

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "MOU") made on this 23 day of May, 2016.

NATIONAL ALUMINIUM COMPANY LIMITED ("NALCO") , a Government of India Enterprise, incorporated under the Companies Act, 1956 in India, having its registered office at NALCO Bhawan, P1, Nayapalli, Bhubaneswar-751013, Odisha, India (hereinafter referred to as **"NALCO"** , which expression shall unless repugnant to the meaning and context thereof, include its successors and assigns or any nominee of NALCO) of the First Part.

AND

IRANIAN MINES AND MINING INDUSTRIES DEVELOPMENT AND RENOVATION ORGANISATION ("IMIDRO"), a company of Ministry of Industries & Mines of the Government of Iran, having its office at No. 39, Sepabhod Garani, Tehran, Iran (hereinafter referred to as **"IMIDRO"**, which expression shall unless repugnant to the meaning and context thereof, include its successors and assigns or any nominee of IMIDRO) of the Second Part

The expressions IMIDRO and NALCO used hereinafter in this MOU are collectively referred to as the **"Parties"**.

ARTICLE-1

DEFINITIONS / INTERPRETATIONS

In this MOU unless the context requires otherwise the following expressions shall have the meaning expressly assigned to them hereunder:

- 1.1 **"Approvals"** shall mean any all permissions, clearances, licenses, authorizations, consents, approvals of or from Board of the Parties or from any Government Authority of Government of India and/or

Government of Iran required in connection with undertaking, performing or discharging the obligations contemplated by this **MOU**.

- 1.2 **"Day"** shall mean the twenty four (24) hours period beginning and ending at 00:00 hours midnight Iranian Standard Time.
- 1.3 **"Entity"** shall mean the aluminium smelter selected for Tolling Arrangement.
- 1.4 **"Government Authority"** shall mean the Central Government, Provincial Government/ Authorities or any other statutory body or corporation, any department, authority, instrumentality agency, judicial body or tribunal of Government of India and /or Government of Iran, having jurisdiction over the Parties.
- 1.5 **"Gas"** shall mean the Natural Gas in Iran
- 1.6 **"Person"** shall mean any individual, corporation, company, partnership, limited liability company, joint venture, association or trust or any other entity or organization.
- 1.7 **"Project"** shall mean an aluminum smelter of mutually agreed capacity along with natural gas based captive power plant of appropriate capacity for production of aluminium metal at a mutually agreed location in Iran based on supply of alumina from NALCO's alumina refinery situated at Damanjodi, Odisha, India or from any other sources.
- 1.8 **"Tolling Arrangement"** shall mean an arrangement with any aluminium smelter in Iran for conversion of alumina from NALCO's refinery at Damanjodi, Odisha, India to aluminium metal at mutually agreed terms and conditions.

ARTICLE-2

RECITAL

RECOGNISING THAT:

- 2.1. NALCO, a Company registered under the Companies Act in India and substantially owned by the Government of India is one of largest integrated Alumina & Aluminium Complexes in Asia. Its operations encompasses bauxite mining, alumina refinery, aluminium smelter, captive power plant and own port facility at Vishakhapatnam Port. It is one of the lowest cost producer of alumina in the world.
- 2.2 Iranian Mines and Mining Industries Development and Renovation Organisation(IMIDRO) is a company of Ministry of Industries & Mines of the Government of Iran, which was established and officially registered on 1380/12/02 (2001.05.02) for the purpose of evaluating and determining the overall strategies and policies, executing the projects relating to the construction and the renovation of metal related industries, extraction and processing of mineral products as well as executing exploration projects.
- 2.3 Aluminium smelting in Iran can be viable due to availability of abundant quantity of natural gas at competitive prices.
- 2.5 Furtherance of this MOU is subject to approvals of the Competent Authorities of the respective parties.

ARTICLE-3

OBJECTIVE OF THE MOU

- 3.1 In view of availability of abundant natural gas reserve at a competitive rate in Iran on long term basis, NALCO and IMIDRO agree to jointly explore the possibility of manufacturing aluminium metal, subject to confirmation of viability through Feasibility/ Project Report, by (i) Setting up an aluminium smelter at a mutually agreed location in Iran in Joint Venture on the basis of supply of alumina from NALCO's alumina refinery in India or from any other sources(**"The Project"**)and/ or (ii) entering into tolling arrangement with aluminium smelter(s)in Iran for

converting alumina supplied by NALCO to aluminium metal at mutually agreed terms and conditions(**"Tolling Arrangement"**) or (iii) any other form of business collaboration including sale of alumina etc.

- 3.2 Both Parties agree to constitute a Joint Task Force with suitable nomination from each Party to study the above options and recommend further course of action.

ARTICLE – 4

OBLIGATIONS OF PARTIES

4.1 Obligation of NALCO:

- 4.1.1 NALCO shall nominate suitable members from its side to the Joint Task Force.
- 4.1.2 Based on the recommendations of the Joint Task Force and subject to approvals of respective Government and/ or other authorities of both Parties, NALCO may:
- i. Engage a suitable consultant for preparation of Feasibility/ Project Report for setting up of the Project in Iran, for which suitable technology shall be selected by NALCO in consultation with IMIDRO.
 - ii. Carry out due diligence of the aluminium smelter plant, which may be selected jointly by NALCO and IMIDRO for Tolling Arrangement.
 - iii. Act upon recommendations in respect of other forms business collaboration like sale of alumina etc.
- 4.1.3 NALCO shall also provide its expertise for training and skill development of people for operation and maintenance of the proposed smelter and power projects at mutually agreed terms and conditions.

4.2 OBLIGATIONS OF IMIDRO

- 4.2.1 IMIDRO shall nominate suitable members from its side to the Joint Task Force.

4.2.2 IMIDRO shall :

- i. Take all initiatives to assist in identifying a suitable site/location for the Project.
- ii. Take all initiatives to provide required information/ data pertaining to availability of gas and other essential raw materials to assist NALCO in preparation of Feasibility Report for the Project.
- iii. Take all initiatives, to provide required data / information on the present state of infrastructure like road, rail, port etc. and also Government's plan to develop such infrastructure in future, so that informed decision can be taken for setting up of the Project.
- iv. Facilitate allocation of dedicated berth for the Project for unloading of alumina and export of aluminium metal at the nearest port from the selected location for the Project.
- v. Assist in obtaining the required environmental and other statutory clearances once investment decision for setting up the Project in Iran is taken.
- vi. Assist in acquiring the long term gas supply, land, water, and other raw materials for the Project.
- vii. Assist NALCO in selection of aluminum smelters in Iran for Tolling Arrangement.

ARTICLE – 5

FURTHER AGREEMENTS

- 5.1 On the basis of mutually agreed terms and conditions, duly approved by respective Board of Directors or Government, as the case may be, both Parties will enter into a definitive agreement or agreements for the purpose of defining the terms and conditions of formation of Joint Venture Company in greater details, consistent largely with the obligations set out in this MOU, for setting up of the Project.

- 5.2 In case of Tolling arrangement, NALCO and the Entity shall enter into separate agreement defining respective obligations in greater details and terms and conditions of such arrangement.

ARTICLE – 6

SHARING OF COSTS

- 6.1 Until decision for setting up of the Project or for entering into Tolling Arrangement is taken and definitive agreement is signed, each Party shall bear its own expenditure of tour, travel etc.
- 6.2 However, initially, NALCO shall bear the cost of preparation of Feasibility/ Project Report and same shall be shared by the Parties in proportion to the equity shareholding in the Joint Venture once the JV Company is formed.
- 6.3 Any third party expenditure, if required, to be made by any Party shall be discussed and agreed upon prior to incurring such expenditure and shall be shared on mutual understanding.

ARTICLE-7

CONFIDENTIALITY

- 7.1 Data furnished by one Party to the other Party pursuant to/ under this MOU or for the Project shall not be disclosed or divulged to other Person without written consent of Party to whom the data belongs except for use thereof in connection with obligations envisaged herein or as may be required by Applicable Laws.

ARTICLE- 8

SETTLEMENT OF DISPUTES

- 8.1 Any dispute and /or differences of any kind whatsoever that arise between the Parties as a result of construction, interpretation or application of any of the terms and conditions of this MOU or performance (a “Dispute”) shall be settled mutually through discussions between the authorized representative(s) of the Parties.

ARTICLE – 9

MOU- LEGAL STATUS

- 9.1 Both Parties acknowledge that the points mentioned herein above are merely the statements of intention of the Parties as to the subject matter and this MOU does not in any way constitute a legally binding commitment of either Party.

ARTICLE – 10

FORCE MAJEURE

- 10.1 Neither Party is responsible for non-performance or non-fulfillment of any or all obligations under this MOU, if such non-fulfillment or non-performance is due to reasons beyond the reasonable control of the Parties. Force majeure situations are also included in the expression "beyond the reasonable control of the Parties"

ARTICLE – 11

NOTICES

- 11.1 Any notice to be given hereunder shall be in writing. Written notice may be delivered (a) by hand (including by express courier) against written receipt; (b) by mail or (c) by facsimile copy with telephone confirmation thereof (d) e-mail, promptly followed by a written notice sent by mail postage prepaid to the persons and addresses specified below.
- 11.2 A notice shall be deemed to have been served (a) when delivered by hand at the appropriate address for the receiving Party, (b) when

received by facsimile copy or e-mail, (c) if sent by mail postage prepaid, 15 days after it was posted. In providing service by mail, it shall be sufficient to prove that the letter containing the notice was properly addressed and stamped and posted.

The names and addresses for the services referred to in this clauses are:

For notice to **NALCO**:

**Chairman – cum – Managing Director,
National Aluminium Company Limited (NALCO),
“NALCO Bhawan”, P/1, Nayapalli,
BHUBANESWAR – 751013 (Odisha), INDIA
Tel: +91 6742300250 Fax: +91 674 2300550
E-mail: cmd@nalcoindia.co.in**

For notice to **IMIDRO**:

**Chairman,
Iranian Mines and Mining Industries Development and Renovation
Organisation (IMIDRO),
No. 39, Sepabhod Qarani St.
TEHRAN, IRAN
P. Code: 15516-14513
Tel: +98 21 88 31 80 30
Fax: 98 21 88 84 29 00
E-mail: karbasian@imidro.gov.ir, younesian@imidro.gov.ir,
aghajanlou@imidro.gov.ir**

- 11.3 Either Party may change its notice-address by notice to other party in the manner specified above. The Parties agree to promptly notify the other Party of a change in address. The Parties may identify other addresses for operational notices.

ARTICLE-12

VALIDITY

12.1 This MOU shall come into force on the date of its signing and shall be valid till signing of definitive agreement(s) or for 24 months from the date of signing of this MOU by the Parties, whichever is earlier and shall be renewed for further period(s) on mutual agreement between the Parties.

For and on behalf of NALCO

For and on behalf of IMIDRO


Tapan Kumar Chand

Chairman cum Managing Director

Dr. TAPAN KUMAR CHAND
Chairman-cum-Managing Director
National Aluminium Company Ltd.
Bhubaneswar-751013


Amir Khorramishad

Vice Chairman in Planning &
Empowerment