

# NOTICE FOR DIVESTITURE OF SHARES BY THE IRANIAN PRIVATIZATION ORGANIZATION "THROUGH THE TENDER & OTC"

In the execution of the regulations related to General Policies of Principle (44) of the Constitution, the ratifications of the ministers board and divesting board and on behalf of Foundation of Martyrs and Veterans Affairs (for Damavand Power Generation Company), and on behalf of the contractors of Ministry of Power, according to Part (a) of Paragraph (35) of the only Article of Country Budget Law of 2011-2012 (Chabahar combined cycle power plant), Iranian Privatization Organization is considering to divest the shares of the following firms, observing other conditions stated hereunder, with the preferential shares (in accrue case) at maximum 5 percent of the total divestible shares having been deducted:

Row	Name of the Firm	Divesting Method	Firm's Size	No. of Divestible Shares				Capital (million Rials)	Base Value of each Share (Rials)	Total Base Value of Divestible Shares(Rial)	Deposit for Participating in Tender (Rials)	Conditions of Installment Selling			Shareholders & Percentage of their Ownership	Firm's type of activity
				Divestible Shares as Block	Preferred & Installment Shares	Total	Total Percentage					The least percent of cash prepayment	Payment period (year)	Maximum deadline to pay the cash part of price (working days)		
1	Damavand Power Generation Company	OTC	Very Large	437,000,000	23,000,000	460,000,000	100	460,000	32,910	5,138,600,000,000	454,158,000,000	12,500 billion Rials	3	20	●Tavanir 100%	Production & selling the electric energy, outsourcing, competitive executive operation, Investment & participation in the construction & purchasing the power plant, preparing & providing the required tools & machinery & etc.
2	Sahand Power Generation Company	OTC	Very Large	1,214,100,000	63,900,000	1,278,000,000	100	1,278,000	2,793	3,569,454,000,000	107,083,620,000	20	5	20	●Tavanir 100%	Production & selling the electric energy, Investment & participation in the construction & purchasing the power plant, outsourcing, competitive executive operation, preparing & providing the required tools & machinery & equipment & consumables & etc.
3	Chabahar Combined Cycle Power Plant	Tender	-	100%	-	100%	100	-	-	2,302,162,000,000	69,064,860,000	20	4	20	●Tavanir 100%	Production & selling the electric energy (production capacity 415 MW)

## 1. Transaction Conditions:

- 1.1. The above price is the base shares price. Undoubtedly, the highest proposed price shall be set as the transaction price.
- 1.2. The applicants must submit their offers regarding the whole divestible shares of each company separately. Evidently, number of the allocated preferred shares by the personnel of the enterprise (if someone be eligible for it) shall be deducted from the divestible shares and the suggested price of winner of the bid in proportion to the allocated shares. The remained shares, then, shall form the basis of the transaction price.
- 1.3. The cash deposit for participation in the tender must be settled by the applicants (only in cash) to the Treasury SIBA Account No. 2170159008002 Branch of state accounts in the IPO name payable in all of the branches of Bank Melli Iran (delaying in deposit and presenting any kind of checks results to reject the offers by the IPO); and the original bank receipt in accompany with the purchase bid must be delivered in two separate envelopes in a sealed package to the Security department at the new building of IPO, located in 7<sup>th</sup> floor, 10<sup>th</sup> Nasr building, No. 15, Mahestan St., Iran Zamin St., Phase 1, Shahrake Qods, Tehran until the end of the working hours of Sunday (01, Jan. 2012), in lieu of the receipt.
- 1.4. In order to receive the financial information and form to participate in the bids of the companies, the applicants may refer to the website of Iranian Privatization Organization, [www.ipo.ir](http://www.ipo.ir), the part of Companies Affairs information and for more information they may call no. 021-88083640.
- 1.5. Applications received by the IPO after the stated date shall be invalid.  
\* Note: Transfer of the shares shall be carried out according to the mutual contract. Applicants may receive agreement model, notarized power of attorney, guideline of monitoring mode after divesting and 12-fold commitments (for plants), and the application form of participation in tender that are available at the IPO, for the companies rows 1 and 2 at Farabourse Iran Company. As far as the IPO is concerned, participation in tender means enjoying the necessary knowledge and acceptance to adhere to the contents of the same. The purchasers are obliged to adhere to the provisions of these documents.
- 1.6. On installment transactions, it is permitted to buy in cash. In installment transactions, individuals must pay the cash part and the installments according to the information in the above table.  
\* Note: In installment transactions, the interval among installments is 6 months and the interest rate of sales is 12%.
- 1.7. In installment transactions, observing the paragraph 1-11, the shares certificates equivalent the remained installment of traded shares shall be kept by the IPO as Collateral, until the payment of the shares' price is completed. At least equivalent to 50% of remaining debt of installments shall be received assurance documents.
- 1.8. According to Note 4, Article 20 regarding the general policies of Article 44 of the Constitution of Islamic Republic of Iran, on tender divesting shares, the priority of purchase is bestowed upon the cooperative sector, under similar condition.
- 1.9. The previous purchasers of installment block shares of IPO, who have not paid their installment based upon their contract, are not allowed to purchase the shares again or to attend in the tender bid till settling the previous debt.
- 1.10. Monitoring mode after divesting the shares shall be according to the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1&8 of May 2010).
- 1.11. The purchasers are obliged to replace the governmental guarantee issuant in proportion with the purchased shares and releasing the divested shares depends upon the disburse of all the liabilities of the company in the proportion of the divested shares to the Mother Specialized Company and governmental and nongovernmental bank system, foreign exchange reserves and treasury presented in the financial statements which is the basis of the company's shares assessment.

- 1.12. The purchaser is responsible for any deficit on headings of assets and debt deficit such as the fraction of certain or uncertain tax reserves, social securities insurance, personnel's service redemption and the years of services, accrued interest and fines towards the bank and financial facilities on the report of auditor, controller and financial statements and they don't have any claim about the deficit or excess of the numbers. Also, IPO is not responsible for it at all. Meanwhile these cases are not included in paragraph (e) of Article (9) of the guideline "How to adjust divesting contracts" subject no. 223913 dated 07, Apr. 2009 and in case of ambiguity on accounts headlines, the purchaser may request the related documents.
- 1.13. Nongovernmental public institutions and subsidiaries and affiliated companies that are applicants to purchase the shares are obliged to obey the subject of Article 6 of 4th Economic, Social and Cultural Development Plan and the regulations related to General Policies of Principle (44) of the Constitution and they must not include in it at the time of the transaction. The buyer is responsible for non-observance of it.
- 1.14. The purchaser is responsible for obtaining the sufficient information about the financial, economic, technical and legal status of the divestible company, before the date of the transaction. After divesting, the purchaser has no right to any claim against the organization by virtue of the lack of information about the financial, economic, technical and legal statements and documents and the last status of the accounts and the declared cases and the other information about the divestible shares and the related company.
- 1.15. Under Article 436 of Civil Law, on the supposition of being the defect, Iranian Privatization Organization is renounced from the defects and the purchaser has no right including the right of referring to the organization. The purchaser presents the offered price to purchase the shares during the competitive process based upon his authority. With participating in the tender, the purchaser deprives himself from all the powers, especially fraud even gross fraud. This matter will be inserted in the related contract.
- 1.16. According to the Detection and notification of Passive Defense Organization, if the company's activity involves sensitive issues of security and classification is essential, on managing the company and administering the affairs the purchaser of the block and controlled shares is obliged to observe and implement carefully the relevant regulations from the mentioned organization. Best observing of these regulations results they will be enjoyed from the financial and nonfinancial incentives.
- 1.17. The price of power generation is within the framework of the law of adjusting subsidies and the purchaser is required to follow it.
- 1.18. The purchasers of the power plants are obliged to study the liabilities of relevant Regional Electric Companies or their owners in relation with the operation of these power plants and to accept the implementation of its articles. Also he must pay the maintenance costs of power plant since the divesting of the power plant to the delivery and transformation time.
- 1.19. The purchaser of Sahand Power Generation Company is obliged to pay the company's debt to Tavanir Company Contained in financial statements and the attached notes up to 20, Mar.2011 according the divesting conditions to Tavanir Company. On this matter, the purchaser must submit to IPO the necessary agreement on paying the debt to Tavanir Company before signing the contract.
- 1.20. The purchaser of Damavand Power Generation Company is obliged to pay the company's debt to Tavanir Company during a 3-years installment and in six equal installments. Meanwhile it is decided that the purchaser must submit the related agreement to IPO on the manner to pay the debt to Tavanir Company.

## **2. Preferred and Installment Shares (in case accrue):**

By virtue of the bylaw of Note3, Article 20 of the Amendment Law of the Fourth Development and Implementation plan regarding the general policies of Article 44 of the constitution of Islamic Republic of Iran; it shall be divested maximum five percent (5%) of the preferred and installment shares of firms to the directors, staff and retired individuals of the same firm based upon the following conditions:

- a. The employed directors and staff or the envoys (official or contract personnel) of divestible firms, and also directors and staff of divestible firms who are envoys in other firms and they have at least one year of experience in the related field and also the divestible firm have paid their insurance premium (even non-continued) in that period, possess the qualifications to receive the preferred shares. The directors and the envoys, whom payment of the insurance premium or their superannuation payment are deducted from the source of mission, are not entitled to be divested the shares to. Each qualified individuals who are employed on those investee firms where more than 50 % of their investment belongs to the divestible firm can enjoy the preferred shares.

\* **Note1:** Divesting the shares to the employed directors and staff has higher priority; after divesting the shares to them, in case there were divestible shares of firm, the above-mentioned shares shall be divested to the retired individuals of the same firm. The retired individuals are not permitted to use the benefits of justice shares and preferred shares simultaneously.

- b. The amount of the allottable preferred shares to each qualified individuals is (maximum) tenfold of the six-month average of the applicants' last wages and benefits (based upon the legal ordinances) which shall be sold at the base shares price. Receiving the installments, primarily, will be provided from the place of allocative benefit to the shareholders as a part of the debt of the purchasers subject to this bylaw. If during the ceiling of the contract period, paying the installments from the place of annual allocative benefit is not possible and sufficient; the divested company must deduct from the personnel's salaries and benefits equivalent to the debt of them and pay it to the IPO. Obviously, in the case of the separation from the service for any reason, the shareholders must pay the installments themselves.

- c. Preferred share shall be divested only by written request of the applicants. The qualified individuals must submit within 30 days after the publication of the first notice or sending a declaration letter of the conditions of purchasing the preferred shares from IPO to the divestible firm, their request to use the preferred shares along with the complete list of applicants' qualifications which certified by the related firm, the Justice Shares Secretariat and the corresponding branch of the Social Security Organization, as well as the contract sheets to the management of the divestiture and supporting of investment department of the IPO. In case there is received no application to purchase the preferred shares or after allocation of all of the requested shares up to the determined ceiling; observing the regulations, the remained shares shall be added to the block divestible shares.

\* **Note2:** The managing director's and the board of directors of the divestible firm are responsible for confirming the names and the amount of price cited in the Legal Ordinances of the personnel.

### **3. Financial or Non-financial Incentives and Discounts in the Block Controlled Shares:**

- 3.1. The purchaser of the controlled shares of the companies rows 1 and 2 (the least amount of the shares to determine the majority of the board of directors' members) who increase number of the staff of the firm to the extent more than what is recorded in the divesting document during the period of installment, or resort to train and recruitment of extra workforces of other privatized firms in their units, shall enjoy the financial or non-financial incentives as mentioned in the guideline number 63/2/206295 (dated 7, Apr. 2009) and the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1&8 of May 2010), if they are qualified.
- 3.2. The qualified purchasers shall enjoy of three types of financial incentives separately: discount in the original transaction price, minimization of the benefit of sale by installment or time discount (it means reviewing on the contract time resulting from lengthening of during the repayment of the installments).

- \* **Note:** Granting the financial or non-financial incentives depends upon the presenting the written plan of the purchaser to maintain and increase the level of the current occupation and retraining the firm's staff. Also, using the financial incentives in paragraph (3-2) is possible provided that after divesting, the average annual of the firm's staff numbers increases with regard to the recorded number in the divesting document, considering the alternative people in lieu of the retired and severance compensations during the years after divesting, on condition that reducing the number of employees during the studied period does not never exceed ten percent 10%.
- 3.3. If the qualified purchasers of the controlled shares conclude the measures like the new investment, promotion of efficiency and productivity, production continuity and promotion of its level, promotion of technology and fixing the occupation level in the divestible firm shall be enjoyed the discounts of the guideline of " How to obtain commitments, insert provisions and grant discounts" by the divesting Board (dated 11, Mar. 2009).

#### **4. Other Cases:**

- 4.1. The Envelopes containing bids shall be opened at 2 pm on Monday (02, Jan. 2012) in the deputy of divesting and shares affairs of the IPO, located at the old building of IPO, BLDG No.75– North Zarafshan St. – Eivanak Ave – Phase 4 – Shahrak-e-Ghods, and the bidders or their representatives with the identification and representation decree may participate in the event.
- 4.2. The shares offering of Damavand Power Generation Company will begin since (31, Dec. 2011) and Sahand Power Generation Company since (1, Jan. 2012) at the OTC.
- 4.3. On the OTC divestitures, the purchasers will be allowed to enter the purchase order to the trading system in the case that they settle 3% of the value of transaction shares based upon the base shares price of the advertised shares (in cash or bank guarantee) to the account of Central Securities Depository (CSD) of Iran as a deposit participating in the tender of OTC to guarantee the purchasers' liabilities unconditionally.
- 4.4. The IPO preserves the right to accept or reject all or any of the bids.
- 4.5. In case the winner of the bid fails to pay the cash part of the transaction price and to represent the guarantee documents (in installment transactions), within the deadline of the notification, the winner of the transaction must not have any claim about the deposit and as soon as possible their deposit shall be confiscated to the IPO benefit (after legal deductions).
- 4.6. The applicants undertake not to be prohibited in transactions and they must not include in the Article 24 of Law on Amendment of Articles of 4th Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and Implementation of General Policies of Principle (44) of the constitution (ratified 21, July 2008).
- 4.7. For further information and obtaining introduction letter to visit the firm, the applicants may refer to the Supply & Marketing Affairs Office located at the new building of the IPO, 4<sup>th</sup> floor. For the financial information of the rows 1 and 2, the applicants may refer to Farabourse Iran.

IPO Website: [www.ipo.ir](http://www.ipo.ir)