1<sup>st</sup> quarter, the last date of signing would be 15<sup>th</sup> May 2020.

### 3. MOU SCHEME

#### (a) ANNUAL MOU SCHEME

- (i) Customers desirous of signing MOU for the whole year shall be covered under this scheme. Their signed annual MOU quantity shall be total Annual MOU Quantity agreed by NALCO for FY 2020-21. Minimum Annual MOU quantity shall be 88 MT.
- (ii) Quarterly MOU qty: Normally quarterly MOU Quantity shall be as per the following:
  - ❖ For 1<sup>st</sup> Quarter: Annual MOU quantity multiplied by 2/11.
  - ❖ For 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Quarter: Annual MOU quantity multiplied by 3/11.

However, customers signing MOU for the full 11 months are also allowed for signing differential quarterly quantities within the range of 10% to 30% for the 1<sup>st</sup> quarter and between 20% to 35% for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters of the Annual signed quantity and the benefits associated with their quarterly & monthly MOU Quantity will be with reference to the rate applicable to quarterly & monthly MOU quantity as per column 6 & 5 respectively of Graded MOU Reward table at sl. no. 4[III] irrespective of the rate applicable to signed Annual MOU quantities.

- (iii) Monthly MOU quantity: Quarterly MOU quantity as mentioned above at sl. no. (ii) divided by 2 (two) for the 1<sup>st</sup> quarter and by 3 (three) for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters.
- (iv) Customers who sign Annual MOU quantity for the whole year; but do not qualify for annual reward by virtue of not meeting eligibility criteria, as per sl. no. 4[I-A] shall not be eligible to get the specific benefits available for Annual MOU such as Annual Rewards.
- (v) The supply of MOU quantities signed by the customers shall be subject to metal availability. Those customers interested in signing MOU for the whole year shall be preferred in signing MOU quantities over other MOU customers.

#### (b) QUARTERLY MOU SCHEME

- (i) Customers desirous of signing Quarterly MOU for any one quarter/any two consecutive quarters/any three consecutive quarters shall be covered under this scheme. Minimum quarterly MOU quantity shall be 16 MT for the 1<sup>st</sup> Quarter and 24 MT for the subsequent quarters.. Their signed MOU quantity for any one quarter/any two consecutive quarters/any three consecutive quarters shall be total MOU quantity agreed by NALCO considering the metal availability.
- (ii) Quarterly MOU qty: Total signed MOU quantity equally divided into one quarter/ two quarters/ three quarters, as the case may be.
- (iii) Monthly MOU qty: Quarterly MOU quantity as mentioned above at Sl. No. (ii) above divided by 2 (two) for the 1<sup>st</sup> quarter and by 3 (three) for subsequent quarters in such a way that MoU quantity is equal for all months.

**4. FACILITIES / BENEFITS FOR MOU CUSTOMERS**

**I. ELIGIBILITY CRITERIA**

**A. To continue to get benefits under the Annual MOU Scheme:**

<b>For Annual MOU Reward</b>	(i) The customer should fulfill the eligibility criteria for monthly MOU reward at least 3 times during the period May-Sep 2020 and at least 4 times during the period Oct 2020-Mar 2021 (7 times in total during the 11-month MoU period).
	(ii) The customer should achieve minimum 70% of the signed quarterly quantity of 1 <sup>st</sup> & 2 <sup>nd</sup> Quarter put together.
	(iii) The customer should lift the agreed Annual MOU quantity in the MOU period of 2020-21.
	The customer should fulfill all the above criteria for availing Annual MOU reward. However, if any Annual MOU customer fails to meet the criteria as above, the customer would not be entitled to get Annual MOU reward, but shall continue to be an MOU customer.
<b>For Quarterly MOU Reward</b>	(i) Eligibility for fulfilling Quarterly MOU quantity for 1 <sup>st</sup> Quarter (May–June 2020) only: The customers who lift minimum 50% of signed quarterly MOU quantity shall be eligible for quarterly MOU reward. Shortfall up to 10 MT in achieving 100% of signed quarterly MOU quantity shall not be considered as failure.
	(ii) For the balance three quarters of the MOU period, i.e., 2 <sup>nd</sup> Quarter (Jul-Sep 2020), 3 <sup>rd</sup> Quarter (Oct-Dec 2020) and 4 <sup>th</sup> Quarter (Jan-Mar 2021): The customers who lift minimum 90% of signed quarterly MOU quantity shall be eligible for quarterly MOU reward. Shortfall up to 10 MT in achieving 100% of signed quarterly MOU quantity shall not be considered as failure.
<b>For Monthly MOU Reward</b>	(i) Eligibility for fulfilling Monthly MOU quantity for May 2020 only: Partial lifting of MoU Quantity during May 2020 shall not be considered as failure. All customers having lifting >1 MT during May 2020 shall be eligible for monthly MOU reward for actual lifted quantity as per their signed MoU slab.
	(ii) For the month of June 2020 only: The customers who lift minimum 60% of signed monthly MOU quantity shall be eligible for monthly MOU reward. Shortfall up to 10 MT in achieving 100% of signed monthly MOU quantity shall not be considered as failure.  However, for customers who have signed monthly MOU quantity of ≤ 10 MT, only lifting of minimum 60% of monthly MOU quantity criteria shall be applicable for monthly MOU reward.
	(iii) For the balance 9 months of the MOU period (i.e. July 2020 to March 2021): The customers who lift minimum 80% of signed monthly MOU quantity shall be eligible for monthly MOU reward. Shortfall up to 10 MT in achieving 100% of signed monthly MOU quantity shall not be considered as failure.  However, for customers who have signed monthly MOU quantity of ≤ 10 MT, only lifting of minimum 80% of monthly MOU quantity criteria shall be applicable for monthly MOU reward.

**B. To continue to get benefits under the Quarterly MOU Scheme:**

<p><b>[I] For MOU customers for any one quarter (3 months)</b></p>	<p>The customer should fulfill the eligibility criteria for monthly MOU reward for one out of two months (in case of 1<sup>st</sup> quarter) or two out of three months (in case of 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters) during the MOU period besides lifting the signed MOU quantity.</p> <p>However, if any customer fails to meet the criteria as above, the customer would not be entitled to get Quarterly MOU reward but shall continue to be a MOU customer.</p> <p>The customer who lifts 100% of signed quarterly MOU quantity shall be eligible for quarterly MOU reward.</p>
<p><b>[II] For MOU customers for two consecutive quarters (6 months)</b></p>	<p>In case the MOU period is May-Sep 2020, the customer should fulfill the eligibility criteria for monthly MOU reward for at least 3 times during the MOU period and at least 2 times during Jul-Sep 2020. In case the MOU period is during Jul-Dec 2020 or Oct 2020-Mar 2021, the customer should fulfill the eligibility criteria for monthly MOU reward for at least 4 times during the MOU period and at least 2 times during each quarter. In each case, the customer should lift the total signed MOU quantity.</p> <p>However, if any customer fails to meet the criteria as above, the customer would not be entitled to get Quarterly MOU reward but shall continue to be a MOU customer.</p> <p>(i) For 1<sup>st</sup> Quarter of MOU period: In case the MOU period is May-Sep 2020, the customers who lift minimum 50% of signed quarterly MOU quantity during May-Jun 2020 shall be eligible for quarterly MOU reward. In case the MOU period is during Jul-Dec 2020 or Oct 2020-Mar 2021, the customers who lift minimum 90% of signed quarterly MOU quantity during the 1<sup>st</sup> quarter of MOU period shall be eligible for quarterly MOU reward. Shortfall up to 10 MT in achieving 100% of signed quarterly MOU quantity in 1<sup>st</sup> quarter shall not be considered as failure.</p> <p>(ii) For 2<sup>nd</sup> Quarter of MOU period: Customer lifting 100% of the signed MOU quantity for their two quarters put together besides lifting 90% of their signed quarterly quantity in its 2<sup>nd</sup> quarter of MOU period shall be considered eligible to get the quarterly MOU reward for its 2<sup>nd</sup> quarter. Shortfall up to 10 MT in achieving 100% of signed quarterly MOU quantity in its 2<sup>nd</sup> quarter of MOU period shall not be considered as failure.</p>
<p><b>[III] For MOU customers for 3 consecutive quarters (9 months)</b></p>	<p>In case the MOU period is May-Dec 2020, the customer should fulfill the eligibility criteria for monthly MOU reward for at least 5 times during the MOU period and at least 2 times during each of 2<sup>nd</sup> and 3<sup>rd</sup> quarters. In case the MOU period is during Jul 2020-Mar 2021, the customer should fulfill the eligibility criteria for monthly MOU reward for at least 6 times during the MOU period and at least 2 times in each quarter. In each case, the customers should lift the total signed MOU quantity.</p> <p>However, if any customer fails to meet the criteria as above, the customer would not be entitled to get Quarterly MOU reward but shall continue to be a MOU customer.</p> <p>(i) For 1<sup>st</sup> &amp; 2<sup>nd</sup> Quarters of MOU period: In case the MOU period is May-Dec 2020, the customers who lift minimum 50% of signed quarterly MOU quantity in the 1<sup>st</sup> quarter and minimum 90% of signed quarterly MOU quantity in the 2<sup>nd</sup> quarter of MOU period shall be eligible for quarterly MOU reward in each quarter. In case the MOU period is Jul 2020-Mar 2021, the customers who lift minimum 90% of signed quarterly MOU quantity each in the 1<sup>st</sup> and 2<sup>nd</sup> quarters of MOU period shall be eligible for quarterly MOU reward in each quarter. Shortfall up to 10 MT in achieving 100% of signed quarterly MOU quantity in each of these two quarters shall not be considered as failure.</p> <p>(ii) For 3<sup>rd</sup> Quarter of MOU period: Customer lifting 100% of the signed MOU quantity for their three quarters put together besides lifting 90% of their signed quarterly quantity in its 3<sup>rd</sup> quarter of MOU period shall be considered eligible to get the quarterly MOU reward for their 3<sup>rd</sup> quarter of MOU period. Shortfall up to 10 MT in achieving 100% of signed quarterly MOU quantity in its 3<sup>rd</sup> quarter of MOU period shall not be considered as failure.</p>

<b>For Monthly MOU Reward under Quarterly MOU scheme</b>	(i) Eligibility for fulfilling Monthly MOU quantity for May 2020 only: The customers who lift minimum 60% of signed monthly MOU quantity shall be eligible for monthly MOU reward. Shortfall up to 10 MT in achieving 100% of signed monthly MOU quantity shall not be considered as failure. However, for customers who have signed monthly MOU quantity of $\leq 10$ MT, only lifting of minimum 60% of monthly MOU quantity criteria shall be applicable for monthly MOU reward.
	(ii) For the balance months of the MOU period (i.e. Jun 2020 to Mar 2021): The customers who lift minimum 80% of signed monthly MOU quantity shall be eligible for monthly MOU reward. Shortfall up to 10 MT in achieving 100% of signed monthly MOU quantity shall not be considered as failure. However, for customers who have signed monthly MOU quantity of $\leq 10$ MT, only lifting of minimum 80% of monthly MOU quantity criteria shall be applicable for monthly MOU reward.

**II. PRIORITY IN DISPATCH /QUEUE FOR MOU CUSTOMERS**

**Despatch Priority**

- (i) Considering MOU customer’s DI issuance date as 1<sup>st</sup> day incase their turn does not come for dispatch on the 3<sup>rd</sup> day, then the priority would be in terms of 50% of pending DI quantity (subject to availability of grade of metal mentioned in the DI). However, for such priority excess over the stipulated monthly MOU quantity shall be ignored. In case there is a queue amongst the MOU customers, the above priority would be limited as per following:-

Sl. No.	Monthly MOU Qty (MT)	Maximum No. of trucks (approx. 9 MT) per day
1	$\leq 100$ MT	2
2	$> 100$ MT to $\leq 250$ MT	3
3	$> 250$ MT	4

The above priority would be applicable to a particular customer (with respect to a particular customer code) / corporate body.

- (ii) In case of exigencies and less metal availability, metal shall be given on priority to valid MOU customers as per DI seniority against their pending DIs up to their Monthly MOU eligibility criteria as per priority under (i) above.
- (iii) If any customer fails to lift enough quantity to satisfy monthly MOU eligibility criteria in the previous months of a quarter in spite of making serviceable DIs consistently and wants to lift the shortfall quantity in the subsequent months of the quarter, the same will be supplied after meeting (ii) above in order of DI seniority of such customers. However, shortfall in MOU quantity would be supplied subject to metal availability.
- (iv) After (ii) & (iii) above, metal shall be given on priority to MOU customers as per DI seniority against their pending DIs upto their Quarterly MOU eligibility criteria and Annual MOU eligibility quantity.

(v) After meeting the above criteria at (ii), (iii) and (iv) above, balance DI of MOU customers will be served as per DI seniority to fulfill their 100% monthly MOU quantity and 100% quarterly MOU quantity in that order subject to availability of metal. In case of further metal availability after meeting the above, metal may be despatched to both MOU & Non MOU customers depending on their DI seniority.

**III. MOU CUSTOMER REWARD**

**(A) Quarterly & Monthly MOU Reward (under Annual & Quarterly MOU Schemes)**

On fulfillment of eligibility criteria for quarterly MOU reward & monthly MOU reward, graded MOU reward at the rate applicable on the signed quantity shall be paid for the actual quantity lifted by the customer as per % indicated under column 6 and 5 of sl.no. 4(III)-C below multiplied by the weighted average Price (Price as defined at sl.no. 7) in favour of respective customer during the quarter and month respectively.

**(B) Annual Rewards**

For Customers Signing Annual MOU: An annual MOU customer (who has signed the MOU quantity for the whole year), on fulfilling the qualifying criteria as per sl.no. 4[I](A) shall be paid Annual Reward at the rate applicable on the signed quantity for the actual quantity lifted as per % indicated under column 7 of sl.no. 4(III)-C below, multiplied by the weighted average Price (Price as defined at sl.no. 7) in favour of respective customers during the year.

**(C) Graded MOU Reward**

Graded MOU Reward Percentage will be calculated as per table given below.

Sl. No.	Monthly MOU qty	Quarterly MOU qty	Annual MOU qty	Monthly MOU reward in % [40%]	Quarterly MOU reward in % [40%]	Annual MOU reward in % [20%]	Total MOU reward in % [100%]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(i)	≥8 ≤ 15	≥ 24≤ 45	≥ 88 ≤ 165	0.88	0.88	0.44	2.20
(ii)	>15 ≤ 40	>45≤ 120	>165 ≤440	0.92	0.92	0.46	2.30
(iii)	> 40 ≤ 100	> 120≤ 300	> 440 ≤ 1100	0.96	0.96	0.48	2.40
(iv)	> 100 ≤ 150	> 300≤ 450	> 1100 ≤ 1650	1.00	1.00	0.50	2.50
(v)	> 150 ≤ 200	> 450≤ 600	> 1650 ≤ 2200	1.04	1.04	0.52	2.60
(vi)	> 200 ≤ 250	> 600≤ 750	> 2200 ≤ 2750	1.08	1.08	0.54	2.70
(vii)	> 250≤ 300	> 750 ≤ 900	> 2750≤ 3300	1.12	1.12	0.56	2.80
(viii)	> 300	> 900	> 3300	1.16	1.16	0.58	2.90

**(D) Payment of Rewards**

The graded MOU reward for the month, for the quarter and Annual Reward for the year shall be paid preferably within 15 days but not more than a month, from the expiry of respective month, quarter and year by way of credit note.

However, actual payment will be released only after completion of statutory obligations by the customer, if any.

**5. SUSPENSION OF BUSINESS RELATIONSHIP / BLACKLISTING**

In case any customer(s) indulge in threatening / intimidation / making false allegations / canvassing / connivance against or with company officials, the business relationship of Nalco with the said customer(s) will immediately be suspended pending inquiry. In case in the inquiry, the above acts are established, the said customer(s) will be blacklisted.

**6. REVISION IN SIGNED MOU QUANTITY**

**(A) INCREASE IN MOU QUANTITY**

There may be some MOU customers for 2020-21 who wish to increase their signed MOU Quantity (except MOU for any one quarter) during the financial year depending on their requirement. Such MOU customers shall be permitted to exercise their option after two (2) months (1<sup>st</sup> revision), after five (5) months (2<sup>nd</sup> revision) and after eight (8) months (3<sup>rd</sup> revision) subject to the following:

- (i) Increase in signed MOU quantity may be allowed without any ceiling subject to availability of metal.
- (ii) The customers signing MOU for any one quarter under Quarterly MOU Scheme shall not be eligible for revision of MOU.
- (iii) Such request for revision in signed MOU quantity should be received by NALCO as per schedule given below:

Revision	Last date of receiving request	Revision, if agreed, applicable from
1 <sup>st</sup>	30 <sup>th</sup> June 2020	1 <sup>st</sup> July 2020
2 <sup>nd</sup>	30 <sup>th</sup> September 2020	1 <sup>st</sup> October 2020
3 <sup>rd</sup>	31 <sup>st</sup> December 2020	1 <sup>st</sup> January 2021

- (iv) The quarterly and corresponding monthly MOU Quantities shall be revised as given at Sl. No. (v), (vi) & (vii) below and the quarterly MOU quantity of the balance quarters shall be equal i.e. there shall be no differential quarterly quantity for the balance quarters.
- (v) The quarterly and corresponding monthly MOU Quantity after 1<sup>st</sup> revision of FY 2020-21 shall be revised as follows:

a) Revised quarterly MOU Quantity = 
$$\frac{[\text{Revised total signed MOU quantity} - \text{Original signed MOU Qty for 1}^{\text{st}} \text{ qtr of MOU period}]}{\text{No. of remaining quarter of signed MOU period}}$$

b) Revised Monthly MOU Quantity =  
$$\frac{\text{Revised quarterly MOU Quantity [as per (a) above]}}{3}$$

(vi) The quarterly and corresponding monthly MOU Quantity after 2<sup>nd</sup> revision of FY 2020-21 shall be revised as follows:

a) Revised quarterly MOU Quantity =  
$$\frac{[\text{Revised total signed MOU quantity} - \text{Revised/ Original signed MOU Qty for 1<sup>st} \& 2<sup>nd</sup> qtr of MOU period}]}{\text{No. of remaining quarter of signed MOU period}}</sup>$$

b) Revised Monthly MOU Quantity =  
$$\frac{\text{Revised quarterly MOU Quantity [as per (a) above]}}{3}$$

(vii) The quarterly and corresponding monthly MOU Quantity after 3<sup>rd</sup> revision of FY 2020-21 shall be revised as follows:

a) Revised quarterly MOU Quantity =  
$$\frac{[\text{Revised total signed MOU quantity} - \text{Revised/Original signed MOU Qty for 1<sup>st}, 2<sup>nd} \& 3<sup>rd}</sup> qtr of MOU period]}{\text{No. of remaining quarter of signed MOU period}}</sup></sup>$$

b) Revised Monthly MOU Quantity =  
$$\frac{\text{Revised quarterly MOU Quantity [as per (a) above]}}{3}$$

**(B) REDUCTION IN MOU QUANTITY**

(i) One-time mid-year reduction of MOU quantity will be applicable only for annual MOU customers who have signed their Annual MOU quantity for the Period 01.05.2020 to 31.03.2021.

The reduced Annual MOU quantity, if any, should not be less than 90% of the original Annual Signed MOU quantity and should be equal to or more than 88 MT.

(ii) The quarterly and corresponding monthly MOU Quantity for 2<sup>nd</sup> half of FY 2020-20 (i.e. from October 2020 to March 2021) shall be revised as follows:

(a) Revised quarterly MOU Quantity =  
$$\frac{[\text{Revised total signed MOU quantity} - \text{Original signed MOU Qty for 1<sup>st} \& 2<sup>nd</sup> quarter}]}{2}</sup>$$

(b) Revised Monthly MOU Quantity =  
$$\frac{\text{Revised quarterly MOU Quantity [as per (a) above]}}{3}$$

(C) On revision of signed MOU Quantity (including customers signing differential quarterly quantities as mentioned at sl. no. 3(a)(ii)), the benefits associated with annual, quarterly & monthly MOU Quantity will be with reference to the rate applicable to originally signed annual, quarterly & monthly MOU quantity for



corresponding quarter. After revision of quantity, if any, the rate applicable to revised annual, quarterly & monthly MOU quantity for remaining period as per column 7, 6 & 5 respectively of Graded MOU Reward table.

7. Price for the purpose of calculating the MOU Reward would be the Basic price ex- Smelter Plant, Angul less all on–invoice discounts, ruling on the date of dispatch.
8. All discounts & other terms as applicable to the general category of customers would also be applicable to MOU customers.
9. The price and the terms and conditions for supply shall be as per the Company’s policy declared from time to time by NALCO.
10. All MOU rewards with respect to any particular quarter and Annual MOU reward shall be released to any MOU customer only after completion of statutory obligations by the customer, if any, during the respective quarter.
11. The MOU qualifying customers are free to lift material for their various units having same name with distinct legal entity but located at different locations under different customer codes as Corporate Sector. However, during operation of MOU scheme, some of these MOU customers (Corporate Sectors) may place orders from different units having same name which are not included in the MOU list at the time of signing of MOU. For such MOU customers (Corporate Sectors), new additional customer codes may be incorporated in the original MOU list in addition to the existing ones without changing the total MOU quantity for such MOU customers (Corporate Sectors), subject to their fulfilling required conditions and upon approval of Competent Authority of NALCO. However customers with different legal entity under the same group or management will not be considered for the purpose.
12. Notwithstanding anything contained in the MoU, management may formulate separate scheme(s) for sale of the product in the best interest of the Company depending on market condition.

---

**DISCLAIMER:**

This is a reward scheme for loyalty and consistency, benefit of which would accrue based on successful performance as stipulated in the scheme. However, material would be supplied subject to availability. Nalco reserves the right to review the terms and conditions of MOU, if required.

---

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

<p><b>1<sup>st</sup> Part</b></p> <p>For _____</p> <p>By _____</p> <p>Designation: _____</p>	<p><b>2<sup>nd</sup> Part</b></p> <p>For NATIONAL ALUMINIUM CO. LTD.</p> <p>By _____</p> <p>Designation: _____</p>
--	--