



Esfarayen Industrial Complex



Iranian Privatization Organization (IPO)
Marketing & SOEs Divesting Office

Esfarayen Industrial Complex (private joint-stock)



Base Value for 100% Shares: US\$ 248,085,714

Assessment Method: 80% of Net Assets Market Value

Transferring Method: Tender

(Exchange Rate: 35,000 IRR)

Assessment Date: July 2016

Part I: General Information

Esfarayen Industrial Complex as the largest manufacturer of parts and sections of alloy steel in Middle East has the capability to produce any kinds of bars up to weight of 100 tons. The company has been registered at March 1992 in Tehran Companies Registration Office & Industrial Property and is considered as a subsidiary company of Industrial Development and Renovation Organization of Iran (IDRO). The capital of the company is IRR 1,358 billion and the value of each share is IRR 1,000.

The company consists of 3 line productions: radial forging, pressing and melting. The radial forging section has been established officially at 1996 and after completion of melting and pressing lines; the operation has been started from 2005. During 1998, exploitation of radial forging unit with the capacity production of annual 49,000 tons of any kinds of steel sections in a 12-hour working shifts has been started. In 2009 also, the exploitation license for casting of steel sections with the capacity of 120,000 tons and forging steel sections with the capacity of 81,000 tons has been issued in 3 working shifts. To point some of the manufacturing products of the company we can refer to all kinds of axis parts with different shapes and sizes, any kinds of functional parts like rotator, forging mold, rings, drilling pipes, glass molds, heavy & light rollers, disks, flinch, planned pipelines molds, high pressure seamless pipes and power plants parts like turbine axis and generators.

IPO Address: No. 15, Mahestan St., Iran Zamin Ave., Shahrak-e Ghods, Tehran, Iran

Post Code: 1465834581

Website: www.ipo.ir

E-mail: marketing@ipo.ir

Tel: +982188085624

Fax: +982188085622

Part II: Main Information

Parent Company: Industrial Development and Renovation Organization of Iran (IDRO)
Shareholder: IDRO (100%) **Capital:** US\$ 38,800,000
Establishment Date: March 1992 **Launch Date:** 1998
Registration Location: Tehran **Chief Executive Officer:** Mr. Hasan Khaksar
Total Assets (evaluated): \$ 432,914,286 (Machinery and equipments: \$ 131,571,429- installations: \$ 81,457,143- building: 40,171,429- land: 881 hectares, \$ 9,914,286)
Total Liabilities (evaluated): \$ 120,085,714 (Loans: \$ 79,742,858- debts to IDRO: \$ 4,142,857)
Net Profit (Loss): \$ 600,000 **Retained Profit (Loss):** US\$ (17,314,286)
Location: Esfarayen city, North Khorasan Province
Tehran Office: No.7, Alvand alley, Qaem-maqam Ave.
Field of Activity: Production of steel parts
Nominal Production Capacity: **Steel bar:** 120,000 tons, **Round bar:** 81,000 tons
Number of Staff in 2016: 776 (permanent & contractual: 691- daily-paid workers: 1- company staffs: 114)

Part III: Financial Information

3-1-Main Items of Assets in US\$

(Exchange Rate: 35,000 IRR)

Title	Book value (March 2017)	Book value (March 2016)	Evaluated by Independent Expert based on financial statements of 2016 (July 2016)
Machinery and Equipments (3-1-1)	4,771,429	5,000,000	131,571,429
Complementary plan	114,971,429	83,571,429	104,028,571
Installations (3-1-2)	485,714	742,857	81,457,143
Building	3,914,286	4,400,000	40,171,429
Trade & non-trade receivables	41,485,714	21,828,571	21,657,143
Inventories	18,885,714	19,857,143	21,571,429
Intangible assets (water/electricity/industrial rights)	342,857	342,857	16,257,143
Land (3-1-3)	57,143	57,143	9,914,286
Other assets	4,428,571	4,857,143	6,285,714
Total assets	189,342,857	140,657,143	432,914,286

IPO Address: No. 15, Mahestan St., Iran Zamin Ave., Shahrak-e Ghods , Tehran, Iran

Post Code: 1465834581

Website: www.ipo.ir

E-mail: marketing@ipo.ir

Tel: +982188085624

Fax: +982188085622

3-1-1-Machinery and Equipments in US\$

Title	March 2017	March 2016	July 2016
Machinery and equipments of melting and casting unit	4,771,429	5,000,000	69,028,571
Machinery and equipments of pressing and forging unit			58,571,429
Machinery and equipments of de-dusting and scraping unit			3,971,429
Total	4,771,429	5,000,000	131,571,429

3-1-2-Installations in US\$

Title	March 2017	March 2016	July 2016
Machinery and equipments of electric installations	485,714	742,857	40,314,286
Mechanical machinery and equipments			29,142,857
Lateral and auxiliary machinery and equipments of production			8,971,429
Machinery and equipments of oxygen unit			3,028,571
Total	485,714	742,857	81,457,143

3-1-3-Land in US\$

Title	Area	Address	March 2017	March 2016	July 2016
Land of the factory (3-1-3-1)	873 Hectares	Esfarayen	57,143	57,143	5,714,286
Land of the training centre of the complex (3-1-3-2)	7/99 Hectares	Esfarayen			2,742,857
Land of the central office in Tehran (3-1-3-3)	560 m ²	Qaem Maqam St., Tehran			1,457,143
Land of the Golriz Building (3-1-3-4)	536.40 m ²	Golriz St., Tehran			0
Total	--	--	57,143	57,143	9,914,286

3-1-3-1- Land of the factory: is about 873 Hectares which is in the possession and ownership of the complex and is dedicated to casting and forging plan.

3-1-3-2- Area of the training centre: is about 8 Hectares that 6 hectares of it belong to Civil Urban Organization and in the near future, final transferring documents to Esfarayen Industrial Complex will be issued. About 1 hectare also belongs to Endowment Organization that is in rent of the complex.

3-1-3-3- The instructed building is consisted of 5 floors (including basement, ground floor and first to third floors) and the infrastructure equals to 1,728 m². This building is located at No.7, Alvand alley, below Motahhari St., Ghaem Magham Av., Tehran Province.

3-1-3-4- Golriz Building: is located at Golriz St., Qaem Maqam Ave., Tehran Province. As the ownership document of the building has not been issued to the complex, and the ownership is in the use of the Ministry of Industry, Mining and Trade, so the value of it has not been evaluated in the assessment report.

IPO Address: No. 15, Mahestan St., Iran Zamin Ave., Shahrak-e Ghods , Tehran, Iran

Post Code: 1465834581

Website: www.ipo.ir

E-mail: marketing@ipo.ir

Tel: +982188085624

Fax: +982188085622

3-2-Main Items of Liabilities and Owner's Equity in US\$

Title		Book value (March 2017)	Book value (March 2016)	Evaluated by Independent Expert based on financial statements of 2016 (July 2016)
Liabilities	Long – term loans (3-2-1)	105,028,571	75,457,143	75,771,429
	Trade & non-trade payables	32,685,714	24,171,429	24,828,571
	Long-term payables	5,200,000	4,142,857	4,142,857
	Pre-received	3,942,857	4,028,571	4,057,143
	Short-term loans (3-2-1)	12,657,143	3,971,429	3,971,429
	Other liabilities	8,342,857	8,000,000	7,314,286
Total liabilities		167,857,143	119,771,429	120,085,714
Owner's equity	Paid-in capital	38,800,000	38,800,000	38,800,000
	Retained earnings(loss)	(17,314,286)	(17,914,286)	(17,914,286)
	Revaluation difference	0	0	291,914,286
Total Owner's equity		21,485,714	20,885,714	312,800,000

3-2-1- Loans in US\$

3-2-1-1- Base on Facilities Suppliers in US\$

Title	March 2017
Tehran Bank of Industry and Mine *	105,028,571
Mellat Bank- Esfarayen branch	9,200,000
Melli Bank- Esfarayen central branch	3,685,714
Melli Bank- Boujnord central branch	142,857
Saderat Bank Esfarayen branch	342,857
Interest and commission of future year is deducted:	(714,286)
Total	117,685,714
Long-term Loans	(105,028,571)
Short-term Loans	12,657,143

*According to the finalized contract for financial supplying of complementary plan, the facilities of Bank of Industry and Mine is about Euro 89 million that up to March 2017, the amount of Euro 72 million has been received and its interest & commission rate up to March 2017 was Euro 89 million (the exchange rate IRR 41,100). Due to the difficulties resulted from sanctions, lack of exploitation of the plan in time and also not repaying the installments, the partnership period of foreign facilities has been extended up to March 2018.

3-2-1-2-Based on type of Interest Rate & Commission in US\$

Title	Amount	Collateral
1 to 5 percent	105,028,571	Bill & land of the project
24 & 27 percent	12,142,857	
12 percent	514,286	
Total	117,685,714	

IPO Address: No. 15, Mahestan St., Iran Zamin Ave., Shahrak-e Ghods , Tehran, Iran
Post Code: 1465834581

Website: www.ipo.ir

E-mail: marketing@ipo.ir

Tel: +982188085624
Fax: +982188085622

3-3-Main Items of Income Statement in US\$

Title	March 2017	March 2016
Operating incomes (3-3-1)	52,942,857	38,400,000
Cost of operating incomes	(45,771,429)	(34,142,857)
Gross profit(loss)	7,171,429	4,257,143
Sales, administrative & general expenses	(4,228,571)	(3,800,000)
Net other operating revenues & expenses	(1,857,143)	(2,200,000)
Operating profit (loss)	1,085,714	(1,742,857)
Financial expenses	(1,200,000)	(285,714)
Net other non-operating revenues & expenses	714,286	371,429
Net profit (loss)	600,000	(1,657,143)

3-3-1- Operating incomes

Title	2017		2016	
	Quantity (ton)	Amount (US\$)	Quantity (ton)	Amount (US\$)
Domestic sales of steel parts (3-3-1-1)	57,527	49,771,429	37,575	34,742,857
Export sales of steel parts (Turkey)	5,037	3,400,000	5,629	4,028,571
Gross sales	62,564	53,171,429	43,204	38,771,429
Sale return & discounts	(279)	(371,429)	(246)	(400,000)
Net sales	62,285	52,800,000	42,958	38,371,429
Forging services income	262	142,857	168	28,571
Total	62,547	52,942,857	43,126	38,400,000

3-3-1-1- Domestic Sales of Steel Parts Separated by Purchasers

Title	2017		2016	
	Amount (US\$)	Percentage	Amount (US\$)	Percentage
Luleh Gostar Esfarayen Co.	26,514,286	53%	16,200,000	47%
Danial Steel Iranian Co.	8,428,571	17%	0	0
Zayandeh Rood Steel Trade Co.	1,600,000	3%	2,114,286	6%
Other purchasers	13,228,571	27%	16,428,571	47%
Total	49,771,429	100%	34,742,857	100%

IPO Address: No. 15, Mahestan St., Iran Zamin Ave., Shahrak-e Ghods , Tehran, Iran

Post Code: 1465834581

Website: www.ipos.ir

E-mail: marketing@ipos.ir

Tel: +982188085624

Fax: +982188085622

Part IV: Other Information

4-1- Main Suppliers of Raw Materials Separated by Purchase Price:

Raw Material	Country	Seller	2016		2015	
			Amount (US\$)	Percentage	Amount (US\$)	Percentage
Sponge iron	Iran	Khorasan Steel Co.	16,600,000	57	6,257,143	33
Scrap		Looleh Gostar Esfarayen Co.	1,257,143	4	428,571	2
Ferro silicon		Armaqan Alborz Industry Alloy Co.	1,200,000	4	542,857	3
Ferro molybdenum		Khatoon alloy technical engineering Co.	1,114,286	4	628,571	3
Graphite Magnesium brick		Mehr Godaz Fire proof products Co.	1,057,143	4	600,000	3
Ferro chrome per carbon		Iran Minerals Production & Supply Co.	828,571	3	257,143	1
Graphite Electrode	India	Solar International Co.	1,142,857	4	228,571	1
Pouring plague	Turkey	Thermo Technique Co.	600,000	2	171,429	1
Other internal & external purchases			5,371,429	18	10,428,571	53
Total of Internal/External Purchases			29,171,429	100	19,542,857	100

4-2-Comparison of Production with Nominal & Practical Capacity

Title	Measurement Unit	Nominal Capacity	Practical Capacity	Real Production	
				2017	2016
Billet	ton	120,000	105,000	77,699	51,887
Forging	ton	81,000	70,000	62,812	42,393
Total		201,000	175,000	140,511	94,280

IPO Address: No. 15, Mahestan St., Iran Zamin Ave., Shahrak-e Ghods , Tehran, Iran

Post Code: 1465834581

Website: www.ipo.ir

E-mail: marketing@ipo.ir

Tel: +982188085624

Fax: +982188085622