

PRELIMINARY INFORMATION MEMORANDUM (PIM)

Inviting

Strtegic Investor

For

Acqisition of 100% stake

In

HIRAKUD INDUSTRIAL WORKS LTD.

Issued by :

UTI BANK Ltd.

February,2003

TABLE OF CONTENTS

	PAGE NO.
DISCLAIMER	3
SUBMISSION OF EXPRESSION OF INTEREST	5
BRIEF PROFILE OF HIWL	12
ANNEXURES	22

DISCLAIMER

1. **UTI Bank Limited** ("UTIBL" or the Advisor) have been retained as Advisor by Department of Public Enterprises, Government of Orissa (GoO) to assist in the sale of 100% shareholding of The Industrial Development Corporation of Orissa Ltd. (IDCOL) in HIRAKUD Industrial Works Ltd., (HIWL).
2. The sole purpose of this Preliminary Information Memorandum (PIM) is to assist the party interested in being the ' Strategic Investor' to participate in the disinvestment process.
3. This PIM does not constitute an offer or invitation or solicitation of an offer, to subscribe to or purchase GoO's stake in HIWL.
4. This document is not intended to form the basis of any investment decision and accordingly, interested parties are advised to carry out their own due diligence, investigations and analysis of any information contained or referred to herein or made available at any stage in the disinvestment process and satisfy about the authenticity of the same. This PIM has been delivered to interested parties for information purposes only and upon the express understanding that such parties will use it only for the purpose set forth above.
5. While this document has been prepared in good faith, no representation or warranty, express or implied, is or will be made, and no responsibility or liability will be accepted by HIWL, IDCOL, Advisor and its associate, or the Government of Orissa (GoO) or any of their employees, advisors or agents as to or in relation to the accuracy or completeness of this document or any other oral or written information made available to any interested recipient or its advisors at any time during the disinvestment process and any liability thereof is hereby expressly disclaimed. This PIM may contain / include certain estimates, projections, statements, targets and forecasts with respect to the Company. These are based on the various assumptions made by the management, employees of the Company and IDCOL and/or Advisor or its associate, which, as well as the information on which they are based may or may not be accurate. The opinions in this memorandum have been expressed in good faith. Neither of the Company, IDCOL or Advisor or its associate, management or employees of the Company, make any representations and / or warranty in respect of, and no reliance should be placed on any estimates, projections, statements, targets and forecasts or the assumptions on which they may be based. Any liability of whatsoever in nature, is accordingly expressly declined even if any loss or damage is caused by any act or omission on part of the aforesaid information or data, whether negligent or otherwise.

6. Neither this document nor anything contained herein shall form a basis of any contract or commitment whatsoever. Any prospective purchaser will be required to acknowledge in the purchase contract that he has not relied on or been induced to enter such agreements by any representation or warranty, save as expressly set out in such an agreement.
7. Any information contained in this document, will be superceded by any later written information on the same subject made available to the recipient by or on behalf of HIWL, IDCOL or the Advisor. HIWL, IDCOL and Advisor undertake no obligation to provide the recipient with any additional information or update this document and reserve the right, at any time and without notice, to change or modify the procedure or process for disinvestment, terminate the due diligence or negotiations or any part of or the entire disinvestment process prior to signing of any binding share purchase agreement.
8. This document has not been filed, registered or approved in any jurisdiction. Recipients of this document, particularly in jurisdiction outside India, should inform themselves of and observe any applicable legal requirements.

PART I

SUBMISSION OF EXPRESSION OF INTEREST

1. INTRODUCTION

- 1.1 The Government of Orissa ("GoO") intends to disinvest its entire equity shareholding (100%) in Hirakud Industrial Works Ltd. ("HIWL" or "the Company") through a strategic sale held through Industrial Development Corporation of Orissa Limited (IDCOL), a Government of Orissa Undertaking.
- 1.2 **UTI Bank Limited** ("UTIBL") has been appointed as the Advisors for the disinvestment by the GoO.

2. ADVERTISEMENT INVITING EoI

- 2.1 An advertisement has been issued in several Oriya Dailies , Business Standard, The Economic Times (all editions) inviting interested parties to submit their 'Expression of Interest' (EoI) to participate in the disinvestment process a copy of which is enclosed as **Annexure-1**

3. EXPRESSION OF INTEREST

- 3.1 This section describes the outlines of participating in the disinvestment process and the requirements relating to information to be provided by interested parties, when submitting their Expression of Interest (EOI).

4. ELIGIBILITY / PRE QUALIFICATION CRITERIA

- 4.1 The interested party(ies) must have ;
- (i) A minimum networth of Rs.15 crores and
 - (ii) A minimum annual turnover of Rs.40 crores as per the latest audited accounts.
- 4.2 For a consortium bid, all the members of the consortium should have positive networth and the combined networth of all members as per the latest audited accounts, should meet the above mentioned eligibility criteria 4.1(i).

- 4.3 For a consortium bid, the latest combined audited turnover of the constituent entities of the consortium should meet the above mentioned eligibility criteria 4.1(ii) and the leader of the consortium should have at least a turnover of Rs.20 crores.

4.4 Definition

Net Worth = Equity Share Capital + Reserves & Surplus(excluding Revaluation Reserve) – Accumulated loss.

As per Part 1 of Schedule VI of the Companies Act, 1956 (Vertical form of Balance Sheet)

- 4.5 Where the financial statement is expressed in currency other than Indian Rupee, the eligible amount as described above shall be computed by taking the equivalent US dollars at the exchange rates (as stipulated by Foreign Exchange Dealers Association of India) prevailing on the date(s) of such financial statement.
- 4.6 The PIM along with its enclosures does not constitute a commitment on the part of the GoO or HIWL or Advisor, whether in respect of the disinvestment process or otherwise. Furthermore, the invitation confers neither any right nor expectation to any party to participate in the said process.
- 4.7 The GoO and HIWL reserve 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 and/or modify the process or any part thereof or to vary any terms at any time without assigning any reason whatsoever. No financial obligation whatsoever shall accrue to the GoO or HIWL or the Advisor in such an event.

5. INITIAL PROCESS

- 5.1 Following receipt of this PIM, Interested Parties will be required to submit an EoI Package comprising an Expression of Interest, a Statement of Legal Capacity and a Request for Qualification (RFQ) in the format specified in Annexure II, III and IV.
- 5.2 Based on an evaluation of the EoI Package received, Interested Parties which are deemed fit (“Qualified Interested Parties” or “QIPs”) will be allowed to participate in the subsequent selection process (without conferring any right or expectation whatsoever to the QIPs).

- 5.3 Following signing of a Confidentiality Agreement (“CA”) by duly authorized personnel, QIPs will be provided with the Confidential Information Memorandum (“CIM”) and invited to participate further in the process as detailed in the CIM.

6. FILING REQUIREMENTS

- 6.1 Interested parties must submit, *in duplicate*, their Eol accompanied by a Statement of Legal Capacity and Request for Qualification (“RFQ”) the {“Eol Package”}, as per the formats given in Annexure II, III & IV of this PIM.
- 6.2 Eols must be duly signed by the authorised representative of the interested party(ies) / designated lead bidder of the consortium. **However, the RFQ and the Statement of Legal Capacity will have to be submitted by each member of the consortium, duly signed by an authorised official of each member.**
- 6.3 All Eol Packages must be in English and each copy shall be bound in a separate volume. Submission of the aforesaid documents by fax, e-mail or other electronic means will not be acceptable. It is the responsibility of the interested party(ies) alone to ensure that its Eol with required documents is delivered at the address given below by the stated time and date. The covering envelope containing the aforesaid document should be clearly marked **“Private and Confidential - Expression of Interest for participation in disinvestment in HIWL”**. Neither GoO nor the Advisor shall be responsible for non-receipt of correspondence.
- 6.4 The Eol Package must be submitted by no later than 17.00 hours (Indian Standard Time), **28.02. 2003** at the following address:

Shri Shaji John
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Merchant Banking
UTI Bank Limited
7, Shakespeare Sarani
Kolkata – 700 071
E-mail : shaji.john@utibank.co.in
Tel : +91 033 2282 4973 /9832/33/34/2933/4961
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7. EOI FILED BY CONSORTIA/JOINT VENTURES

- 7.1 If a Consortium or Joint Venture is formed, or proposed to be formed, specifically for the purpose of this investment, details of the members of the Consortium or Joint Venture and the extent of their interest herein must be provided in the Eol Package.

- 7.2 Any subsequent change by way of withdrawal/substitution of any member of the consortium or joint venture or any change affecting the composition of the consortium or joint venture may be permitted, but only with the specific approval of the GoO. The GoO or the Advisor have the sole discretion to determine the impact of the change in membership on the structure and quality of the Consortium or joint venture and reject a proposal without assigning any reason whatsoever.

The RFQ should be duly filled in and accompanied by the following details:

➤ ***In case of a sole bidder***

- The Audited Balance Sheet and Profit & Loss Account of the sole bidder (Indian company/Foreign company) for the last 3 financial years.
- Write-up on :
 - a) Profile of the sole bidder
 - b) A statement of reasons for strategic interest in HIWL
 - c) Any other information considered material

➤ ***In case of a consortium bid***

- The Audited Balance Sheet and Profit & Loss Account for the last 3 financial years of all the consortium member companies associated in the bid.
- Write-up on :
 - a) Profile of all the consortium members.
 - b) A statement of reasons for strategic interest in HIWL.
 - c) Any other information considered material by the members.

8. DISQUALIFICATIONS

8.1 The GoO/Advisor shall not consider for the purpose of qualification, an EoI which is found to be incomplete in content or attachment or authenticity.

8.2 Without prejudice to any other rights or remedies available to the GoO/Advisor, a company/consortium/joint venture may be disqualified and its EoI dropped from further considerations for any of the reasons listed below:

- ✓ Material misrepresentation by such company/any member of such consortium/ joint venture in the EoI and/or RFQ or otherwise.

- ✓ Failure by such company/consortium/joint venture to provide the information required to be provided in the Eol and RFQ, pursuant to relevant sections of the PIM.
 - ✓ Submission of Eol and RFQ in respect of any company/consortium/joint venture, where such company or member had already submitted an Eol or is a member of a consortium, which has already submitted an Eol and the earlier Eol has not been withdrawn.
- 8.3 If any information becomes known after the interested party has been qualified to receive the Confidential Information Memorandum(CIM), which would have entitled the GoO/Advisor to reject or disqualify the relevant company/consortium/joint venture, the GoO/Advisor reserves the right to reject the interested party at the time or at any time after such information becomes known to the GoO/Advisor.
- 8.4. Further, Government of India has issued guidelines for disqualification of bidders seeking to acquire any public sector enterprises through the process of disinvestment vide Department of Disinvestment OM No. 6/4/2001- DD-II dated 13th July 2001, a copy of which is enclosed as Annexure V. The interested party(ies) are required to read the guidelines and satisfy themselves that they are qualified to bid for the stake in HIWL through the process of disinvestment and give an undertaking to the effect that they are qualified to bid for the stake in HIWL in the Eol to be submitted by them. Interested parties would be required to provide the information on the criteria laid down in the guidelines of 13th July, 2001 alongwith their Eol. The Interested parties shall be required to provide with their Eol an undertaking to the effect that no investigation by a regulatory authority is pending against them. In case any investigation is pending against the concern or its sister concern or against its CEO or any of its Directors/Managers/employees, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of GoO. For other criteria also, a similar undertaking shall be provided along with Eol.
- 8.5 Where the interested party is a consortium/joint venture, GoO may disqualify the entire consortium/joint venture for the reasons specified in paragraph 8.4, even if it is applied to only one member of the consortium/joint venture.
- 8.6 The companies/consortia/joint venture not satisfying the eligibility and requisite qualification criteria specified in the above sections are not eligible.

9. FUTURE PROCESS

- 9.1 The EOI submitted by the interested parties shall be evaluated on the basis of the criteria specified elsewhere in this document. If at any time, during the evaluation process, GoO/Advisor require any clarification, it reserves the right to request for such information from any or all of the companies/consortia/ joint venture and the companies/consortia/joint venture will be obliged to provide the same within reasonable time frame.
- 9.2 Based on an evaluation of Eois received, interested parties, which are deemed fit ("qualified interested parties" "QIP"), will be invited to participate in the subsequent selection process (without conferring any right or expectation whatsoever to QIP). QIP will be provided with the Confidential Information Memorandum (CIM) and shall be invited to participate further in the process described in details in the CIM. QIP will get an opportunity to conduct due diligence and take up site visits and will also have access to data rooms and to hold discussions with the management of HIWL/IDCOL/officials of GoO. The rules regarding access to information in the data rooms will be provided to QIPs later. QIPs will be invited to submit their proposal and a binding price bid.
- 9.3 This document constitutes no form of commitment on the part of the GoO or IDCOL or HIWL or the Advisor other than to provide further information on HIWL. Furthermore, this document confers neither the right nor an expectation on any party to participate in the proposed divestment process. The GoO/HIWL/Advisor reserve the right to withdraw from the process or any part thereof or vary any terms at any time without assigning any reasons. The GoO reserves the right to accept or reject any/all offer(s) without assigning any reasons.

10. ENQUIRIES

- 10.1 The GoO/Advisor will not respond to any questions nor provide clarifications at this stage. Nothing in this document shall be taken or read as compelling or requiring the GoO/Advisor to respond to any question or to provide any clarification. No extension of any time and date referred to in this PIM shall be granted on the basis or grounds that the GoO/Advisor has not responded to any question / provided any clarification.

11. GOVERNING LAWS/JURISDICTION/ARBITRATION

- 11.1 All matters relating to the disinvestment process and bidding procedure shall be governed by the legal proceedings under Indian Arbitration & Conciliation Act, 1956 and the laws of Union of India and shall be cognizable and triable only in the appropriate Courts at Bhubaneswar exercising territorial jurisdiction over the subject matter and no other Courts shall have jurisdiction to entertain the matter. In case of Arbitration, the Arbitrator shall be nominated by the parties to the agreement after mutual discussion

PART II

BRIEF PROFILE OF HIRAKUD INDUSTRIAL WORKS LTD. (HIWL)

1. BACKGROUND OF THE COMPANY

The Industrial Development Corporation of Orissa Ltd., (IDCOL), a Govt. of Orissa Undertaking, took over the Central Workshop of the Hirakud Dam Project in November, 1962 with a view to run it on commercial line by modernising and expanding it to produce machinery components, and structural and transmission line towers for catering to the requirements of Government Departments. The Corporation renamed the unit as Hirakud Industrial Works (HIW) in 1962. The first unit of the Company came into existence on 01.04.1963 as Hirakud Industrial Works (HIW). Looking at the immense potency in the power sector, the activity of the unit was diversified to manufacture galvanized EHT towers and sub-station structures, in addition to a full-fledged machine shop and heavy structural fabrication unit.

Project Construction Organisation (PCO), erstwhile unit of IDCOL, looking after the construction of transmission lines and substations was merged with HIW as its Project Wing in the year 1986 with a view to combine the activities of both supply and erection.

In keeping with the demands of economic liberalization, HIW was converted into a full fledged limited company with the name and style of Hirakud Industrial Works Ltd. (HIWL), as a wholly owned subsidiary of IDCOL and incorporated under the Companies Act, 1956 on 18.01.1993 with registered office at Hirakud.

HIW has since come a long way to emerge as a major player in the power engineering sector, not only in the State of Orissa, but in the national scenario also. Today, it is a premier organization engaged in designing, developing and manufacturing a wide range of structures, transmission line and sub-station structures besides manufacture of other plant and machinery catering to the demands of various corporate/industries like SAIL, INDAL, Fertilizer Plants, Irrigation & Power Projects etc.

1.1 A BRIEF NOTE ON THE INDIVIDUAL MANUFACTURING UNITS OF HIWL

Hirakud Industrial Works (HIW)

This unit is located at Hirakud, 16 k.m. away from Sambalpur District, Orissa.

The unit is well equipped with plant & machinery, computer aided design facilities and experienced and skilled technical personnel to execute different jobs in power sector, structural fabrication and machinery jobs.

At HIW, Hirakud, there are good numbers of machines, such as lathes, shapers, planner, boring & milling machines in the machine shop. For fabrication of tower and sub-station structures, there are a number of machines such as shearing machines, punching machines, bending machines, drilling machines, EOT cranes, Angle straightening machines, corner & notching machines etc. Besides, HIW possess a galvanizing plant having three zinc baths for galvanizing materials upto 12 metres in length with three EOT cranes.

Considering the volume and length of jobs for Railway Electrification works, the company has set up a new galvanising plant in the year 1998 by providing new extended shed, 10.50 metre long zinc bath with other auxiliaries like acid, water, flux, tank and new EOT crane. In order to increase production, a number of heavy duty punching and shearing machines have been installed in fabrication shop. The company has successfully executed valuable orders for various State Electricity Boards, Power Grid Corporation of India Ltd., **DESU**, National Aluminium Co. Ltd., Damodar Valley Corporation, Mahanadi Coalfield Ltd., Railways etc.

Project Wing (PW)

The construction wing of the Company having its coordinating office at Bhubaneswar is engaged in the construction activities across the state of Orissa. The Project Wing has various divisions such as Paradeep, Balichandrapur, Khurda, Angul, Jharsuguda, Berhampur and Bhubaneswar to execute various erection orders. The project wing has necessary workmen, supervisors and T & P to take various project works including 400 KV projects.

Hirakud Structurals, an industrial shed in the Industrial Estate at Rourkela was takenover from IDCO to form a manufacturing unit to cater for the requirements of Rourkela Steel Plant modernization work and other requirement of machining jobs.

There was another Division of the Company, known as Engineering & Contract Division, performing fabrication, repairing and maintenance of transformers at Bhubaneswar.

Hira Cable works (HCW)

Hira Cable Works, which was earlier a unit of I.D.C. of Orissa Ltd., has been merged with HIWL w.e.f. 1.2.1997. Hira Cable Works is a leading manufacturer of various types of ACSR and AAAC conductors in the Country having an installed capacity of 5000 MT per annum. The unit has all necessary machinery and equipment for heat treatment, wire drawing and conductor manufacturing with a testing laboratory.

It has a Properzi Plant for melting and converting aluminium ingots into wire rod, which is subsequently used in the manufacturing of conductor.

1.2 KEY STRENGTHS OF HIWL

The key strengths of **HIWL** include :

- ❖ One of the major players in the power engineering sector in eastern India.
- ❖ Undertakes complete project works including electrical, structural and associate systems to complete installation and commissioning.
- ❖ Diversified range of engineering products and services.
- ❖ Adequate power supply.
- ❖ Products meet quality requirements of both national and international standards and the Company possesses ISO 9001 certification for its Quality Management System for various products viz. G.I Structures, Transmission Line Towers, Sub-station Structures, AAC, AAAC, ACSR conductors etc.
- ❖ Pool of skilled and experienced manpower.
- ❖ Cordial industrial relations with no company specific closure on account of labour unrest in its operations.
- ❖ Having facilities to provide in-house services pertaining to design of electrical, structural and auxiliaries, drawing & documentation for detailed engineering.

1.3 HIWL's Client Profile

The clients of HIWL include The Indian Railways, National Aluminium Company Ltd., Steel Authority of India, Grid Corporation of Orissa, **UPPCL**, Damodar Valley Corporation, Orissa Power Grid Corporation, National Thermal Power Corporation, Mahanadi Coalfields Ltd., **MSEB**, Bharat Heavy Electricals Ltd., Power Grid Corporation of India Ltd. etc.

1.4 MANPOWER

As on 31.12.2002, the manpower strength of HIWL stood at 415 permanent employees comprising 236 employees at HIW, 126 employees in PW and 53 in HCW. The company has been able to reduce the manpower strength by 148 nos. of employees who have been separated by way of VRS during 2001-02.

1.5 EQUITY BASE

Rupees in Lakhs

SHARE CAPITAL AS ON 31.12.2002

AUTHORISED

1000.00

1,00,00,000 Equity Shares of Rs. 10/- each

ISSUED AND SUBSCRIBED

690.01

69,00,070 Equity Shares of Rs. 10/- each fully paid up.

All shares are held by IDCOL being the Holding Company.

1.6 FINANCIALS

The summary of HIWL's Balance Sheet and Profit and Loss Account for the last three years is given below :

As on	Balance Sheet (Rupees In lakhs)		
	31 st March 2000	31 st March 2001	31 st March 2002
LIABILITIES			
Share Capital	490.01	490.01	490.01
Reserve & Surplus	--	--	--
Cash Credit from Banks	439.06	676.71	518.50
Unsecured Loans	699.08	493.53	672.19
Current Liabilities & Provisions	3701.75	3614.13	3201.78
TOTAL	5329.90	5274.38	4882.48
ASSETS			
Gross Block	615.61	637.58	637.78
Less : Cumulative Depreciation	176.37	218.52	259.66
Net Block	439.24	419.06	378.12
Capital Work-in-Progress	23.67	3.46	3.46
Investments	0.48	0.48	0.48
Current Assets, Loans and Advances	4863.36	4691.39	3982.96
Accumulated Loss	3.15	159.99	342.45
Misc. expenditure to the extent not w/o.	--	--	175.01
TOTAL	5329.90	5274.38	4882.48

PROFIT & LOSS ACCOUNT

(Rs. in lakhs)

Year Ended	31st March 2000	31st March 2001	31st March 2002
INCOME			
Sales	7199.42	3982.73	1684.60
Other Revenue	225.13	163.31	67.27
Accretion/(Decretion) to Work-in-Progress	(213.42)	(78.81)	(44.89)
TOTAL	7211.13	4067.23	1706.98
EXPENDITURE			
Consumption of raw materials	1053.10	412.54	203.69
Consumption of Stores & Spares	170.70	31.96	61.56
Excise Duty	290.98	115.08	64.36
Power & Fuel	48.16	27.94	26.30
Other Manufacturing Expenses	4843.55	2808.25	885.26
Administrative & Selling Expenses	727.30	694.67	527.13
Depreciation	42.40	42.15	41.15
Interest	152.45	91.48	79.99
TOTAL	7328.64	4224.07	1889.44
Profit/(Loss) before Tax	(117.51)	(156.84)	(182.46)
Provision for Tax	--	--	--
Net Profit/ (Loss) after Tax	(117.51)	(156.84)	(182.46)
Balance brought forward from previous year	114.36	(3.15)	(159.99)
Balance carried to Balance Sheet	(3.15)	(159.99)	(342.45)

1.7 Subsidiary Companies

HIWL does not have any subsidiary company.

1.8. Unitwise details of capacity, production performance are given in the tables below :

INSTALLED CAPACITY

UNITS/WORKS	MAJOR PRODUCTS	UNIT OF MEASUREMENT	INSTALLED CAPACITY
Hirakud Industrial Works	Tower Substation Structures	M.T.	6,000 MT
Hira Cable Works	AAAC & ACSR Conductors	M.T.	5,000 MT
Project Wing	Erection/Commissioning	--	--

1.9 PRODUCTION PERFORMANCE FOR THE LAST TWO YEARS :

(Rs. In lakh)

UNITS/ WORKS	2000-2001			2001-2002		
	Quantity (MT)	Gross	Billable	Quantity (MT)	Gross	Billable
H.I.W.	783	249.15	259.11	510	169.6	176.46
H.C.W.	305	336.54	350.44	1156	126.34	131.40
P.W.	--	3572.90	3572.90	--	1331.78	1331.78
Total HIWL	1088	4158.59	4182.01	1666	1627.73	1639.64

2.0. DETAILS OF ISO CERTIFICATION

The Quality Management Systems of HIW, Hirkud, has been assessed by NQA Quality System Registrar Ltd., New Delhi and found to comply with the requirement of ISO 9001: 2000. The Quality Management System is applicable to design, development, manufacture and supply of G.I. structures, transmission line towers upto 400 KV and sub-station structures and Railway Electrification. The details of the Certification is as under :

Certification No.	02/126/R
Date of issue	11.06.2002
Date of initial certification	11.06.2002
Date of expiry	10.06.2005

The Quality Management Systems of HCW, Hirkud, has also been assessed by NQA Quality System Registrar Ltd., New Delhi and found to comply with the requirement of ISO 9001: 2001. The Quality Management System is applicable to manufacture and sale of All Aluminium Conductors (AAC), Aluminium Conductor Steel Reinforced (ACSR), All Aluminium Alloy Conductors (AAAC), Aluminium Alloy Conductor Steel Reinforced (AACSR), Stranded Steel Core, GS Earth Wire and Properzi Rod. The details of the Certification is as under :

Certification No.	02/127/R
Date of issue	11.06.2002
Date of initial certification	11.06.2002
Date of expiry	10.06.2005

2.1 OPERATING UNITS OF HIWL

A. HIRAKUD INDUSTRIAL WORKS (HIW)

Location:	Hirakud, Samalpur, Orissa			
Main Products	Manufacture of Transmission line towers and Sub-station Structures.			
Main Industries Served	Power Sector			
Production Details	Phy. Units	2001-02	2000-01	1999-00
Tower and Substation Structures	M.T.	510	783	3365
Performance		2001-02	2000-01	1999-00
-Sales Turnover (including other income & stock adj.)	Rs. Lakhs	216.82	388.20	1071.95
-Net profit/(Loss)	Rs. Lakhs	(403.51)	(440.44)	(354.09)
Manpower (Nos.)	As on 31.12.2002			
Officers	25			
Supervisors	15			
Staff	4			
Technical Staff	39			
Sub-Staff	--			
Workmen	153			
Casual Workers	5			
Contract Labourers	21			
Land Area – 299.164 acres		(Acres) Free Hold Lease Hold Total	299.164 acres -- 299.164 acres	

B. HIRACABLE WORKS (HCW)

Location:	Hirakud, Samalpur, Orissa			
Main Products	Manufacture of AAAC/ ACSR conductor & Properzi Rod			
Main Industries Served	Electricity Boards inside and outside the State, PGCIL, NTPC, BHEL.			
Production Details	Phy. Units	2001-02	2000-01	1999-00
AAAC/ ACSR conductor	M.T.	1156	283	645
Properzi rod	M.T.	Nil	22	42
Performance		2001-02	2000-01	1999-00
-Sales Turnover (including other income & stock adj.)	Rs. Lakhs	144.98	325.94	839.96
-Net profit/(Loss)	Rs. Lakhs	(129.75)	(164.85)	(70.22)
Manpower (Nos.)	As on 31.12.2002			
Officers	8			
Supervisors	10			
Staff	1			
Technical Staff	25			
Sub-Staff	--			
Workmen	9			
Casual Workers	--			
Contract Labourers	64			
Land Area – 115.80 acres		(Acres)		
		Free Hold	--	
		Lease Hold	115.80 acres	
		Total	115.80 acres	

C. PROJECT WING (PW)

Location:	Bhubaneshwar, Paradeep, Berhampur, Angul, Rourkela, Jharsuguda, Hiraakud, Balichandrapur, Khurda			
Main Products	Erection of Transmission line towers and substation structures.			
Main Industries Served	Electricity Boards inside and outside the State			
Performance		2001-02	2000-01	1999-00
PROJECT WING				
-Sales Turnover (including other income & stock adj.)	Rs. Lakhs	1305.93	3521.22	5820.18
-Net profit/(Loss)	Rs. Lakhs	367.24	478.63	316.88
E & C DIVISION				
-Sales Turnover (including other income & stock adj.)	Rs. Lakhs	39.25	57.46	170.32
-Net profit/(Loss)	Rs. Lakhs	(16.43)	(30.18)	(10.08)
Manpower (Nos.)	As on 31.12.2002			
Officers	31			
Supervisors	11			
Staff	3			
Technical Staff	21			
Sub-Staff	--			
Workmen	60			
Casual Workers	43			
Contract Labourers	25			
Land Area - 0.60 acres		(Acres)		
		Free Hold	0.60 acres	
		Lease Hold	--	
		Total	0.60 acres	

D. HIWL AS A WHOLE

Location	Hirakud, Bhubaneswar, Paradeep, Berhampur, Khurda, Angul, Rourkela, Jharsuguda, Balichandrapur			
Main Products	Manufacturing of Transmission Line Towers and sub-station structures, AAAC & ACSR Conductors and Erection			
Main Industries served	GRIDCO, UPPCL, DVC, OPGC, NALCO, NTPC, MCL, Railway Electrification, MSEB, BHEL, PGCIL etc.			
Production :	Phy Unit	2001-02	2000-01	1999-00
- Tower & sub-station str.	MT	510	783	3365
- AAAC & ACSR conductor	MT	1156	305	687
Performance :		2001-02	2000-01	1999-00
- Sales Turn Over (including other income & stock adj.)	Rs. Lakhs	1706.98	4067.23	7511.13
- Net Profit / (Loss)	Rs. Lakhs	(182.45)	(156.84)	(117.51)
NB: Inter unit transfer of finished goods have been accounted for twice in the branch account but has been corrected in the Company consolidated account as given below :				
2000-01 – Rs.225.59 Lakhs				
1999-00 – Rs.391.28 Lakhs				
Manpower (Nos.) : As on 31. 12. 02				
Units	HIW	HCW	PW	TOTAL
Officer	25	8	31	64
Supervisors	15	10	11	36
Staff	4	1	3	8
Technical Staff	39	25	21	85
Sub-Staff	--	--	--	--
Workmen	153	9	60	222
Casual Workers	5	--	43	48
Contractor labours	21	64	25	110
Land Area – 415.56 acres			(Acres)	
HIW – 299.164 acres			Free hold	299.764
HCW – 115.80 acres			Lease hold	115.80
PW – 0.60 acres			Total :	415.564

Government of Orissa
Department of Public Enterprise

**INVITATION FOR "EXPRESSION OF INTEREST"
FOR SALE OF 100% SHARE HOLDING
IN
HIRAKUD INDUSTRIAL WORKS LIMITED.**

(This announcement is neither a prospectus nor an offer or invitation to the public for sale of securities)

Government of Orissa (GoO) intends to disinvest 100% of the equity in HIRAKUD INDUSTRIAL WORKS LIMITED (HIWL) held by Industrial Development Corporation of Orissa Ltd. (IDCOL), a GoO owned entity.

The UTI BANK LIMITED has been appointed as Advisor to assist GoO in the disinvestment of HIWL.

HIWL is predominantly in the business of Fabricating, manufacturing and selling of Transmission Line Towers and Steel Structural, Aluminium Conductors, Erection of Transmission Line Towers and Stringing of Aluminium Conductors for which it has the necessary infrastructure and manufacturing facility at Hirakud in and elsewhere Orissa, India. The Company has a good record of labour relations and is well recognized for its product quality mostly in the State Electricity Boards and Central Power Sector like NTPC, DVC etc.

Interested party(es), either individually or as a consortium, may submit their Expression of Interest (EoI) along with a Request for Qualification (RfQ) and a statement of Legal Capacity and other related documents in the formats specified for the purpose in "the PIM" so as to reach the designated official specified in "the PIM" before **17.00 hours on 28/02/2003.**

Additional information on HIWL including the copy of the Preliminary Information Memorandum (the "PIM") can be accessed from the website www.idcorissa.com or www.orissagov.nic.in/pre/pe.hfm or can be obtained at the following address:



Shri Shaji John.

Manager

UTI BANK LIMITED,

7, Shakespeare Sarani, Kolkata-700071

E-mail:shaji.john@utibank.co.in

Tel:+91 033 2282 4973/9832/33/34 Fax: +91 033 2282 6463/7611

The announcement is neither a prospectus nor an offer or invitation for sale of equity shares of any securities to any institution / public. The GoO, the HIWL and the IDCOL reserve 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 and modify the process or any part thereof or to vary any terms at any time without assigning any reason whatsoever. No financial obligation, whatsoever, shall accrue to GoO or IDCOL or HIWL in such event. Neither GoO, IDCOL, HIWL nor UTI Bank shall be responsible for non-receipt of correspondence sent by post/courier/e-mail/fax.

**Joint Secretary to Govt.
Department of Public Enterprises.**

ANNEXURE – II : EXPRESSION OF INTEREST

(To be forwarded on the letterhead of the interested consortium submitting the EOI)

Reference No.....

Shri Shaji John
Manager
UTI Bank Ltd.
7, Shakespeare Sarani
Kolkata 700 071

Sub : INVITATION OF EXPRESSION OF INTEREST FOR DISINVESTMENT OF 100% OF EQUITY IN HIRAKUD INDUSTRIAL WORKS LIMITED (HIWL), HELD BY INDUSTRIAL DEVELOPMENT CORPORATION OF ORISSA LIMITED (IDCOL)

Sir,

This is with reference to the advertisement dated inviting Expression of Interest for Hirakud Industrial Works Limited (HIWL).

As specified in the advertisement, we have read and understood the contents of the Preliminary Information Memorandum (PIM) and are desirous of participating in the above disinvestment process, and for this purpose :

We propose to submit our EOI in individual capacity as (insert company name)

OR

We have formed/propose to form a consortium comprising members as follows:

1. (insert company name)
2. (insert company name)
3. (insert company name)

We confirm that we/our consortium/proposed consortium satisfies the eligibility criteria set out in relevant sections of the PIM including the guidelines for qualification of bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment issued by the Government of India vide Department of Disinvestment OM No.6/4/2001-DD-II dated 13th July, 2001 and subsequent amendments/clarifications thereto. The Statement of Legal Capacity and Request for Qualification as per formats

indicated hereinafter, duly signed by us/respective members, who jointly satisfy the eligibility criteria, are enclosed.

We certify that in regard to matters other than security and integrity of the country, we have not been convicted by a Court of law or indicated or adverse orders passed by a regulatory authority which would cast a doubt on our ability to manage the public sector unit when it is disinvested or which relates to a grave offences that outrages the moral sense of the community.

We further certify that in regard to matters relating to security and integrity of the country, we have not been charge-sheeted by any agency of the Government or convicted by a Court of Law for any offence committed by us or by any of our sister concerns.

We further certify that no investigation by a regulatory authority is pending either against us or against our sister concerns or against our CEO or any of our Directors/Managers/employees.

We undertake that in case due to any change in facts or circumstances during the pendency of the disinvestment process, we are attracted by the provisions of disqualification in terms of the subject guidelines, we would intimate IDCOL of the same immediately.

We shall be glad to receive further communication on the subject.

Yours faithfully,

Authorised Signatory

For and on behalf of the party/consortium

Enclosure :

1. Statement of Legal Capacity
2. Request for Qualification

ANNEXURE – III : STATEMENT OF LEGAL CAPACITY

(To be forwarded on the letterhead of the interested party/each member of the consortium submitting the EO)

Reference No.....

Date.....

Shri Shaji John
Manager
UTI Bank Ltd.
7, Shakespeare Sarani
Kolkata 700 071

Sub : INVITATION OF EXPRESSION OF INTEREST FOR DISINVESTMENT OF 100% OF EQUITY IN HIRAKUD INDUSTRIAL WORKS LIMITED (HIWL), HELD BY INDUSTRIAL DEVELOPMENT CORPORATION OF ORISSA LIMITED (IDCOL)

Sir,

This is with reference to the advertisement dated inviting Expression of Interest for Hirakud Industrial Works Limited (HIWL).

We have read and understood the contents of the PIM and the advertisement and pursuant to this hereby confirm that :

We satisfy the eligibility criteria laid out in the PIM and the advertisement.

We are a member of the consortium (constitution of which has been described in the Expression of Interest) which jointly satisfies the eligibility criteria as detailed in the PIM.*

We have agreed that(insert member's name) will act as the lead member of our consortium.*

We have agreed that (insert individual's name) will act as our representative on our behalf and has been duly authorized to submit the Eol. Further, the authorized signatory is vested with requisite powers to furnish such letter and Request for Qualification and authenticate the name.*

Yours faithfully,

Authorised Signatory

For and on behalf of (party/member)

* Strike off whichever clause is not applicable.

ANNEXURE – IV : REQUEST FOR QUALIFICATION

(To be submitted in respect of interested party/each member of the consortium)

Name of the interested party(ies)/Member(s)

1. Constitution (Tick, wherever applicable)
 - i) Public Limited Company
 - ii) Private Limited Company
 - iii) Others, if any (Please specify)
2. Sector (Tick, wherever applicable)
 - i) Public Sector
 - ii) Joint Sector
 - iii) Others, if any (Please specify)
3. Details of Shareholding
4. Role/Interest of each Member in the Consortium (if applicable)
5. Nature of business/products dealt with
6. Date & Place of incorporation
7. Date of commencement of business
8. Full address including phone Nos./Fax No.
 - (i) Registered Office
 - (ii) Head Office
9. Address for correspondence
10. Basis of eligibility for participating in the process (Please mention details of your eligibility).
11. Please attach most recent Audited Statement of Accounts/Annual Report. Please provide a Chartered Accountant/Auditor's Certificate certifying the Net Worth.
12. Please provide details of all contingent liabilities that, if materialised, that have or would reasonably be expected to have a material adverse affect on the business, operations (or results of operations), assets, liabilities and/or financial condition of the Company, or other similar business combination or transaction.

13. Contact Persons :

- i) Name :
- ii) Designation :
- iii) Phone No. :
- iv) Mobile No. :
- v) Fax No. :
- vi) E-Mail :

Yours faithfully,

Authorised Signatory
For and on behalf of the (party/member)

Authorised Signatory
For and on behalf of the Consortium

Place :

Date :

Note : Please follow the order adopted in the Format provided. If the interested party is unable to respond to a particular question/request, the relevant number must nonetheless be set out with the word "No response given" against it.

ANNEXURE – V : GOVERNMENT CIRCULAR

No.6/4/2001-DD-II

Government of India
Ministry of Disinvestment
Block 14, CGO Complex
New Delhi

Dated 13th July, 2001

OFFICE MEMORANDUM

Sub : Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

Government has examined the issue of framing comprehensive and transparent guidelines defining the criteria for bidders interested in PSE-disinvestment so that the parties selected through competitive bidding could inspire public confidence. Earlier, criteria like net worth, experience etc., used to be prescribed. Based on experience and in consultation with concerned departments, Government has decided to prescribe the following additional criteria for the qualification/disqualification of the parties seeking to acquire stakes in public sector enterprises through disinvestment.

- (a) In regard to matters other than the security and integrity of the country, any conviction by a Court of Law or indictment/adverse order by a regulatory authority that casts a doubt on the ability of the bidder to manage the public sector unit when it is disinvested, or which relates to a grave offence would constitute disqualification. Grave offence is defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of the offence would be taken on case to case basis after considering the facts of the case and relevant legal principles, by the Government.
- (b) In regard to matters relating to the security and integrity of the country, any change-sheet by an agency of the Government/conviction by a Court of Law for an offence committed by the bidding party or by any sister concern of the bidding party would result in disqualification. The decision in regard to the relationship between the sister concerns would be taken, based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.
- (c) In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.

- (d) Any entity, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.
- (e) The disqualification criteria would come into effect immediately and would apply to all bidders for various disinvestment transactions, which have not been completed as yet.
- (f) Before disqualifying a concern, a Show Cause Notice why it should not be disqualified would be issued to it and it would be given an opportunity to explain its position.
- (g) Henceforth, these criteria will be prescribed in the advertisements seeking Expression of Interest (EOI) from the interested parties. The interested parties would be required to provide the information on the above criteria, along with their Expression of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority is pending against them. In case any investigation is pending against the concern or its sister concern or against its CEO or any of its Director/Managers/Employees, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, a similar undertaking shall be obtained along with EOI.

Sd/-

(A.K. Tewari)

Under Secretary to the Government of India.

To

As per list attached.

