

INFORMATION MEMORANDUM

ON

ASKA SPINNING MILL



The Industrial Development Corporation of Orissa Limited
IDCOL HOUSE, Unit-II, Ashok Nagar, Bhubaneswar-751009

December, 2005



**The Industrial Development Corporation of Orissa Ltd.
IDCOL HOUSE, Unit-II Ashok Nagar, Bhubaneswar-751009, Orissa**

**INVITATION OF OFFERS FOR SALE OF ASSETS OF ASKA SPINNING
MILL , A UNIT OF ABS SPINING ORISSA LTD.(ABSSOL), A SUBSIDIARY
COMPANY OF IDCOL, A Government of Orissa Undertaking**

(This announcement is neither a prospectus nor an offer or invitation of the Public for sale of Securities)

Offers are invited from interested parties, having sound financial background with an average annual turn over of Rs.10.00 crores as per the last three Audited Annual Accounts and a net worth of Rs.1.00 crores as on 31.03.2005 either through themselves or through consortium, for sale of assets of Aska Spinning Mill for the purpose of long term revival of the mill which is having a good potential to grow in the present booming Textile Industry.

Aska Spinning Mill (ASM) is located at Aska in the District of Ganjam, Orissa having a capacity of 25,000 spindles. to produce synthetic as well as cotton yarn upto 40s. As ABS Spinning Orissa Limited is under winding-up pending in the Hon'ble High Court ,Orissa, this advertisement is made in pursuance to the order dated 16.12.2005 of the Hon'ble Court .AS such, any decision taken/ to be taken by IDCOL in this regard shall be subject to prior approval of the Hon'ble High Court .Offer below reserve price of Rs.300.00 lakhs will not be considered.

For detail information and submission of Bids, please refer to the "Information Memorandum" which can be downloaded from the web site: www.idcorissa.com / www.orissagov.nic.in/pe/pe.htm OR can be obtained from IDCOL in the above address by person / post on payment of Rs.5,000/(Non-adjustable and Non-refundable) through Demand Draft drawn in favour of "The IDC of Orissa Ltd." payable at Bhubaneswar by 16 th January,2006.**The last date for submission of bid is 20th January,2006.**In case of down loading, the bid should accompany a demand draft of Rs.5,000/ as stated above .The Earnest Money Deposit(EMD) for submission of bid is Rs.10.00 lakhs to be submitted along with the bid in shape of Demand Draft in

favour of "I D C of Orissa Ltd." Payable at Bhubaneswar. Bid submitted without EMD and application fee is liable to be rejected. For details, please contact, A. Acharya, Company Secretary, IDCOL. Tel (0674) 2530626. E-mail: aacharya@idcorissa.com

IDCOL reserves the right to withdraw from the process or any part thereof to accept or reject any or all offers at any stage of the process or any part thereof or to vary any terms at any time without assigning any reason whatsoever nor shall be responsible for non-receipt of any correspondence by post/courier/e-mail/fax.

CHAIRMAN-CUM- MANAGING DIRECTOR

Glossary and Abbreviations:

IDCOL	Industrial Development Corporation of Orissa Limited
BBSR	Bhubaneswar (Orissa State Capital)
Crore	1,00,00,000 = 100 lakhs
DPE	Department of Public Enterprises (of GoO)
EMD	Earnest Money Deposit
GoI	Government of India
GoO	Government of Orissa
ADC	Asset Disposal Committee
Km	Kilometres
Lakhs	= 1,00,000
MT	Metric Tonne
ABSSOL	ABS Spinning Orissa Limited
PSU	Public Sector Undertaking
VRS	Voluntary Retirement Scheme
VSS	Voluntary Separation Schme
Acre	4,840 square yards = 0.4087 ha
CSC	Cabinet Sub Committee
DG	Diesel Generating
Ha	Hectare = 10,000 square metres = 2.43 acres
IDT	Interest, Depreciation and tax
KV	Kilovolt (1000 volts)
KW	Kilowatt (measure of power equivalent to 1000 watts)
KWh	Kilowatt hour (measure of energy per unit)
Mm	Millimetre
MW	Megawatt = 1000 kW
Sq. m	Square metre

DISCLAIMER

IDCOL has invited offers for sale of assets of Aska Spinning Mill, a unit of ABS Spinning Orissa Ltd.(ABSSOL),Bhubaneswar in the state of Orissa, manufacturing cotton and synthetic yarn.

This Information Memorandum (IM) has been prepared by IDCOL/ABSSOL and may not contain all the information that an investor may desire or need. The sole purpose of this IM is to assist an investor in deciding whether or not he / it wishes to proceed with the proposal stated here in above.

All care has been taken regarding the accuracy of the contents of the IM. However, IDCOL/ABSSOL will not be responsible for any loss whatsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

Use of this IM is strictly for limited circulation to selected groups of body corporate/entities and is being delivered for information purposes only and also upon the express understanding that it will be used by the recipient, its employees and representatives only for the purpose set forth above.

GoO/ IDCOL / ABSSOL management (and their respective advisors or any of their employees, officers, agents, or other bodies under their ownership or control) each expressly disclaims, and will not be subject to any liability for the accuracy, reliability or completeness of the contents of the IM and the Bid Documents, the various reports available at GoO or any other disclosure provided at any time, whether referred to here or not.

This IM and the Bid Documents do not constitute a prospectus or an offer or invitation for sale to the public of securities. Each Bidder is expected to conduct its own investigations and inspections, to take professional advice and make evaluations and decisions based solely on those investigations, inspections, information and advice. The IM, the Bid Documents and all other connected documents should not be relied upon by a Bidder for these purposes.

Bidders should note that:

- GoO/ IDCOL / ABSSOL are not bound to accept any of the bids submitted.
- GoO reserves the right to reject bids in whole or in part, to discuss different or additional aspects with any Bidder and to cancel or terminate this Bid process before or after the Date of Closure.
- GoO/IDCOL/ABSSOL will not be liable for any costs, damages and expenses incurred by Bidders or resulting from any actions of this type or from the bid process.
- GoO / IDCOL/ABSOL has the right to distribute further information in response to enquiries from Bidders, where this is desirable, in the interests of equal access to relevant information.

INTRODUCTION AND OVERVIEW:

1. Objectives of sale of asset of Aska Spinning Mill.(ASM)

ABSSOL has three units namely Aska Spinning Mill(ASM), Baripada Spinning Mill(BSM) and Sonepur Spinning Mill(SSM) with infrastructure facilities for producing quality yarn.ASM is situated at Aska, in the district of Ganjam,Orissa.It has facility to produce synthetic as well as cotton yarn.

Sale of asset of Aska Spinning Mill is offered to the prospective buyers for it's long-term revival and operation. It is desired that the Investors must be committed to revitalise the business as a Cotton and Synthetic Yarn manufacturing facility including other possible value added products at the existing place of manufacture. The buyer will purchase the existing assets of ASM comprising Land and Building Plant & Machinery, inventory & other current assets on as is where is basis. The buyer shall not be allowed for transfer or sale /strip any of the assets of the mill within five years from the date of purchase of the assets without prior approval of the Govt. in order to fulfill the objective of reviving the business. However, replacement of old machineries as part of modernization / diversification of the Mill is permitted. In addition the purchaser cannot remove any standing trees on the land without permission of the Collector and the entire sale proceeds of the trees if sold in future shall accrue to the Govt.

Details about ASM is given below.

2. Legal Compliance / Requirements:

ABSSOL is under winding up which is pending in the Hon'ble High Court.The Hon'ble Company Court, Orissa High Court has vide order dated 16.12.2005 directed for inviting offers for sale of assets of ASM .After receipt and scrutiny of offers , the highest offer will be placed before the Hon'ble Company Court for consideration and orders.

3. Bidding Process

Advertisement has been made in the 'Economics Times' and 'Samaj' dated 27.12.2005 inviting offers for sale of assets of ASM. Interested parties having fulfilled the turn over and net worth criteria as mentioned in the said Advertisement will have to either purchase the IM from IDCOL or down load the IM from the website www.idcorissa.com or www.orissagov.nic.in as already given in the Advertisement.

Incase of parties who have down loaded the IM should intimate IDCOL that they are interested to participate in the bidding process and as such,

desires to make a visit to the mill on a date latest by 17th January,2006 subject to confirmation by IDCOL. Such interested parties will be given opportunity to conduct a Due Diligence of ASM by paying visit to the sites and accessing to such other information as are available with the Mill for forming an opinion to bid for the sale of assets of ASM. Such party can also have a pre-bid conference with IDCOL latest by 17th January,2006 for further information and clarification.

Parties who will take the IM from IDCOL by post or in person will be intimated about the date of site visit and pre-bid conference.

The bids are required to be submitted in two parts i.e., **i) Technical Bid and ii) Financial Bid** on the date and time indicated in the Time Table given below unless intimated otherwise to the parties.

The Technical Bid will be first scrutinized to establish the technical validity of the bids. Financial Bids of only those successful Bidders shall be opened who fulfill the Eligibility Criteria in regard to the Technical Bid and have complied with all its requirements as are stipulated herein. The Management however, reserves the right to accept or reject or modify any such Bid without assigning any reasons thereof. If the Technical Bid of a bidder is declared to be invalid, then the financial bid of that bidder will not be opened.

Financial bid (s) will be opened by the Asset Disposal Committee of the Govt. *on the* specified date and time as given in the Time Table below at IDCOL office Bhubaneswar unless intimated to the bidders otherwise. The representative of the bidders may attend the same. Further negotiation will be made only with the highest bidder. Finally, the negotiated bid will be placed before the Hon'ble High Court for consideration and approval. Further negotiation, if required may have to be made with the bidder. After obtaining approval from Hon'ble High Court, necessary Agreement will be executed with the selected bidder on payment of the purchase price by the bidder.

The Management however, reserves the right to accept or reject or modify any such bid without assigning any reasons thereof

4. Indicative Time Table

Description	Start Date	Finish Date
Despatch of IM and Draft Agreements	26.12.2005	16.01.2006
Due Diligence, Site Visit and Pre-Bid Discussion	26.12.2005	17.01.2006
Submission of bid	26.12.2005	20.01.2006
Opening of bid	20.01.2006 (4 P.M.)	

The above time schedule is indicative. IDCOL/ABSSOL reserves the right to make suitable changes / modifications in any of the stages, as may be deemed necessary and such changes / modifications shall be intimated to the parties.

GoO / IDCOL/ABSSOL reserves the right at any time, prior to signing of a binding agreement and without advance notice ,to negotiate with one or more bidders or to change the procedure for the transaction, or to terminate negotiations, without ascribing any reason thereof and without any liability to the bidders.

5. Submission of Bid

Technical Bid

The Technical Bid is to be submitted in duplicate in two separate sealed covers super scribing ‘ Technical bid for sale of assets of Aska Spinning Mill- Original’ and ‘Technical bid for sale of assets of Aska Spinning Mill-Duplicate’. The following documents are required to be submitted in the prescribed format as given in Appendixes:

- i) *Statement of Legal Capacity - Appendix -I*
- ii) *Litigation Impact Statement - Appendix-II*
- iii) *Technical Proposal - Appendix-III*
- iv) *Format of Commitment Letter- Appendix-IV*

Financial bid

Financial bid is to be submitted in original in a separate sealed cover superscribing ‘Financial bid for sale of asset of Aska Spinning Mill’.

The following documents are required to be submitted in the prescribed format as given in Appendixes :

- i) *Format of Cover letter to be submitted along with Financial Bid - Appendix- VI*
- ii) *Format of Financial Bid - Appendix- VII*

Earnest Money Deposit.

The Earnest Money Deposit (EMD) of Rs.10.00 lakhs is to be paid in shape of Demand Draft in favour of ‘The IDC of Orissa Ltd’ payable at Bhubaneswar in the covering letter ‘ Earnest Money Deposit Form’ as given in Appendix--V

Bids alongwith EMD should be submitted on or before the schedule date & time to Chairman-cum-Managing Director, IDC of Orissa Ltd., Unit-II, Ashok Nagar, Bhubaneswar-751 009.

6. Conditions for submission of bid

- 6.1 The bid shall remain valid for a minimum period of 6 months. The validity period can be extended by the Bidder of its own accord or on request received from GoO / IDCOL/ABBSOL if that becomes extremely necessary.
- 6.2 Bid submitted without Application fee of Rs.5,000/- EMD of Rs.10,00,000/- will not be considered.
- 6.3 The entire consideration shall be brought in by the successful Bidder upfront in shape of demand draft in favour of 'The IDC of Orissa Ltd.' Payable at Bhubaneswar. The EMD shall be refunded after payment of the full consideration amount to IDCOL. In addition, EMD of unsuccessful bidder shall also be refunded.
- 6.4 The bid amount shall be stated in Indian Rupees, both in figures and in words. The price quoted should be on Firm Basis Net of Taxes, duties, charges etc. if any, and will not be subject to any fluctuations in exchange rate, etc.
- 6.5 The Successful Bidder has to bear the land premium and transfer charges etc. on account of obtaining permission of the competent authorities for effecting the transfer of the asset and execution of transaction documents and Agreements..

7. The bid

- a) Must be set out in clear terms and signed/authenticated by a competent person. Alterations and modifications, if any, should be duly authenticated.
- b) Must be signed by the bidder or, where the bidder is a consortium, by the consortium leader,
- c) Must be written in English with each page clearly numbered and, where the submission includes copies of documents in any other language, a certified English translation must be provided,
- d) Must, in its entirety, be typed or printed so that it can be read without any apparatus,
- e) Must be submitted as an original version, to be contained in a sealed package.

7. Other Conditions

All bids shall be subject to the following further conditions:

- a) The Information Memorandum will not constitute a binding offer or obligation on GoO / IDCOL/ABBSOL in regard to selling of assets of Aska Spinning Mill.
- b) Each Bidder has responsibility for all costs, expenses and liabilities

incurred by it in connection with the Due Diligence process and Bid Submission including participation in meetings / negotiations, including (without limitation) in connection with the preparation and / or submission of Offer and GoO / IDCOL/ABBSOL shall have no liability on this account.

- c) GoO / IDCOL/ABBSOL on its behalf reserve the right to request such further information as they, in their sole discretion, may consider appropriate. In addition, GoO / IDCOL/ABBSOL on their behalf reserve the right to request any such further information which may reasonably be required by any relevant governmental or regulatory body and to make such information available to such bodies

8. Last Date for Submission of Bid and its Validity.

- 8.1 The Bidders will be required to submit the Technical Bid and Financial Bid along with the Earnest Money Deposit not later than the date and time as mentioned in the Time Schedule unless some other date and time is intimated by IDCOL / ABBSOL by way of a separate communication.
- 8.2 It will be the sole responsibility of each Bidder to ensure that its bids are delivered at the stated address either in person or by post . The addressee or its duly authorised representative shall receive the sealed envelope by recording such receipt in sealed condition along with the date and time of receipt. An acknowledgement of the same shall also be issued.
- 8.3 *Please note that no mention should be made on the sealed envelope regarding the name of the bidder submitting the bid. The envelope should indicate only ‘Technical bid for sale of assets of Aska Spinning Mill’ and ‘Financial Bid for sale of assets of Aska Spinning Mill’ as the case may be with the address to whom it is submitted.*

Submission of the aforesaid Documents by fax, e – mail or other electronic means will not be acceptable.

- 8.4 All bids received by IDCOL on or before the last date, will be opened at the stated address on the schedule date and time unless otherwise intimated to the bidders by IDCOL / ABSSOL . Bidders may send an authorized representative to attend as an observer at the opening of the Bid.
- 8.5 At any time prior to the deadline for submission of bid set out above or any extension of such deadline made, GoO / IDCOL/ABSSOL may, for any reason, modify the IM documents or vary any of the terms of the bidding process by the issuance of one or more Addenda to all Bidders .
- 8.6 GoO / IDCOL/ABSSOL may, at any time and for any reason, without giving any reason thereof, extend the deadline for the submission of detailed

proposal and binding Price Bid whether at its own initiatives or in response to request by any Bidder made in writing prior to such date & time due to some problem to be specified.

9 Evaluation Criteria

- 9.1 The highest bidder, unless disqualified otherwise in terms of Clause 13 mentioned herein below, will be selected as the Successful Bidder (SB) for further negotiation and will be advised in writing to deposit the price after getting necessary approval from the High Court.
- 9.2 The SB will also be advised to comply with certain procedural formalities (such as Board Resolution, approvals, if any required, from creditors / lenders / Government etc.) for completing the transaction. The SB will then be required to successfully complete various formalities and satisfy the requirements.
- 9.3 In the event of failure of the SB so notified, to comply with any of the formalities for completion of transaction, GoO / IDCOL / ABSSOL shall have the right to reject the bid, forfeit the EMD and select the next highest bidder and proceed with the matter as if such bidder was the highest bidder.

10. Modification / Cancellation

- 10.1 GoO / IDCOL/ABSSOL will be at liberty to amend / modify / delete any of the above conditions and Information Memorandum as may be deemed necessary in the light of the facts and circumstances of the case to achieve the desired objective and inform all the Bidders about such amendment / modification / deletion.
- 10.2 GoO / IDCOL/ABSSOL reserves the sole right to refuse any or all bids without assigning any reasons thereof. GoO / IDCOL / ABSSOL reserves the right to proceed/cancel with the bidding procedure irrespective of the response to its invitation.

11. Governing Laws / Jurisdiction/Arbitration

All matters relating to the this process and the bidding procedure shall be governed by the laws of Union of India. Only Courts at Bhubaneswar, Orissa (with exclusion of all other Courts) shall have the jurisdiction to decide or adjudicate on any matter, which may arise out of or in connection with the participation in the above process.

12. Bidding by Consortium

Where the Bidder had submitted its bid as a consortium, any change by way of withdrawal / substitution of any members(s) of the consortium may be

permitted at any later stage with specific approval of GoO / IDCOL/ABSSOL. GoO / IDCOL/ABSSOL has the sole discretion to determine the impact of the change in membership on the quality of the consortium and reject a proposal for such reason.

13. Disqualification

- 13.1 Offers not accompanied with the Application fees and the Earnest Money guarantee will not be considered for further process.
- 13.2 Offers, which have been found to be incomplete in content and/or attachments and/or authentication etc., will normally not be considered.
- 13.3 Without prejudice to any other rights or remedies of GoO / IDCOL/ABSSOL, GoO / IDCOL/ABSSOL shall be entitled in its sole discretion to determine that a Bidder is to be disqualified and its offer dropped from further consideration for any of the reasons listed below:
- Material misrepresentation made by such Bidder, in any part of the offer, supporting documentation or otherwise and whether written or oral;
 - Offer which is in any material respect inconsistent with, or demonstrates any failure to comply with, the provisions of IM; In such An event, the EMD shall stand forfeited.

The decision of GoO / IDCOL/ABSSOL in regard to whether one of the above events has occurred (or that one of the above reasons applies) shall be conclusive and binding on Bidder(s).

14. Requests by GoO / IDCOL/ABSSOL for clarification.

Based on the Documents submitted by the Bidders, GoO / IDCOL/ABSSOL, will carry out an evaluation of the offer of such Bidders. If at any time during the evaluation process, GoO / IDCOL/ABSSOL requires any clarification in order to carry out the evaluation, Bidder(s) shall respond to such request and provide information sought within such reasonable time frame as GoO / IDCOL /ABSSOL may require. Failure on the part of the Bidder(s) to provide the clarifications to the satisfaction of GoO/IDCOL/ABSSOL will amount to disqualification of their bid and in that case , the EMD submitted by them shall be liable for forfeiture.

ASKA SPINNING MILL

Key facts about the Unit

The Industrial Development Corporation of Orissa Limited (IDCOL) had set up three Spinning Mill namely Aska Spinning Mill (ASM), Baripada Spinning Mill (BSM) and Sonepur Spinning Mill (SSM) situated at Aska, Baripada and Sonepur in the year 1983, 1981 and 1981 respectively. With effect from 1st April, 1990, all these spinning mills are operating under ABS Spinning Orissa Ltd.

Location

- Aska Spinning Mill (ASM) is situated near College Square, Aska which is around 4 kms from Aska Township.
- It has good road connectivity with all major towns of Ganjam District.
- Berhampur city is 50 kms from the unit
- Berhampur is well connected by road and rail as it lies on the Chennai – Kolkata line.

Details about the spinning mill

1.	Year of construction	ASM
		1983
2.	Year of commissioning	1987
3.	Capacity (No. of spindles)	25228
4.	Project cost (Rs. in lakhs)	1100
5.	Equity (IDCOL's Holding)	550
6.	Central Subsidy	-
7.	Land (in acres)	
	Lease hold	30.38
	Free hold	35.87
	Total	66.25
8.	Roads (In Sqft.) Area	1,02,220
9.	Building (In Sqft.)	
(a)	Main factory building	1,10,962
(b)	Non factory building	20,031
(c)	Residential building	24,153
10.	Production Range	

	Cotton Yarn	20 ^s -100 ^s
	Synthetic yarn	Upto 80 ^c
11.	Welfare facilities	
(a)	No. of Quarters	52
(b)	Guest House	1
(c)	Club	1
(d)	Creches	1
(e)	Rest Sheds	1
(f)	<i>School</i>	-

Infrastructure Facilities

Power

Apart from the contracted supply from GRIDCO ,Aska Spinning Mill has captive power generation capabilities through DG set. A summary of the availability of contracted supply and captive power generation capabilities is given below:

Contracted Supply from GRIDCO in KVA	1000	1350	1000
DG Set Capacity in KVA	150	500	160+500

Land

Lease Hold	30.38
Free Hold	35.87
<i>Total</i>	<i>66.25</i>

Lease of the Land vests with IDCOL.

Water

Water source is adequate in all the spinning mill which has 2 deep tube well for supply of water to the mill in addition to wells for the colony.

Building

- Besides availability of employee Quarters, Guest House, Club, Crèches and Rest sheds in all of the Units, there are 52 quarters in the mill.

Existing Human Resource Compliment

After voluntary retirement and Voluntary Separation Scheme of the employees ,

there are now 67 no of employees and workers.

Capacity : 25,228 Spindles

Product Range

Cotton Yarn	20s-100s
Synthetic Yarn	Upto 80 count

Manufacturing Facilities:

Manufacturing Divisions, together with Plant and Equipment / Facilities presently available are as follows:

List of major Plant and Machinery

As at Annexure-I

Demand and Supply

The products manufactured have created a market for themselves, especially for its precision and quality. A brand image has been established over the years and accordingly, the customer base had been sourcing their requirements on a repetitive basis.

Its major customers were:

- Orissa State Handloom W.C.S Limited, Bhubaneshwar
- Orissa State Handloom Development Corporation Limited, Bhubaneshwar
- National Handloom Development Corporation Limited – Mumbai, Kolkata, Hyderabad, Lucknow etc.

The marketing of yarns is undertaken in the following regions:

- Within the State of Orissa
 - Baragarh, Bhubaneshwar, Berhampur, Khurda., Itamati, Kantabanjhi
- Outside the State of Orissa
 - Lucknow, Mumbai, Hyderabad, Coimbatore, Kolkata, Guwahati, Dhullion, Purulia and Kanpur

The units also source cotton from the following suppliers:

- Cotton Corporation of India, Ahmedabad

- Maharashtra State Co-operative Cotton Growers Marketing Federation Limited, Mumbai
- Punjab State Co-operative Supply Marketing Federation Limited, Chandigarh
- The Orissa State Co-operative Cotton Growers Marketing Federation Limited, Bhubaneswar
- Gujarat State Co-operative Cotton Growers Marketing Federation, Ahmedabad

Some cotton is also sourced from private parties..

SWOT ANALYSIS

Strengths

- The market potentiality for consumption of cotton yarn in local market is very good.
- The Company has capacity to produce cotton yarn of 20^s to 100^s in Aska Spinning Mill as well as synthetic yarn and blended yarn upto 80^c in ASM.
- Company has captive power/D.G. set capacity – 150 KVA for ASM
- Labour force of the Mill has been reduced to 67 only. However, the erstwhile local labourers can be remobilized immediately & at a very economical rate compared to that prevailing in other parts of Orissa.
- The products are in good reputation & captured Delhi, Calcutta, Bombay, Coimbatore market.
- Adequate godowns facilities available in the mill for raw materials & finished products.
- ASM is connected by roads with all major towns of Ganjam District as well as South Orissa. Berhampur is 40 Kms. away from the unit & Berhampur is well connected by rail & roads.

Weaknesses

- The major weakness of the company is inadequacy in the availability of Working Capital Funds;
- Inadequacy in the availability of raw materials limiting the production capacity .
- Due to the stoppage of operation , an intensive maintenance programme would need to be undertaken;
- Inadequacy in the availability of raw materials limiting the production capacity .

Opportunities

- Tremendous potential for backward and forward Integration and expansion exists;
- Installed Capacity can be enhanced with upgradation of technology.
- Increased Market Share is assured due to the lifting of quota thus boosting export of textile goods.

- Export to become double in next five years.
- Textile industry to get a boost from the Govt.

Threats

- No major threat is envisaged in view of very less employees due to implementation VR/VS Scheme.
- Threat from the financial Institution & Banks has been resolved by paying off their OTS dues.
- Payment due to labourers including their retirement benefit have been paid to a large extent and balance amount ,if any, would be paid shortly. Therefore no labour unrest is expected.

Enclosure

1. *Litigation Impact Statement (Appendix I)*
2. *Statement of Legal Capacity (Appendix II)*
3. *Technical Proposal (Appendix III)*
4. *Format of Commitment Letter (Appendix IV)*
5. *Earnest Money Deposit Form (Appendix V)*
6. *Format of Cover letter to be submitted along with Financial Bid (Appendix VI)*
7. *Format of Financial Bid (Appendix VII)*
8. *Draft Agreement for Sale of Assets (Appendix VIII)*

APPENDIX I

Litigation Impact Statement (On the letterhead of the Bidder)

To
The Chairman-cum-Managing Director
The Industrial Development Corporation of Orissa Ltd.
IDCOL HOUSE, Unit-II, Ashok Nagar,
BHUBANESWAR-751009

To
The Managing Director,
ABS Spinning Orissa Ltd.
Bhubaneswar

Sir,

Sub: Sale of assets of Aska Spinning Mill

We refer to the Information Memorandum (IM), which has been made available to us.

Pursuant to IM, we _____ hereby confirm that save as may be set out in the schedule attached to this statement, there is no litigation (including court, arbitration or any other proceedings current or pending against us), which, if adversely determined might have a material adverse effect on our ability to carry on our business or pay our debts as they fall due or on our ability to enter into any of the transactions contemplated by or in the IM.

The information contained in the schedule as to the likely impact of any litigation as is referred to in the preceding paragraph represents our best estimate of our assessment about the proposed transaction, based on the information available with us during Due Diligence or otherwise as to the effect of an adverse judgement against us and on the likelihood of such an adverse judgement. References to an adverse judgement should be given to mean a judgement against which there is no right of appeal or in respect of which the right of appeal has been lost.

Yours faithfully,

Duly authorized signatory
For and on behalf of

APPENDIX II

Statement of Legal Capacity (On the letterhead of the Bidder)

To

The Chairman-cum-Managing Director
The Industrial Development Corporation of Orissa Ltd.
IDCOL HOUSE, Unit-II, Ashok Nagar,
BHUBANESWAR-751009

To

The Managing Director,
ABS Spinning Orissa Ltd.
Bhubaneswar

Sir,

We refer to the Information Memorandum (IM), which has been made available to us. Pursuant to IM we, _____, hereby confirm that:

- a) We have all necessary corporate authorities required to submit the Bid, which accompanies this statement.
- b) The information contained in the Offer is complete and accurate in all material respects.
- c) The authorized signatory is vested with requisite powers to furnish such Offer and required documents and authenticate the same.

This Offer shall have the meaning ascribed to it in the IM.

Yours faithfully,

Duly authorized signatory

For and on behalf of

APPENDIX III**FORMAT FOR TECHNICAL PROPOSAL**

The contents/information/documents required to be covered in the Technical Proposal are outlined below. Technical Proposal shall follow the numbering adopted in the Technical Proposal format. If the Bidder is unable to respond to a particular question/request, the relevant number must nonetheless be set out with the words “No response given” beside it.

Technical Proposal

In the Technical Proposal, the Bidder must provide:

1. Name of the Bidder along with brief description/profile, including ownership of the Bidder, details of current business activities, etc, (in case of Consortium, in respect of each Member).
2. Ownership structure and the investment route which the Bidder proposes to adopt for its investment.
3. Where a Bidder is submitting the Technical Proposal in Consortium or through an SPV, description of the composition, interrelationships, agreements, arrangements (whether formal or informal) of the Consortium / SPV including inter-alia, the interest of each Member/ shareholder of the Consortium / SPV, and the details of Bidder is required to state the name of the lead consortium member as well as that of the principals in the transaction.
4. A Litigation Impact Statement in respect of Bidder (in case of Consortium, each Member), updated to the date of submission of the Technical Proposal, duly executed as per the format given in **IM** hereto. “Government of Orissa”/ Industrial Development Corporation of Orissa Limited / ABS Spinning Orissa Ltd. shall be entitled to request for additional information/ clarifications in this respect and Bidders shall be obliged to provide “Government of Orissa”/ Industrial Development Corporation of Orissa Limited / ABS Spinning Orissa Ltd. with the same.
5. Copies of the audited financial statements (including any latest unaudited not being as of a date prior to three months) for the last three financial years in respect of such Bidder (and in case of a Consortium, each Member).
6. Confirmation that there has been no material adverse changes in the financial condition of such Bidder (or in case of a Consortium, each Member) since the date of the last audited financial statements provided to “Government of Orissa”/ Industrial Development Corporation of Orissa Limited / ABS Spinning Orissa Ltd. or, to the extent there has been such a material adverse change in its financial position, provide full details of such change.
7. Evidence that the Bidder (and in case of a Consortium, each Member) has the necessary corporate authorisations to enter into and perform its obligations

- as per the Contractual Documentation including the relevant Agreements.
8. Unconditional acceptance to the Agreement for sale of Assets from / Members as circulated by Industrial Development Corporation of Orissa Limited, which acceptance shall remain valid throughout the validity period of the Financial Bid.
 9. Details of sources of finance for funding the purchase consideration by Bidder (and in case of a Consortium, each Member).
 10. Confirmation that all necessary regulatory, governmental or other statutory approvals required by the Bidder to complete the transaction has been obtained or will be obtained.
 11. Commitment Letter in the form provided in Appendix-IV from independent practising Chartered Accountant [(not being its auditor)]/ and/or [bank] confirming that the Bidder (and in case of a Consortium, each Member) has the necessary finances to complete the transaction.
 12. Indicative business plan to be submitted by the bidder with fresh investment proposed to be brought in by the bidder in Rupees and future projections.

APPENDIX IV

**Format of Commitment Letter
(On Letterhead on Chartered Accountant/Bank)**

Date: []

The Chairman and Managing Director
Industrial Development Corporation of Orissa Limited
IDCOL House, Unit II, Ashok Nagar,
Bhubaneswar---751009, Orissa

The Managing Director
ABS Spinning Orissa Ltd.
Bhubaneswar

Dear Sir,

Re: Proposed sale of assets of Aska Spinning Mill

We refer to the Information Memorandum and Bid documents issued for sale of assets of Aska Spinning Mill.

As required, we, [], being appointed for this purpose by _____ and having conducted all such enquiries as are reasonably necessary or appropriate for this purpose, hereby certify that _____ being the Bidder has sufficient free and unencumbered funds, and/ or has made adequate and appropriate arrangements for the payment of the amount stated in the Financial Bid submitted by _____.

OR

As required, we [], being appointed for this purpose by _____ which is a Member of the Consortium having submitted a Financial Bid in connection with the subject and comprising the various Persons listed in Annexure 1 hereto, and having conducted all such enquiries as are reasonably necessary or appropriate for this purpose, hereby certify that _____ being a Member, has sufficient free and unencumbered funds, and/ or has made adequate and appropriate arrangements for the payment of its share of the amount stated in the Financial Bid submitted by _____ the said Consortium, which share comprises the sum stated in the Financial Bid for purchase of Assets by it as stated in the Technical Proposal submitted by the said Consortium.

For and on behalf of _____ [Insert name of firm of Chartered Accountants/Bank]
Name:

Designation:
Address:

APPENDIX V

EARNEST MONEY DEPOSIT FORM

Name of Bidder: _____

Address: _____

Telephone Number: _____

Fax number: _____

E-mail address: _____

Contact person: _____

Designation: _____

Please find enclosed Bank Draft in favour of **‘The Industrial Development Corporation of Orissa Limited’** towards **EMD**, the details of which are given below:

Amount: Rs 10.00 lacs (Rupees ten lacs only)

Bank draft no : _____

Bank : _____

Date : _____

Validity : _____

I/We solemnly affirm that the above particulars are true to the best of my/ our knowledge and belief

Signature of the Bidder / lead bidder
 Authorised Signatory
 (Name -)
 (Designation -)

Place: _____
 Date: _____

Enclosure: Demand Draft for RS.10.00 Lakhs.

APPENDIX VI

(On the letterhead of the Bidder)

FORMAT OF COVER LETTER TO BE SUBMITTED ALONGWITH THE FINANCIAL BID

(Government of Orissa / The Industrial Development Corporation of Orissa Limited / ABS Spinning Orissa Ltd. reserves the right to reject the Financial Bid not accompanied with the covering letter strictly as per the format mentioned below)

Date :

Name of the Bidder :

Full Address :

Telephone No :

Telex / Telegram No :

Fax No (**Private & Confidential**) :

To
 The Chairman and Managing Director
 The Industrial Development Corporation of Orissa Limited
 IDCOL House, Ashok Nagar
 Bhubaneswar, **Orissa**

Sub: - Sale of assets of Aska Spinning Mill – **Financial Bid**

Dear Sir,

Enclosed please find in a sealed envelope one original copy of the Financial Bid of _____ (insert name of Bidder. The Financial Bid is exactly in the format provided as in the letter <reference number & date>.

We confirm that our Financial Bid is absolutely unconditional.

We confirm that our Bid shall remain valid for a period of (Bidder to insert period of Bid validity but being at least 180 days) from the last date for submission of this Financial Bid.

Sincerely,

Signature

Name & Designation

On behalf of

APPENDIX VII**FORMAT OF FINANCIAL BID**

Name of Bidder

Address:

Email:

Telephone No. (private and confidential):

Mobile No.:

Private & Confidential Fax no.:

(A) Total amount offered for purchasing the assets of Aska Spinning Mill is Rs. _____ (in figures)

Rupees _____(in words)

B. Amount of EMD offered is Rs. 10.00 lakhs (in figures)

Rupees Ten lakhs only (in words)

1. Certified that I/We are permitted to buy assets in India.
2. Certified that I/ We have gone through the terms and conditions which will govern the offer made herein and have fully understood the same:
3. Certified that the Technical Proposal is also submitted along with this Financial Bid as per the format provided in Annexure III.
4. Certified that an earnest money of Rs. 10.00 lacs (Rupees Ten lacs only) by way of Demand Draft drawn in favour of "The Industrial Development Corporation of Orissa Limited", payable at Bhubaneswar is also submitted with this Financial Bid.
5. Certified that our Bid is valid till _____(time and date).

I / We solemnly affirm that the above particulars are true to the best of my / our knowledge and belief.

(Signature of the QIP/lead bidder)

Duly constituted attorney

Name : _____

Designation : _____

Place:

Date:

(Company Seal)

APPENDIX VIII

AGREEMENT FOR SALE OF ASSET

AMONG

THE INDUSTRIAL DEVELOPMENT CORPORATION OF ORISSA LIMITED

AND

THE PARTY

AND

ABS SPINNING ORISSA LTD.

AGREEMENT FOR SALE OF ASSETS

This AGREEMENT FOR SALE OF ASSETS made at _____ this _____ day of _____ 2006

BETWEEN

The Industrial Development Corporation of Orissa Ltd., a Company within the meaning of the Companies Act,1956,having its registered office at IDCOL HOUSE,Unit-II,Bhubaneswar,Orissa, hereinafter called “ **IDCOL**” (which expression shall mean and include its successors-in-interest and or assigns) of the FIRST PART.

AND

M/s _____, a Company within the meaning of the Companies Act,1956 having its registered office at _____, hereinafter called “the **PURCHASER**” (which expressions shall mean and include each of their successors-in-interest and/or assigns) of the SECOND PART;

AND

ABS Spinning Orissa Ltd.a Company within the meaning of the Companies Act,1956 having its registered office at Bhubaneswarl,Orissa hereinafter called the ‘**VENDOR**’ (which expressions shall mean and include each of their successors-in-interest and/or assigns) of the THIRD PART

WHEREAS The Vendor being engaged in the business as manufacturers of cotton and synthetic yarn at its works at Aska, Baripada and Sonapur, Orissa and because of continuous loss, it became sick as declared by BIFR culminating in a reference pending in the High Court,Orissa for winding up .

AND WHEREAS the IDCOL ,holding entire shares in the Vendor Company , has been managing the affairs of the Vendor Company including financing the Vendor

Company,s cash loss and providing financial assistance to the Vendor towards meeting working capital needs and payment of OTS dues.

AND WHERE AS with the order dated 16.12.2005 of the Hon'ble High Court, IDCOL made an Advertisement inviting interested parties to participate in the bidding process for sale of assets of Aska Spinning Mill as described in the Information Memorandum.

AND WHERE AS the Purchaser being desirous of purchasing the assets of the ASM have taken the Information Memorandum issued by IDCOL for the sale of assets of ASM conducted due diligence study of the assets of ASM and after being fully satisfied submitted the bid for purchasing the asset of the Vendor .

AND WHERE AS the Purchaser was found to be the highest offerer and with further negotiation improved the offer which was duly concurred by the Asset Disposal Committee of the Govt.and such offer was also placed before the Hon'ble High Court.

AND WHERE AS the final offer of the Purchaser thus placed before the Hon'ble High Court was finally approved by its order dt----- at Rs.----- for purchasing the assets on as is where is basis as broadly mentioned in the Schedule annexed to the Agreement.

NOW THEREFORE THE IDCOL/VENDOR AGREED TO SELL AND THE PURCHASER AGREED TO PURCHASE THE SAID ASSETS OF THEIR BUSINESS AND TRANSFER THE SAME ON THE TERMS AND CONDITIONS HEREINAFTER MENTIONED.

1. The Vendor shall sell and the Purchaser shall purchase the said assets of the aforesaid business of the Company consisting of land , factory buildings, temporary constructions, structures, machineries, stock-in-trades, benefits of all the subsisting contracts, formula, trade marks, patents, goodwill rights, concessions, licenses and other privileges on as is where is basis, as broadly given in Schedule 'A' hereunder attached for a consideration of a sum of Rs._____/- (Rupees _____ only), which has been fully paid by means of a Bankers' Cheque / Drafts in favour of "The I.D.C of Orissa Ltd.', Bhubaneswar

and acknowledged by IDCOL/ Vendor

2. The Vendor shall make over the possession of all the said assets of the said business, agreed to be transferred as fully detailed in Schedule 'A' hereunder on execution of the Agreement or on such other day as the Purchaser intimates the Vendor in writing. However, a Deed of Sale shall be executed, if required, by the Vendor at the expense of the Purchaser whereafter, the purchaser will be vested with right over the assets hereby conveyed as described in the Schedule below subject to entering Agreements as may be required by competent authorities for transfer and additional premium and charges by the Purchaser as per the rules of competent authorities.

3. The Purchaser shall have no responsibility for the debts and liabilities of the Vendor, which the Vendor shall pay for discharging the Said Debts / Liabilities remaining outstanding against the Vendor as on the date of transfer.

4. There will be no liability in future on whatsoever account for GoO / IDCOL/VENDOR of this Agreement towards the Purchaser who shall indemnify the IDCOL/GoO/VENDOR to the extent of loss or damages suffered for any of Purchaser's act of commission and omission under this Agreement.

5. The Purchaser on payment of the full consideration amount and fulfillment of covenants mentioned herein shall be entitled to enjoy full right over the assets free from any charge, lien, encumbrance and liabilities. However, the buyer shall not be allowed for transfer or sale /strip any of the assets of the mill within five years from the date of purchase of the assets without prior approval of the Govt. in order to fulfill the objective of reviving the business. However, replacement of old machineries as part of modernization / diversification of the Mill is permitted. In addition the purchaser cannot remove any standing trees on the land without permission of the Collector and the entire sale proceeds of the trees if sold in future shall accrue to the Govt.

6. Simultaneously on execution of this agreement and payment of the Sale Consideration, pending registration of the Sale Deed, the Purchaser shall take physical possession of the said assets after fulfilling all covenants mentioned hereunder.

i. Notwithstanding anything herein contained, for any default on the part of the Purchaser in observing the covenants herein, , within the time as mutually agreed thereon, this Agreement shall stand terminated at the option of the Vendor and all rights and claims of the Purchaser against the Vendor and/or over the said assets shall stand extinguished. In such an event ,the Vendor shall within ____ (____) days of such termination, refund to the Purchaser all sums paid by the Purchaser, after deducting a sum equal to ____% of the amounts paid by the Purchaser as mutually agreed as liquidated damages.

ii. Subject to such refund, the Said assets and all other interests of the Purchaser in the Premises and every part thereof shall also stand forfeited and/or vested with the Vendor and the Vendor shall be entitled to enjoy and/or transfer all rights and interests vested as aforesaid in its own favour and/or in favour of its nominees and also disposal of the said assets, without any intimation and in any way becoming liable to the Purchaser.

7. .Any dispute /difference between the parties arising out of the Agreement shall be referred to CMD, IDCOL who himself or his nominated officers/ representative, shall act as sole Arbitrator ,whose decision thereon shall be final and binding between the parties. for Arbitration .

8. The Arbitration proceedings shall be conducted at Bhubaneswar .In case of any dispute arising hereof , the Courts at Bhubaneswar under the control and supervision of the Orissa High Court shall have exclusive jurisdiction over the matter.

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands and seals the day, month and year first above written.

SIGNED, SEALED AND DELIVERED by

M/s _____

the within named IDCOL at _____

in the presence of

SIGNED, SEALED AND DELIVERED by

M/s _____

the within named Vendor at _____

in the presence of :

SIGNED, SEALED AND DELIVERED by

M/s _____

the within named Purchaser at _____

in the presence of :

SCHEDULE A

[LIST OF ASSETS]

Annexure-I

ABS SPINNING ORISSA LTD.

PLANT AND MACHINERY

ASKA SPINNING MILL

Sl. No.	Particulars	Year of make	Name of the manufacturer	No. of machines
01	Blow room with all accessories	1985	A.T.E. Trumac (Frutzoher)	02
02	Willow machine with reving waste operate and thread extractor	1985	Charlie	01
03	Carding with card room accessories	1985	MMC	24
04	Drawing	1986	MMC	08
05	Speed frame	1986	MMC	09
06	Ring Frame	1985	MEI COTTON MEI SYMTHETIC	41 12
07	Comber	1986	L M I	01

08	Two for one Twister	1986	ME I	01
09	Doubling	1986	ME I	14
10	Cheese Winding	1986	Arvind	03
11	Cone Winding	1986 1988	Arvind RJK	01 01
12	Reeling	1986	Venkatpathy Foundry	30
13	Bundling	1986	Jai Orissa	02
14	Baling	1985	Panchal	01
15	Ginning Machines	1987	Bajaj	02
16	D.G. Sets	1986	250 KVA/ Kirloskar	01