



Moghan Agro-industrial &
Animal Husbandry Co.



Iranian Privatization Organization (IPO)
Marketing & SOEs Divesting Office

Moghan Agro-industrial and Animal Husbandry Company (Public Joint stock)



Base Value for 100% Shares: US\$ 721,114,286

(Exchange Rate: 35,000 IRR)

Assessment Date: February 2017

Assessment Method: Net Assets Market Value

Transferring Method: Tender

Part I: General Information

Moghan fertilized plain in an area over 350 thousand hectares is located at west of Caspian Sea and in the northeast part of Iran. Soil of the plain is suitable for cultivation of most of agricultural activities. Lands of Moghan Agro-industrial and Animal Husbandry Company with the area of 63,590 hectares (according to ownership document) are located at this plain. But because of several transferring, only 28,000 hectares of lands are in use of the company. In 1975, the company has been registered at Garmi Companies Registration Office and its main centre is located at Moghan Parsabad. During 2003, this productive unit with the most consumer beet in the country, was the second producer of sugar and in 2004, has obtained the first rank of production.

Industrial activities of the company are as follows: **Agricultural activities** (including wheat, barley, kinds of corn, sugar beet, and alfalfa), **Animal Husbandry activities:** (with capacity of more than 13,000 heads of livestock and including subsidiary of milk station, fatten calf, animal feed factory and reserve unit), **Gardening activities** (including 60 kinds of fruits), **Sugar & Dairy factory** and other affiliated industries. The area of allocated lands to cultivating activities is about 20 thousand hectares and gardening activities is about 3,200 hectares.

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Part II: Main Information

Parent Company: Agri-Park Company

Capital: \$ 90,914,286

Shareholders: Agri- Park Co. (100%)

Chief executive officer: Mr. Mohammadi

Establishment Date: December 1975

Registration place/date: Garmi/1975

Total Assets (evaluated): \$ 817,800,000 (Land & building: \$ 449,542,857)

Total Liabilities (evaluated): \$ 33,000,000 (Trade/non trade payables: \$ 21,371,429)

Net profit (loss): \$ 1,457,143

Retained earnings (loss): \$ 11,600,000

Location: Pars Abad, Ardebil Province

Number of Staffs in 2015-2016: 1,912 (official: 94- permanent daily paid: 315- temporary daily paid: 186- services companies: 1,317)

Field of Activity: Performing agricultural and livestock operations and making agricultural and livestock industries and products.

Part III: Financial Information

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

(Exchange Rate: 35,000 IRR)

| Title | Book value (March 2016) | Evaluated by Independent Expert (February 2017) |
|--------------------------|------------------------------------|--|
| Land (3-1-1) | 61,028,571 | 449,542,857 |
| Buildings | 5,228,571 | |
| Intangible assets | 57,143 | 111,428,571 |
| Long-term investment | 2,857,143 | 70,142,857 |
| Bearer biological assets | 11,485,714 | 43,600,000 |
| Roads and landscaping | 1,285,714 | 40,857,143 |
| Machineries | 4,342,857 | 33,228,571 |
| Inventories | 17,685,714 | 30,285,714 |
| Other assets | 29,000,000 | 38,714,286 |
| Total assets | 132,971,429 | 817,800,000 |

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3-1-1- Characteristics of Lands of the company:

- By approval of divestiture board, with regard to the request of Agricultural Jihad Co. and Agri Park Co. about transferring some parts of Moghan lands, the base value of the company has been assessed after deduction of lands value and totally about 4.767 hectares lands of the company to the value of IRR 2.348 billion has been deducted from total base value of the company.
- In 2002, the ownership document of 63,590 hectares lands has been issued to Moghan Agro-industrial and Animal Husbandry Company. During next years, 18,064 hectares land has been transferred to Pars Melli Ag Indust & Livestock Company as non-cash investment. Also a vast area of lands due to different reasons has been occupied and or transferred by natural or juridical persons. Finally total area of lands in use of the company according to ownership document is 27,676 hectares and according to evaluation report is 27,948 hectares.
- Total area of land according to the evaluation report is 71,688 hectares.
- The ownership document of sugar factory, livestock feed and seed processing and the land of 3,000 heads of live stocks is pledged for banking loan of Agricultural bank of Parsabad.

Area of Lands

(unit: hectares)

| Title | Description | Area | Total |
|---------------------------------|---|---------------|---------------|
| Lands not in use of the company | Areas used by channels & drainage lands & natural streams | 2,570 | 7,664 |
| | Lands transferred to redemption staffs & tender sales | 2,272 | |
| | Lands occupied by Guards Corps | 830 | |
| | Lands transferred to Nomads | 750 | |
| | Lands transferred to Research Centre of Agricultural Jihad | 607 | |
| | Others | 635 | |
| Lands in use of the company | Agricultural lands | 19,990 | 27,676 |
| | Gardening lands | 3,278 | |
| | Non-cultivating lands | 1,814 | |
| | Areas used by drainage lands & channels & roads | 1,546 | |
| | Factories, installations, administrative & residential places | 764 | |
| | Materials production mines | 284 | |
| Owns lands | -- | 10,186 | 28,250 |
| Pars lands | -- | 18,064 | |
| Total | -- | 63,590 | 63,590 |

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

| Title | | Book value (March 2016) | Evaluated by Independent Expert (February 2017) |
|-----------------------------|--|----------------------------|---|
| Liabilities | Trade/non-trade payables (3-2-1) | 21,085,714 | 21,371,429 |
| | Short-term loans (3-2-2) | 5,142,857 | 5,142,857 |
| | Provision for employees termination benefits | 3,457,143 | 3,457,143 |
| | Long-term loans (3-2-2) | 457,143 | 457,143 |
| | Other liabilities | 1,685,714 | 2,571,429 |
| Total liabilities | | 31,828,571 | 33,000,000 |
| Owner's equity | Capital | 90,914,286 | 90,914,286 |
| | Legal reserve | 171,429 | 171,429 |
| | Retained earnings(loss) | 8,171,429 | 11,614,286 |
| | Revaluation difference | 1,885,714 | 685,557,143 |
| Total owner's equity | | 101,142,857 | 788,257,143 |

3-2-1- Trade/non-trade payables in US\$

| Title | Book value (March 2016) | Evaluated by Independent Expert (February 2017) |
|----------------------------|----------------------------|---|
| Trade notes payable | 1,314,286 | 1,314,286 |
| Trade accounts payable | 10,857,143 | 10,857,143 |
| Non-trade accounts payable | 8,914,286 | 9,200,000 |
| Total | 21,085,714 | 21,371,429 |

3-2-2- Loans in US\$

| Bank | Type of contract | Date of contract | Used amount | Commission interest rate | Current | Long-term | Type of collateral |
|--------------|------------------|------------------|------------------|--------------------------|------------------|----------------|----------------------------------|
| Melli | Installment | 2013 | 1,542,857 | 12% | 685,714 | -- | Shares of Moghan Co. in Pars Co. |
| Melli | Installment | 2013 | 285,714 | 13% | 142,857 | -- | |
| Agricultural | Installment | 2014 | 1,228,571 | 18% | 742,857 | -- | Buildings & machineries |
| Agricultural | Foreign finance | 2015 | 3,428,571 | 21% | 3,571,429 | 457,143 | |
| Total | -- | -- | 6,485,714 | -- | 5,142,857 | 457,143 | -- |

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

| Title | March 2016 | March 2015 |
|--|------------------|------------------|
| Fair value of agricultural & animal husbandry products (3-3-1) | 47,542,857 | 34,314,286 |
| Net increasing fair value of consumable biological assets | 2,771,429 | 1,771,429 |
| Net sales & services (3-3-2) | 51,228,571 | 48,057,143 |
| Cost of goods sold & services | (55,171,429) | (45,828,571) |
| Production expenses | (37,600,000) | (32,742,857) |
| Gross profit(loss) | 8,771,429 | 5,571,429 |
| Sales, administrative and general expenses | (5,142,857) | (3,057,143) |
| Net other revenues and operating expenses | (3,228,571) | (2,485,714) |
| Operating profit (loss) | 400,000 | 28,571 |
| Financial expenses | (400,000) | (314,286) |
| Net other revenues and non-operating expenses | 1,457,143 | 1,257,143 |
| Net profit (loss) | 1,457,143 | 971,429 |

3-3-1- Fair Value of Agricultural & Animal Husbandry Products:

| Product | 2016 | | 2015 | |
|----------------------------------|----------------|-------------------|----------------|-------------------|
| | Quantity (ton) | Amount (US\$) | Quantity (ton) | Amount (US\$) |
| Wheat (edible) | 31,711 | 10,514,286 | 18,805 | 5,685,714 |
| Canola | 6,427 | 4,028,571 | 3,982 | 2,171,429 |
| Alfalfa | 20,354 | 3,342,857 | 16,447 | 1,885,714 |
| Corn Seeds | 1,157 | 2,142,857 | 1,690 | 1,628,571 |
| Wheat seeds | 3,837 | 1,600,000 | 2,948 | 1,085,714 |
| Others | 68,191 | 5,628,571 | 63,330 | 4,028,571 |
| Total of agricultural | 131,677 | 27,257,143 | 107,202 | 16,485,714 |
| Total of gardening | 5,604 | 3,285,714 | 13,054 | 3,571,429 |
| Milk (kg) | 44,412 | 16,685,714 | 42,660 | 14,085,714 |
| Other | -- | 314,286 | -- | 171,429 |
| Total of animal husbandry | -- | 17,000,000 | -- | 14,257,143 |
| Total | -- | 47,542,857 | -- | 34,314,286 |

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3-3-2- Net sales & services in US\$:

| Title | 2016 | 2015 |
|---|-------------------|-------------------|
| Sales of agricultural products & bearer biological assets (3-3-2-1) | 21,228,571 | 20,685,714 |
| Commission services income of seeds processing factory | 85,714 | 85,714 |
| Others sales & industries (3-3-2-2) | 30,028,571 | 27,371,429 |
| Return sales (cream & butter) | (114,286) | (85,714) |
| Total | 51,228,571 | 48,057,143 |

3-3-2-1- Sales of Agricultural Products & Bearer Biological Assets:

| | Product | 2016 | | 2015 | |
|------------------|--|----------------|-------------------|----------------|-------------------|
| | | Quantity (ton) | Amount (US\$) | Quantity (ton) | Amount (US\$) |
| Agricultural | Wheat (edible) | 30,603 | 10,142,857 | 17,983 | 5,428,571 |
| | Canola | 5,881 | 3,685,714 | 3,942 | 2,142,857 |
| | Others | -- | 1,085,714 | -- | 6,314,286 |
| | Total of agricultural sales | -- | 14,914,286 | -- | 13,885,714 |
| Gardening | Total of gardening sales | -- | 3,285,714 | -- | 3,542,857 |
| Animal husbandry | Calf (head) | 1,895 | 2,571,429 | 2,531 | 3,228,571 |
| | Others | -- | 457,143 | -- | 28,571 |
| | Total of bear biological assets sales | -- | 3,028,571 | -- | 3,257,143 |
| Total | | -- | 21,228,571 | -- | 20,685,714 |

3-3-2-2- Other Sales & Industries:

| | Product | 2016 | | 2015 | |
|--------------------|------------------------------------|----------------|-------------------|----------------|-------------------|
| | | Quantity (ton) | Amount (US\$) | Quantity (ton) | Amount (US\$) |
| Dairy Factory | Milk powder | 3,403 | 8,771,429 | 2,883 | 8,657,143 |
| | Cream | 3,073 | 4,600,000 | 2,030 | 4,228,571 |
| | Milk (pocket) | 3,725,617 | 1,228,571 | 2,861,714 | 714,286 |
| | Others | -- | 1,828,571 | -- | 1,085,714 |
| | Total of dairy factory | -- | 16,428,571 | -- | 14,685,714 |
| Sugar Cube Factory | White sugar | 20,846 | 13,485,714 | 21,190 | 12,571,429 |
| | Others | -- | 114,286 | -- | 114,286 |
| | Total of sugar cube factory | -- | 13,600,000 | -- | 12,685,714 |
| Total | | -- | 30,028,571 | -- | 27,371,429 |

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Part IV: Other Information

4-1- Financial Ratios:

| Title | 2015 | 2014 |
|--------------------------|-------------|-------------|
| Gross margin | 17% | 15% |
| Net profit (loss) margin | 3% | 3% |

4-2- Available Affiliated Industries of the Company:

- **Sugar Cube Factory:** With nominal production capacity of 5,000 tons sugar beet per day.
- **Dairy Factory:** With nominal production capacity of 180 tons milk per day.
- **Live stock Feed Factory:** With annual production capacity of 140 thousand tons.
- **Seeds Processing Factory (within an hour):** corn seeds: 5 ton, wheat seeds: 10 ton, oil and barley seeds: 7 ton, sugar beet seeds: 2 ton and seeds winnowing: 10 ton
- **Granola Fertilizer Production Factory:** With participation of private sector.
- **Plastic Injection Workshop:** Production of plastic boxes with annual production capacity of 1 million boxes.
- **Juice Fruit Production Factory:** including 2 concentrate apple production lines with the capacity of 3 tons per an hour, fruit pulp production with nominal production capacity of 2/5 tons per an hour and fruit juice packing line with the nominal production capacity of 9,300 pockets (each pocket 200 gram) in an hour.
- **Ammoniac Chilling Rooms:** with the capacity of 5,000 tons for keeping fruits and other products of the company.

4-3- Main Customers of the Company in US\$:

| Customers | Production | 2016 | 2015 |
|------------------------------|-------------------------------|-------------------|-------------------|
| | | (amount) | (amount) |
| Mr. Nasiri | Sugar | 13,485,714 | 12,485,714 |
| Grain & Trading Services Co. | Edible wheat & sugar refining | 10,028,571 | 5,342,857 |
| Mr. Koolak | Powdered milk & butter | 8,485,714 | 6,885,714 |
| Parabad Oil Seeds Co. | Canola | 3,685,714 | 0 |
| Mr. Raeeni Poor | Fruit on trees | 3,000,000 | 0 |
| Shirin Asal Co. | Powdered milk | 3,000,000 | 2,314,286 |
| Green Jihad Co. | Corn seeds | 0 | 5,457,143 |
| Others | -- | 9,542,857 | 15,571,429 |
| Total | -- | 51,228,571 | 48,057,143 |

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4-4- Main Suppliers of Raw Materials in US\$:

| Type of Material | Suppliers | 2016 | 2015 |
|------------------|---|-------------------|-------------------|
| Beet | Farmers of Moghan & west Azerbaijan | 12,885,714 | 7,142,857 |
| Livestock feed | Ardebil Livestock Affairs Logistic Inc, Ardebil Union Animal Breeding, Mr. Jafarloo, Mr. Mohammadian, Mr. Mahtab, Mr. Poor abas & Mr. Kan'ani | 10,285,714 | 6,942,857 |
| Fertilizer | Agricultural support services co., Mr. Noor Azar, Ardebil Rural Cooperation Union, Zist Fan Avar Sabz, Zanzan Chemical Processing Co., Pars Siamand Co., Moghan Kesht Afarinan | 2,085,714 | 2,714,286 |
| Others | -- | 3,342,857 | 5,400,000 |
| Total | -- | 28,600,000 | 22,200,000 |

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