



# INVESTMENT OPPORTUNITY

## The State Company of Electric Industries (Baghdad- Al Wazerya)

### – Invitation

The Ministry of industry and Minerals invites investors and competent companies to invest in the rehabilitation of the State Company for Electric industries at Baghdad governorate -centre of Iraq that is to finance and implement the activities of the rehabilitation of the plant according to modern technology of Electric industries, operate and manage the plants at the investors' expenses against a share of product.

### – History of the Plant

#### 1. Air Condition Line

The plant consists of three lines, which are:-

1. Window and Split Air Conditioner Line.
2. Central Air Conditioner Line.
3. Water Cooler and Room Refrigerator.
  - Date of foundation of Air Conditioner line is 1989.
  - Water cooler and cold store is 1991.
  - Window & split air conditioner plant was implemented by one of the best Japanese Companies (General Co.),



- Package Air Conditioner plant implemented by Japanese Company (Hitachi Co.).
- Water cooler and Room refrigerator Lines implemented by American Company (Boroc Co.).
- The main Supplier of the machines of air Conditioner lines was done by the best Japanese companies of.
- Water cooler and cold store supplied complete line for producing air conditioner but due to differences in supplying of raw materials water cooler in different types.
- Expansion and addition took place at(1999 & 2001) and the Air conditioner plants was operated in cooperation with private sector for manufacturing the above products.

## 2. Electrical Appliances Production Lines

The Factory consists of the following lines:-

1. Distribution panels line.
2. Luminaries with ballast line,
3. Street Lighting Fittings and Electrical Accessories line.
  - Date of foundation on 1982
  - Distribution panels plant implemented by Busch-Jaeger Company, Luminaries by Siemens Company, Ballast by Mag & Christe GMBH Lighting fittings and Electrical Accessories by effort of the Company.
  - Machine Supplier of Distribution panels Plant (BC Berlin), luminaries with ballast Germanys Company, street lighting fittings plant and electrical accessories assemble the company effort from different source
  - Stoppage of production lines took place in 1990 due to Gulf war and the ageing of the machines
  - In (1999 & 2001) cooperation with private sector for assembly of (S.k.d units).

## 3. Main Plant

A special factory for producing:

1. Three Phase Motors.
2. Air cooler Water pump.
3. Styropore for packing of (water pump, ceiling fan, small motor).

Also this factory is considered as main supplying Department of pressing items, die casting forming, turning, plastic production parts, electroplating& painting lines for feed all company production (called main feeding plant).

- Date of foundation 1963



- Established according to the economic agreement between Iraq and Soviet Union on 1959.
- The establishment of this project started in May 1963 on an area of (108000) m<sup>2</sup>
- The company was opened officially on 28/4/1967.
- Machines of Three phase motor supplied by Romanian Electro Norm Company on 1989.
- Air Cooler water pump by Russian Broma Export Company on 1969.
- Styropore packing complete production line supplied by Germany Korts Company with Romanian (ElectroNorm) Company on 1982.
- Expansion and addition took place on 1983 for Renewing water pump plant by Adwara Japans Company, Machinery and equipment of the main plant are supplied by different sources like Russia, Germany, Italian, Japanese, Switzerland & Austria.

#### 4. Electric Motors Plant

Electrical Motor Plant consists of three production lines each line was in Separated building:-

1. Single Phase Motors line.
  2. Ceiling Fan line.
  3. DC motors & Generator Assembly line.
- Date of foundation of Single phase motors line was on 1984 and ceiling fan line on 1974 and DC motors line on 1992 Generator assemblies line instead of DC motors which was started on 1998 by converting all production to assembles generator on 2001 till now.
  - Single phase motors plant implemented by Toyo Menka Kaisha LTD Japanese company.
  - Ceiling fan plant implemented by (Gromton Greaves) Indian company.
  - DC motors plant & generator implemented by company staff to repair DC motors and produce generator for private sector orders and in cooperation with private offices.
  - Machine Supply of single phase motors line by (Toyo Menka Kaisha LTD) Japanese Company.
  - Ceiling Fan line by (Gromton Greaves) Indian company, this line consists of simple machines for repairing & assembling generators of German source.
  - Expansion and Addition: Taken place on 1998 & 2001 Generator line operated by cooperation with private sector which replaced the DC motors line.



## – Investment Concept

The concept is that the investor shall implement the activities to rehabilitate the plant in accordance with modern technology, manage and operate the plant against share of accomplished production, for a certain period.

## – Plant Data:

### ▪ Design Capacity

#### 1. Air Condition Line

Product Name	Quantity Unit/ Year	Specification
Window	100000	1.5ton & 2ton
Split package	25000	2ton
	2000	3.5,5.5,7.5,11,15,22 tton
Water cooler One faucet	2500	As requested
Water cooler three faucet	500	As requested

#### 2. Electrical Appliances Production Lines

Product name	Quantity
Distribution panels	200000
Luminaries with ballast	1500000
Street Lighting Fitting and Electrical Accessories	200000

#### 3. Main Plant

Product name	Unit Measurement	Quantity
Three phase motor	No.	25000
Water pump	No.	949000
Styropore	Not specified real capacity nearly 150 packs/hr	

#### 4. Electric Motors Plant

Product Name	Quantity	Specification
Single phase Motor	500000	350000 single phase 150000 two phase
Ceiling fan	125000	
Generator	20000 KVA	Form15KV Ato 500KVA



## ▪ Target Capacity

### 1. Air Condition Line

Product Name	Percentage of Target Capacity	Specification
Window	50% of design capacity	1.5ton & 2ton
Split	60% of design capacity	2ton
Central	60% of design capacity	3.5,5.5,7.5,11,15,22 ton
Water cooler One faucet	80% of design capacity	
Water cooler three faucet	90% of design capacity	

### 2. Electrical Appliances Production Lines

- A. Distribution Panels: 40% of design capacity.
- B. Luminaries with Ballast: 40% of design capacity.
- C. Street Lighting Fitting plant and electrical accessories: 50% of design capacity.

### 3. Main Plant

Product Name	Percentage of Design Capacity
Three phase Motor	70%
Water pump	80%
Styropore	As required
Chief Feeding Plant	As required

### 4. Electric Motors Plant

Product Name	Percentage of Target Capacity
Single phase Motor	75% of Design capacity
Ceiling fan	75% of Design capacity
Generator	70% of Design capacity

## – Economic Data:

### ▪ Strong Points of the Opportunity:

- ❖ Wide market of this product, customers prefer this product due to its good quality compared with the imported one.
- ❖ The experience of the staff.
- ❖ Product has maintenance and services (After sale services).



### ❖ **Local Market Demand**

In addition to high need of local market, there is a good chance for exportation.

### ❖ **Availability of Labor Force**

Experienced staff is able to run the plant such as chemist, engineers, Managers, Engineers, Technicians, administration, financial.

### ❖ **Availability of Raw Material**

In addition to locally obtained raw material, the imported parts of raw materials can be easily obtained.

## ▪ **Estimated Cost of Rehabilitation**

### 1. **Air Condition Line**

The approximate cost of Rehabilitation of all production Lines and Services, Marketing, equals to nine million dollars 9000000 USD.

### 2. **Electrical Appliances Production Lines**

The approximate Cost of Rehabilitation of all production lines and servicing, marketing, equals to 5500000 USD

### 3. **Main Plant**

The approximate Cost of Rehabilitation of all production lines is 9000000 USD.

### 4. **Electric Motors Plant**

The approximate Cost price of Rehabilitation of all Production lines, services is equal to: Fourteen million dollars 14000000 USD



## – Special care

The investor is requested to pay special attention to the following points when preparing and submitting his proposal:-

1. The aim is to rehabilitate and upgrade the plant by modern technology, to reach targeted production capacity, all at the "investor" expenses, against share of the product for certain period of time to be agreed upon with Ministry of Industry & Minerals.
2. The rehabilitation works shall be comprehensive for all production lines of the plant and facilities to ensure that the plant shall work at the targeted capacity.
3. The "investor" in cooperation with his supporters, specialized in concerned industry, shall depute technical experts to visit the plant site to evaluate the technical requirements of rehabilitation & conclude detail investigation at the same time. The plant management shall provide all needed assistance to help the expert's team to perform the technical investigation of the plant including providing technical data and drawings.
4. The investor shall present his investment proposal containing the details of the rehabilitation work that he shall perform, procedure for implementing the work, the final and stages production capacity targeted, the period of the investment agreement, the share of the Ministry of the production that he offers and the procedure to operate and manage the plant after completing the rehabilitation work (see General Condition for detailed terms of the eventual agreement).
5. The proposal shall contain the undertaking to supply, install, and operate power generation unit (s) sufficient to meet the plant needs.
6. It is preferable for the interested investors to arrange seminar for the project team and the related staff, to show his qualification and experience and points of view for the rehabilitation approach.
7. The proposal shall contain the undertaking to keep the plant personnel, pay their salaries and allowances throughout the agreement period.



## – Evaluation criteria

A specialized team from the Iraqi side shall study all the proposals submitted by the investors and select the best proposal, negotiate the investor of the best proposal to finalize the agreement to be signed with the Ministry.

The evaluation criteria for selecting the winner investor shall be:-

1. The share of MIM as a percentage of the production.
2. The scope and level of rehabilitation works and technological modification offered by the investor.
3. Readiness of the investor to install power generation unit/(s) of a certain capacity to cover the need of all activities in the plant as the national grid is no more sufficient.
4. Readiness of the investor to keep the existing workforce of the plant paying their salaries & incentive according to the production increments.
5. The period planned to implement the rehabilitation activities to achieve the targeted production capacity of the plant.
6. Minimum period of the investment contract agreement.
7. Maximum production capacity undertaken to be fulfilled by the investor.
8. The investor financial capability to fulfill his undertaking to rehabilitate the plant supported by :-
  - Financial statements for the last three years.
  - Supporting letter from banks and financial houses showing the investor financial capabilities.
  - Documents on the financial capabilities of the investor partners or the supporting parties.
  - Documents on financial facilities that banks may grant to the investor.
9. The technical and managerial capacity of the investor and his supporting partners (Engineering Companies, Vendors, Site Work Contractors), to achieve the rehabilitation works, operate and manage the plant after completion the rehabilitation and organizational structure of the investor/group of investors (to be provided).
10. The similar experience of the investor and his supporting companies in similar works with documental references.
11. The readiness of the investor to accept and fulfill the conditions and obligations mentioned in the rehabilitation file.
12. The Applicable standards (Weights) for the evaluation of each accepted offers will be according to the following marks:-



<b>The Standards of the Criteria</b>		<b>Marks Assigned %</b>
	Financial Capability:	20
	- Providing a certificate from the banks or financial body/institution with other documents that support the financial capabilities of the investor and his partners.....	<b>10</b>
<b>1</b>	-The documented financial facilities presented by the banks to the investor.....	<b>5</b>
	-Evaluating the financial position of the investing company and the partners, through studying financial data's of the last three years.....	<b>5</b>
	Technical capability:	20
	-Similar project works of the investing company and his partners (Implementation and operation).....	<b>10</b>
<b>2</b>	-Presenting documented information on the engineering companies cooperating with the investing company.....	<b>5</b>
	-Authentic documents related to the original suppliers of materials, equipments foreseen dependable by the investing company.....	<b>5</b>
	...	<b>5</b>
<b>3</b>	The production share given by the investing company to the Ministry of Industry and Minerals .....	25
<b>4</b>	The targeted production capacity offered by the investing company.....	10
<b>5</b>	The period required by the investing company for the rehabilitation works.....	10
<b>6</b>	The scope of works specified by the investing company in the investment plan.....	10
<b>7</b>	The specific period of the investment agreement offered by the investing company.....	5

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