



Sugarcane & Affiliated  
Industries Development Co.



Iranian Privatization Organization (IPO)  
Marketing & SOEs Divesting Office

## **Sugarcane & Affiliated Industries Development Co.** **(Private joint stock)**



**Base Value for 20% Shares:** US\$ 339,457,143

**(Exchange Rate:** 35,000 IRR)

**Assessment Date:** November 2016

**Transferring Method:** Farabourse Iran

**Assessment Method:** the average of Book Value & Net Assets Market Value

### **Part I: General Information**

Since long times ago, Khuzestan Province has been one of the most important centers of sugarcane cultivation, so that production of 220 tons cane per hectare has been seen in this province. So sugarcane cultivation in this province is considered as a respective vantage.

Sugarcane Development Holding, one of the biggest producers of sugar in the country, located at Khuzestan Province and with the production capacity of 700,000 tons of white sugar, has allocated half of the sugar production in the country to itself. Along with the main activity, the company produces industrial boards from megass (MDF), pulp and medical alcohol from molasses and also performs the projects to produce medical sugar, brown sugar, flavored sugar and powdery sugar.

The primary predictions of the project includes sugarcane cultivation to the area of 84,000 hectares lands of Khuzestan and establishing 7 agro-industry units each of which to the area of 12,000 hectares and estimation of 700,000 tons sugar production, harvesting 7 million tons cane and also raw materials of paper factories (with operational capacity of 350,000 tones paper annually), 100,000 tons of industrial boards, biotechnological products (10,000 tons of dry active pulp and 33 million liters of industrial alcohol) and production of 700,000 tons of livestock feed.

This holding includes Agro Industry of Imam Khomeini, Amir Kabir, Dabal Khazae, Mirza Koochak Khan, Salman Farsi, Hakim Farabi, Shoaybie Livestock Feed Company, Sugarcane Development Mercantile Company, Aban Bespar Tosee, Rased Sanaat Tosee, Razi Pulp and Alcohol, Dekhoda Sugarcane Cultivation and Industry, Sugarcane Sadad Fam, Lohe Sabze Jonub, Sugarcane Development Research and Training Institute.

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## **Part II: Main Information**

**Parent Company:** Ministry of Agricultural Jihad

**Shareholders:** Bank Saderat Iran (40%), Bank Melli Iran (30%), Ministry of Agricultural Jihad (20%), Ayandeh Pouya Plan & Development Management Co. (10%)

**Capital:** \$ 326,600,000

**Registration place/date:** Tehran/1990

**Launch Date:** 1990

**Chief Executive Officer:** Mr. Sadeghi

**Total Asset (evaluated):** \$ 3,727,085,714 (lands: 120,605 hectares, \$ 1,520,028,571- Machinery: \$ 1,244,485,714)

**Total Liabilities (evaluated):** \$ 803,028,571 (Long-term Loans: \$ 510,000,000)

**Net profit (loss):** \$ 40,971,429

**Retained earnings (loss):** \$ 116,600,000

**Location:** No.88, second 12 yards, be lower than Niyayesh crossroad, Seoul St., Tehran (subsidiary companies are located at Khoozestan Province)

**Field of Activity:** Sugar production & selling, pulp, livestock feed, printing & writing paper, condensed fiber and alcohol.

**Number of Staff up to Dec. 2015:** The main company: 282, Group: 8,411

## **Part III: Financial Information**

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

**(Exchange Rate: 35,000 IRR)**

| <b>Title</b>                              | <b>Book value<br/>(December 2015)</b> | <b>Evaluated by Independent<br/>Expert<br/>(November 2016)</b> |
|---|---------------------------------------|--|
| Land (120,605 hectares) (3-1-1)           | 321,685,714                           | 1,520,028,571  |
| Machinery                                 | 98,742,857                            | 1,244,485,714  |
| Installations                             | 150,742,857                           | 298,428,571  |
| Buildings                                 | 145,114,286                           | 228,342,857  |
| Non-bearer biological assets (3-1-2)      | 101,914,286                           | 101,914,286  |
| Inventories                               | 53,971,429                            | 54,142,857   |
| Bearer biological assets                  | 53,257,143                            | 53,257,143   |
| Cash                                      | 48,114,286                            | 48,114,286   |
| Trade accounts & notes receivable (3-1-3) | 41,571,429                            | 41,571,429   |
| Orders & prepayments                      | 37,742,857                            | 37,742,857   |
| Other assets                              | 144,228,571                           | 99,057,143   |
| <b>Total assets</b>                       | <b>1,197,085,714</b>                  | <b>3,727,085,714</b>   |

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### 3-1-1-Lands in US\$

| Name of the company              | Book value<br>(December 2015) | Evaluated by<br>Independent Expert<br>(November 2016) |
|----------------------------------|-------------------------------|---|
| Dehkhoda                         | 69,200,000                    | 232,857,143   |
| Imam Khomeini                    | 40,514,286                    | 209,228,571   |
| Hakim Farabi                     | 42,828,571                    | 206,342,857   |
| Dabal Khazae                     | 39,285,714                    | 190,485,714   |
| Amir Kabir                       | 57,857,143                    | 180,971,429   |
| Mirza Koochak Khan               | 6,971,429                     | 171,371,429   |
| Salman Farsi                     | 58,571,429                    | 167,885,714   |
| Sugarcane Development Holding    | 1,400,000                     | 146,685,714   |
| Others                           | 6,971,429                     | 14,200,000  |
| <b>Total</b>                     | <b>323,600,000</b>            | <b>1,520,028,571</b>                                  |
| <b>Consolidation Adjustments</b> | <b>(1,914,286)</b>            | <b>0</b>  |
| <b>Balance</b>                   | <b>321,685,714</b>            | <b>1,520,028,571</b>                                  |

➤ From 120,605 hectares lands in use of group companies, the ownership documents of 47,133 hectares has not transferred to these companies yet.

### 3-1-2- Non-Bearer Biological Assets

| Title                                      | Group          |                      |
|--|----------------|----------------------|
|  | Hectares       | December 2015 (US\$) |
| Growing cane at the beginning of the year  | 78616          | 80,828,571           |
| Cultivation costs during the year          | 64900          | 12,142,857           |
| Harvesting costs during the year           | 0              | 74,114,286           |
| <b>Total</b>                               | <b>143,516</b> | <b>167,085,714</b>   |
| Produced cane during the year is deducted  | (63,597)       | (65,371,429)         |
| <b>Growing cane at the end of the year</b> | <b>79,919</b>  | <b>101,714,286</b>   |
| Total livestock for selling                | 0              | 200,000              |
| <b>Total</b>                               | <b>79,919</b>  | <b>101,914,286</b>   |

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### 3-1-3- Trade Accounts & Notes Receivable in US\$

| Title  | Group             | Main Company      |
|--|-------------------|-------------------|
| Trade notes receivable                               | 11,971,429        | 0                 |
| Trade accounts receivable                            | 32,657,143        | 0                 |
| Demand of group companies for brokerage costs        | 0                 | 1,142,857         |
| Dividend receivable                                  | 0                 | 64,685,714        |
| <b>Total</b>   | <b>44,628,571</b> | <b>65,828,571</b> |
| Estimated uncollectible accounts receivable reserves | (3,057,143)       | 0                 |
| <b>Remaining</b>                                     | <b>41,571,429</b> | <b>65,828,571</b> |

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

| Title                       | Details                                      | Book value<br>(December 2015) | Evaluated by<br>Independent Expert<br>(November 2016) |
|-----------------------------|--|-------------------------------|---|
| Liabilities                 | Long-term loans (3-2-1)                      | 504,628,571                   | 510,000,000   |
|                             | Other accounts & notes payable               | 74,085,714                    | 81,885,714  |
|                             | Pre received                                 | 43,171,429                    | 43,171,429  |
|                             | Dividend payable                             | 5,714,286                     | 34,285,714  |
|                             | Tax reserve                                  | 2,257,143                     | 33,828,571  |
|                             | Provision for employees termination benefits | 33,228,571                    | 33,228,571  |
|                             | Short-term loans (3-2-1)                     | 31,828,571                    | 31,828,571  |
|                             | Other liabilities                            | 34,771,429                    | 34,800,000  |
| <b>Total liabilities</b>    |  | <b>729,685,714</b>            | <b>803,028,571</b>                                    |
| Owner's Equity              | Capital                                      | 326,600,000                   | 326,600,000   |
|                             | Capital reserve                              | 1,685,714                     | 1,685,714   |
|                             | Legal reserve                                | 17,028,571                    | 17,028,571  |
|                             | Retained earnings(loss)                      | 123,371,429                   | 116,600,000   |
|                             | Revaluation difference surplus               | 0                             | 2,484,457,143   |
| <b>Total Owner's Equity</b> |  | <b>468,685,714</b>            | <b>2,946,371,429</b>                                  |

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### 3-2-1- Loans in US\$

| Title                                      | Annual Interest Rate | December 2015        |                      | Adjustments        | November 2016        |
|--|----------------------|----------------------|----------------------|--------------------|----------------------|
|  |                      | Group                | Main Company         |                    |                      |
| Bank Saderat Iran                          | 14%                  | 299,200,000          | 163,371,429          | 5,371,429          | 536,200,000          |
| Bank Melli Iran                            | 14%                  | 231,628,571          | 120,600,000          |                    |                      |
| Bank Saderat Iran (Tehran,Jomhoori Branch) | 14%                  | 2,085,714            | 2,085,714            | 0                  | 2,085,714            |
| Fuel Subsidy                               | 3%                   | 2,057,143            | 0                    | 0                  | 2,057,143            |
| Social Security Organization               | 0                    | 1,485,714            | 1,485,714            | 0                  | 1,485,714            |
| <b>Total</b>                               | -                    | <b>536,457,143</b>   | <b>287,542,857</b>   | <b>5,371,429</b>   | <b>541,828,571</b>   |
| <b>Long-term loans is deducted</b>         | -                    | <b>(504,628,571)</b> | <b>(286,171,429)</b> | <b>(5,371,429)</b> | <b>(510,000,000)</b> |
| <b>Short-term loans</b>                    | -                    | <b>31,828,571</b>    | <b>1,371,429</b>     | <b>0</b>           | <b>31,828,571</b>    |

\* Check is the promissory note of all loans.

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

| Title                                       | December 2015      | December 2014      |
|---|--------------------|--------------------|
| Operating revenues (3-3-1)                  | 342,000,000        | 298,142,857        |
| Cost of goods sold& services                | (219,600,000)      | (189,114,286)      |
| <b>Gross profit(loss)</b>                   | <b>122,400,000</b> | <b>109,028,571</b> |
| Sales, administrative & general expenses    | (31,285,714)       | (26,342,857)       |
| Net other operating revenues & expenses     | (10,285,714)       | (7,371,429)        |
| <b>Operating profit (loss)</b>              | <b>80,828,571</b>  | <b>75,314,286</b>  |
| Financial expenses                          | (44,742,857)       | (45,142,857)       |
| Net other non-operating revenues & expenses | 5,485,714          | 685,714            |
| Tax   | (600,000)          | (485,714)          |
| <b>Net profit (loss)</b>                    | <b>40,971,429</b>  | <b>30,371,429</b>  |

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### 3-3-1-Operating revenues

| Title  | December 2015 |                    | December 2014 |                    |
|--|---------------|--------------------|---------------|--------------------|
|  | Quantity (kg) | Amount (US\$)      | Quantity (kg) | Amount (US\$)      |
| White sugar                                  | 529,235,171   | 289,428,571        | 486,122,629   | 244,514,286        |
| Concrete Products                            | --            | 4,828,571          | --            | 3,000,000          |
| Alcohol                                      | 25,166,469    | 20,314,286         | 22,993,058    | 24,057,143         |
| Pulp   | 6,682,490     | 10,028,571         | 6,069,857     | 8,914,286          |
| Livestock Feed                               | 35,714,810    | 2,400,000          | 32,089,410    | 2,257,143          |
| All kinds of industrial boards & derivatives | --            | 12,542,857         | --            | 12,914,286         |
| Molasses                                     | --            | 0                  | --            | 314,286            |
| Revenues of Raw Sugar Refining               | 628,030       | 22,857             | 50,181,916    | 1,514,286          |
| Contracting income of Faleq San'at Co.       | --            | 1,565,714          | --            | 0                  |
| Other Services                               | --            | 868,571            | --            | 657,143            |
| <b>Total</b>                                 | --            | <b>342,000,000</b> | --            | <b>298,142,857</b> |

### Part IV: Other Information

#### 4-1-Some Important Operational Information of the Company

| Title  | Measurement unit | 2014-2015   | 2013-2014   | Increase (decrease) |
|--|------------------|-------------|-------------|---------------------|
| Lands of harvested canes (maximum 70,000 hectares)         | Hectare          | 63,597      | 62,801      | 1/2%                |
| Total of harvested sugarcanes in agro-industrial companies | Ton              | 4,885,854   | 4,724,544   | 2/78%               |
| Produced raw sugar in agro-industrial                      | Ton              | 506,788     | 451,554     | 12/2%               |
| Produced white sugar in agro-industrial                    | Ton              | 474,083     | 445,936     | 6/32%               |
| Produced live-stock feed in Shoaybieh Livestock Feed Co.   | Ton              | 35,715      | 32,071      | 11/37%              |
| Produced alcohol in Razi Pulp and Alcohol Co.              | Liter            | 30,000,000  | 31,000,000  | (3/23)%             |
| Produced industrial board in Lohe Sabze Jonub Co.          | M <sup>3</sup>   | 61,457      | 61,286      | 0/28%               |
| Sum of selling white sugar in Sugarcane Development Co.    | US\$             | 289,428,571 | 244,485,714 | 18%                 |
| Operational income of the Group                            | US\$             | 342,000,000 | 298,114,286 | 14/7%               |
| Cost of group products                                     | US\$             | 219,314,286 | 189,114,286 | 16%                 |
| Gross (profit) loss  | US\$             | 122,400,000 | 109,028,571 | 12%                 |
| Operating (profit) loss                                    | US\$             | 80,828,571  | 75,314,286  | 7/3%                |
| Net (profit) loss after tax deduction                      | US\$             | 40,971,429  | 30,371,429  | 34/91%              |

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#### 4-2-Financial Ratios

| Title                      | 2015   | 2014   |
|----------------------------|--------|--------|
| Return on Sales (ROS)      | 8/3%   | 9/8%   |
| Cost to sale               | (1/6)% | (1/6)% |
| Return on Investment (ROI) | 0/03%  | 0/03%  |

#### 4-3-Launched & Executed Projects up to December 2015

- Utilization of refinement industrial sewage in Salman, Mirza koochkan, Dabal & Farabi companies.
- Utilization of drug sugar with the capacity of 15,000 tons in Farabi Co.
- Brown sugar project with the capacity of 7,000 tons in Mirza Koochakkan agro-industry Co.
- Starting different cultivating projects in more than 14,000 hectares agricultural lands in subsidiaries companies.
- Starting recycling industrial water projects in agro-industrial companies.
- Pursuing to perform 200,000 tons printing & writing paper project in Salman Farsi Company

#### 4-4-Table of Harvested Agricultural Lands & Efficiency of Cane Lands during Past 2 Years

| Harvesting Year | Measurement Unit   | Imam Khomeini | Amir Kabir | Dabal Khazae | Mirza Khoochakhan | Salman Farsi | Hakim Farabi | Dehkoda   | Total/Average |
|-----------------|--------------------|---------------|------------|--------------|-------------------|--------------|--------------|-----------|---------------|
| 2014-2015       | Harvested hectares | 10,035        | 8,900      | 8,199        | 9,150             | 8,250        | 8,513        | 10,450    | 63,597        |
|                 | Harvested tons     | 782,075       | 597,128    | 510,455      | 721,200           | 576,528      | 621,735      | 1,079,723 | 4,888,854     |
|                 | Ton per hectare    | 77/9          | 67/1       | 58           | 78/8              | 69           | 73           | 103/3     | 76/9          |
| 2013-2014       | Harvested hectares | 10,015        | 9,000      | 8,800        | 8,565             | 7,571        | 9,050        | 9,800     | 62,801        |
|                 | Harvested tons     | 760,284       | 577,039    | 673,200      | 494,456           | 522,430      | 643,496      | 1,053,620 | 4,724,544     |
|                 | Ton per hectare    | 75/9          | 64/1       | 76/5         | 57/7              | 69           | 71/1         | 107/5     | 75/2          |

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