नालको NALCO

MEMORANDUM OF UNDERSTANDING

BETWEEN

NATIONAL ALUMINIUM COMPANY LIMITED

NALCO BHAWAN, P-1, NAYAPALLI
BHUBANESWAR

AND

MINISTRY OF MINES

GOVT. OF INDIA
SHASTRI BHAWAN, NEW DELHI

FOR THE YEAR 2020-21

INDEX

MOU Assessment Format 2020-21

PART- A

Mandatory parameters

Sl. No.	Financial Performance Criteria	Unit	Marks	2019-20 (Estimated)	Best in 5 Years	MOU target for the year				
						Excellent	V.G.	Good	Fair	Poor
1	**Turnover** Revenue from Operations (Net of taxes)	Rs. Crore	10	8,472	11,499	9,510	8,868	8,575	8,267	8,083
2	**Operating Profit/Loss**									
	Operating Profit as percentage of Revenue from Operations	%	20	- 0.55	20.99	0.60	0.50	0.40	0.30	0.20
3	**Return on investment:**									
	PAT as a percentage of Average Net Worth	%	20	1.36	16.64	2.00	1.10	1.00	0.90	0.80

PART-B

Other Parameters

Sl. No.	Performance Criteria	Unit	Marks	2019-20 (Estimated)	Best in 5 Years	MOU target for the year				
						Excellent	V.G.	Good	Fair	Poor
4	**Capacity Utilisation**									
(a)	**Alumina Refinery :** Production of Alumina Hydrate	Lakh MT	4	21.61	21.53	21.60	21.10	21.00	20.80	20.70
(b)	**Aluminium Smelter:** Production of Aluminium	Lakh MT	4	4.18	4.40	4.40	4.18	3.90	3.65	3.45
5	**Production Efficiency parameter**									
(a)	Reduction in Fuel oil in Calciner, Refinery litre per MT over previous year	%	3	77.68 L/MT	77.88 L/MT	0.10	0.08	0.06	0.04	0.02
(b)	Percentage reduction in DC power consumption, Smelter kwh/MT over previous year	%	2	13,368 kwh/MT	13,370 kwh/MT	0.03	0.025	0.020	0.015	0.01
6	**R&D, Innovation, Technology Up-gradation parameter**									
	Completion of R&D trial for Development of AP2XN0 technology in Smelter plant for DC Energy reduction in electrolysis process	Date	2	-	-	01/03/21	15/03/21	20/03/21	25/03/21	31/03/21
7	**CAPEX** (Excluding investment in JVs)	Rs. Crore	15	-	-	1,333	1,233	1,133	1,033	933
8	Percentage of value of CAPEX contracts/ projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running/ completed during the year	%	5	-	-	100	90	85	80	75
9	Reduction in overall claims against the Company not acknowledged as debt	%	5	-	-	20	18	16	14	8

Sl. No.	Performance Criteria	Unit	Marks	2019-20 (Estimated)	Best in 5 Years	MOU target for the year				
						Excellent	V.G.	Good	Fair	Poor
10	Mechanical completion of GACL-NALCO Alkalies & Chemicals Private Ltd.	Date	2			01/03/21	07/03/21	15/03/21	22/03/21	31/03/21
11	Percentage of procurement of goods and services through GeM portal to total procurement of goods and services during the previous year i.e FY 2019-20	%	5			25	20	15	10	5
12	**Assets Monetization**									
(a)	Preparation of Assets Monetization plan (AMP)	Date	1	-	-	15/11/20	22/11/20	28/11/20	05/12/20	12/12/20
(b)	Approval of Assets Monetization Plan from DIPAM	Date	1	-	-	01/01/21	07/01/21	14/01/21	21/01/21	28/01/21
(c)	Achievement of milestone approved for the year 20-21 by DIPAM in Approved Assets Monetization Plan	Date	1	-	-	31.03.21	-	-	-	-

Note:

1. In working out achievements for the year, quantified qualifications of CAG /Statutory Auditors would be adjusted in case of overstatement of Revenue/ Profit/ Surplus or understatement of Loss/ Deficit in addition to the negative marks prescribed in MoU guidelines.
2. Adjustment would be made in the targets in case of improvement in actual performance over the estimated performance in the base year (2019-20) as per MoU Guidelines.
3. It was agreed that targets decided are unconditional and no offset will be allowed on any ground. Further evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.

CHAIRMAN-CUM-MANAGING DIRECTOR
National Aluminium Company Limited
Nalco Bhawan, Bhubaneswar

Date: 24.09.2020
Place: New Delhi

SECRETARY
Ministry of Mines,
Govt. of India, Shastri Bhawan,
New Delhi

Annex - I

PART-A
TREND ANALYSIS

Sl. No.	Financial Performance criteria	Unit	Target v/s Actual	2014-15	2015-16*	2016-17	2017-18	2018-19	Current Year: Actual upto Sep'19	Current Year: Estimated for FY 2019-20
1.	Revenue from Operations (Gross)	Rs. crore		7,891.53	7,269.23	8,050.02	10,423.80	12,728.19	4,958.98	9,754.88
	Revenue from Operations (Net)		Actual	7,382.81	6,816.02	7,555.51	9,489.34	11,499.32	4,447.63	8,820.92
			MOU	6,780	8,202	6,862	7,900	9,100	-	11,500
2.	a. Profit Before Tax	Rs. crore		2,113.42	1,188.65	964.72	2,038.83	2,739.92	100.55	83.21
	b. Other Income			672.64	605.13	408.27	299.65	325.87	117.95	235.94
	c. Extraordinary & Exceptional Items e.g. Income / (Expenditure)			148.42	53.45	-40.15	824.08	-	-	-
	d. Prior period Items e.g. Income/ (Expenditure)			-17.92	-	-	-	-	-	-
	e. Operating Profit/Loss(a-b+/-c+/-d)		Actual	1,310.28	530.07	596.60	915.10	2,414.04	(-)17.40	(-)152.73
			MOU	-	-	-	-	-	-	-
3.	a. PAT	Rs. crore		1,321.85	787.11	668.53	1342.41	1,732.40	69.43	52.70
	b. Net Worth at year end			12,797.30	13,167.90	10,169.86	10,418.85	10,398.70	10,186.99	9,720.45
	c. Average Net Worth			12,459.88	12,982.60	11,668.88	10,294.36	10,408.78	10292.84	
	d. PAT/ Average Net Worth	%	Actual	10.61	6.06	5.73	13.04	16.64		
			MOU			-	2.50	4.0		16.00
	e. Paid-up Share Capital	Rs. crore		1,288.62	1,288.62	966.46	966.46	932.81	932.81	932.81
	f. GoI Share			1,042.88	1,042.88	720.74	581.86	485.04	485.04	
	g. Reserves & Surplus			11,508.68	11,906.13	9,239.33	9,452.39	9,465.89	9,254.18	8,787.64
4.	Total Expenses	Rs. crore		6,090.45	6,285.95	6,958.91	8,574.24	9,085.27	4465.03	8,973.65
5.	Total Incomes			8,055.45	7,421.15	7,963.78	9,788.99	11,825.19	4565.58	9,056.86

Sl. No.	Financial Performance criteria	Unit	Target v/s Actual	2014-15	2015-16*	2016-17	2017-18	2018-19	Current Year	
									Actual upto Sep'19	Estimated for FY 2019-20
6.	Total Expenses/ Total Incomes	%		75.61	84.70	87.38	87.59	76.83	97.80	99.08
7.	Details of other Incomes									
	a. Interest	Rs. crore		455.95	435.73	265.65	171.73	224.20	84.54	169.08
	b. Dividend			119.39	79.68	86.59	50.52	28.45	6.24	8.24
	c. Other Incomes			97.30	89.72	56.03	77.40	73.22	27.17	58.62
	d. Total			672.64	605.13	408.27	299.65	325.87	117.95	235.94
8.	a. Cash and Bank Balance and equivalent	Rs. crore		4,624.30	5,074.85	2,262.40	2586.88	2,972.65	1,953.86	
	b. Investment in Mutual Funds			950.00	1,009.28	1,221.13	592.96	80.81	172.48	
	c. Investment in Shares other than subsidiaries/ JVs			0.03	1.08	0.03	0.03	0.03	0.03	
	d. Total (a+b+c)			5,574.33	6,085.21	3,483.56	3,179.87	2,873.49	2126.37	
	e. Cash credit/ over-draft loan/Short-term loan			-	-	-	-	-	-	
	f. Balance in Current Account			3.68	28.30	24.83	25.35	171.60	225.28	
9.	Dividend Paid/ declared for the year, excluding dividend tax	Rs. crore		451.02	515.45	541.22	1,101.77	1,072.73	-	

Note: Trend is given for actual figures for preceding 5 years (audited) and estimates of current year i.e. previous year to the year in respect of which targets are being negotiated.

* As per IND-AS

Annex I

PART-B
TREND ANALYSIS

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year: Actual upto Sep'19	Current Year: Estimated for FY 2019-20
1	Installed capacity in respect of each product									
	Bauxite	Lakh MT		68.25	68.25	68.25	68.25#	68.25#	68.25#	68.25#
	Alumina Hydrate	Lakh MT		22.75	22.75	21.00*	21.00*	21.00*	21.00*	21.00*
	Aluminium	Lakh MT		4.60	4.60	4.60	4.60	4.60	4.60	4.60
	Wind Power	MW		98.0	98.0	198.4##	198.4##	198.4	198.4	198.4
2	Capacity Utilisation in respect of each product									
	Bauxite	%	Actual	84.09	92.89	100	100#	100#	101.05#	100#
			MoU	-	-	-	-	-	-	-
	Alumina Hydrate	%	Actual	81.36	85.85	100**	100.29**	102.50**	95.90**	102.86**
			MoU	-	94.51	100**	97.62**	97.62**	-	102.38**
	Aluminium	%	Actual	71.10	80.91	84.22	92.50	95.70	95.91	89.78
			MoU	-	78.04	79.56	82.6	82.61	-	95.43
	Wind Power	%	Actual	21.08	18.11	19.09	17.51	20.88	26.87	17.35
			MoU	-	-	-	-	-	-	-
3	Contribution of each product in sale									
	Bauxite	%		-	-	-	-	-	-	-
	Alumina Hydrate	%		35.24	34.38	34.53	34.08	38.95	32.03	35.40
	Aluminium	%		63.89	64.79	64.44	64.97	59.93	67.25	64.04
	Thermal power (Inadvertent Power sale)	%		0.07	0.08	0.06	0.04	0.01	-	-
	Wind Power	%		0.80	0.75	0.97	0.91	1.11	0.72	0.56
4	New orders received during the year	Rs. crore	Actual	Not Applicable						-
			MoU							-
5	Exports as a percentage of revenue from operation (Net)	%	Actual	44.80	47.64	47.98	42.95	41.68	38.05	41.45
			MoU	-	-	-	-	-	-	-

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year: Actual upto Sep'19	Current Year: Estimated for FY 2019-20
				Reason for not considering in MOU: Depending on the market realization the quantity for domestic sale or export is varied.						
6	Development or revenue from new products or product with new features		Actual	Not Applicable						-
			MoU							-
7	Production efficiency parameters									
	Fuel oil in calciner, Refinery	L/MT	Actual	78.90	78.10	78.83	77.93	77.88	77.67	77.68
			MoU	-	-	-	-	-	-	77.72
	Net Carbon Consumption, Smelter	Kg/MT	Actual	431	426	432	430	424	424	
			MoU	-	436	-	-	425.7	-	423.15
	DC power consumption, Smelter	Kwh/MT	Actual	13,395	13,453	13,448	13,464	13,370	13,336	13,368
			MoU							-
8	Completion of milestone of clients order/ agreement without time overrun	%	Actual	Not Applicable						-
			MoU							-
9	R&D, Innovation, Technology Up-gradation parameter		Actual	No trend						-
			MoU							-
10	Market Share (Primary Aluminium)	%	Actual	21.1	17.7	18.4	21.1	24.3	22.8	-
			MoU							
				Reason for not considering in MOU: Market strategy depends on the relative realization from export/ domestic sale.						
11	CAPEX	Rs. Crore	Actual	282.30	452.26	876.09	1080.26	977.59	406.46	951.4
			MoU	1,010	900	783$	980$	942$	-	900
12	CAPEX Contract/ projects running/ completed without time/ cost overrun to total value of CAPEX	%	Actual	No Trend.						-
			MoU							
13	Inventory of finished goods and work in progress	Rs. crore		447.13	456.11	552.71	505.3	510.36	653.92	

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year	
									Actual upto Sep'19	Estimated for FY 2019-20
14	Inventory of finished goods and work in progress to Revenue from Operations (Net)	Days	Actual	22.11	24.42	26.70	19.44	16.20	-	
			MoU	-	-	-	26	26		-
15	Inventory of finished goods of more than one year	Rs. crore	Actual	Not Applicable.						
16	Inventory of finished goods of more than one year as a percentage of Revenue from Operations (Net)	%	Actual	Not Applicable.						
			MoU							
17	Trade Receivables (net)	Rs. crore	Actual	120.82	235.21	184.25	258.13	240.52	200.50	
			MoU							
18	Trade Receivables (net) as number of days of Revenue from Operations (gross)	Days	Actual	5.59	11.81	8.35	9.04	6.90		
			MoU							
				Reason for not considering in MOU: All the products are sold either against the advance received from the customers or against LCs. The last week sales of March for which documents are not presented to bank remains pending which are realized subsequently.						
19	Claims against the Company not acknowledged raised by:	Rs. Crore								
	Central Government Departments			1,171.12	798.85	1017.71	927.96	1219.10	1219.10	
	State Governments/ Local Authorities			1,111.62	1,179.05	1159.19	1187.13	996.02	918.33	
	CPSEs			-	-	-	-	50.12	50.12	
	Others			163.27	159.41	270.96	436.99	506.34	467.91	
	Total		Actual	2,446.01	2,137.31	2447.86	2552.08	2771.58	2655.46	
			MoU							
20	Loan disbursed/ Total Funds Available		Actual	Not Applicable						
			MoU							
21	Overdue loans / Total Loans (Net)		Actual	Not Applicable						
			MoU							

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year: Actual upto Sep'19	Current Year: Estimated for FY 2019-20
22	NPA/ Total loans (Net)		Actual	Not Applicable						-
			MoU							
23	Cost of raising funds as compared to similarly rated CPSEs / entities		Actual	Not Applicable						-
			MoU							
24	Return (share of profit / loss) on investment in Joint Ventures	%	Actual	-	-	-	-	-	-	-
			MoU	-	-	-	-	-	-	-
				Reason for not considering in MOU: NALCO is minority shareholder in all the JV projects (NALCO's shareholding in GACL-NALCO Alkalies & Chemical Pvt. Ltd.-40%, Angul Aluminium Park Pvt. Ltd.-49%) and all these JV projects are not yet operationalized.						
25	Any other result oriented parameters taken for target setting			No Trend.						
			Actual							
			MoU							

Note: Trend is given for actual figures for preceding 5 years (audited) and estimates of current year i.e. previous year to the year in respect of which targets are being negotiated.

** After implementation of new IBM guidelines since Oct' 2015, the Normative capacity for Alumina Refinery has become 21.00 lakh MT from name plate capacity of 22.75 lakh MT*

*** on Normative capacity of 21.00 lakh MT*

 # Considering Capacity & production for North- Central block of Panchpatmali bauxite mines. Production from new Mines i.e. Panchpatmali Bauxite Mines (South Block) started from 4th Quarter of FY 2017-18.

50 MW Wind Power Plant at Jaisalmer, Rajasthan fully commissioned in September, 2016 (partly commissioned in July, 2016). Further, 50.4 MW Wind Power Plant at Sangli, Maharashtra commissioned in December, 2016.

$Excluding payments in JVs and advances for 2016-17 & 2017-18 and excluding payments in JVs for 2018-19.

MOU: Very Good Target has been taken in trend analysis.