



Luleh Gostar Esfarayen Co.



Iranian Privatization Organization (IPO)
Marketing & SOEs Divesting Office

Luleh Gostar Esfarayen Company (private joint-stock)



Base Value for 100% Shares: US\$ 88,488,990

(Exchange Rate: 29,563 IRR)

Assessment Date: September 2014

Assessment Method: Net Assets Market Value

Transferring Method: Farabourse Iran

Part I: General Information

Luleh Gostar Esfarayen Company is the only producer of seamless pipes for oil and gas wells. The company is registered in November 1991 at State Organization for registration of Deeds and Properties Company Registration General Office, under the title of “Mashhad Mashin Sazi Complex (private joint-stock)”. In 1996, with changing Article of Association, name of the company changed to Luleh Gostar Esfarayen Company (private joint-stock) and in 2008, the registration center of the company changed to Esfarayen, North Khorasan Province.

The factory of the company is established in the beginning of 2005 and its production has started in the beginning of 2007. The Operation License of the company to produce black steel and iron seamless pipes, using three working shifts, with annually capacity 23,800 tons is issued in August 2008.

The needed raw materials for the company are provided by Esfarayen Industrial Complex. This is one of the strength points of the company. The main purchaser of the company's products is Petroleum Ministry. In 2013, the number of staff was 654.

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\$ 23,879,917

Chief Executive Officer: Mr. Khoshooee

Establishment Date: 1991

Operation Date: 2005

Total Assets (evaluated): US\$ 131,989,311 (Machinery and Equipments: US\$ 43,162,061)

Total Liabilities: US\$ 41,538,409 (Other accounts and notes payable: US\$ 21,310,422)

Net Profit (Loss): US\$ (6,596,083) **Retained Profit (Loss):** US\$ (26,993,201)

Location: 10 km north of Esfarayen-Bojnord Rd., Esfarayen City, North Khorasan Province,
+98585 7217301-5

Tel:

Center Office Address: Ghaem Magham St., Tehran

Field of Activity: Producing black steel tubes

Nominal Production Capacity: **Roll:** 120,000 tons **Transfer tubes:** 50,000 tons

Heat treatment: 100,000 tons **Casing tubes:** 80,000 tons **Connections:** 250,000

Number of Staff in 2013: 654

Part III: Financial Information

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

(Exchange Rate: 29,563 IRR)

Title	Details	Book value (March 2014)	Evaluated by Independent Expert (September 2014)
Assets	Machinery and Equipments	5,373,294	43,162,061
	Buildings (3-1-1)	5,740,413	42,282,583
	Inventories	13,650,169	15,729,121
	Installations	1,501,852	15,086,426
	Lands (3-1-2)	2,670	4,228,258
	Other assets	7,042,018	11,500,863
Total assets		33,307,746	131,989,311

3-1-1- Building: Number of the buildings is 57 which are assessed together and it is not possible to separate their value.

3-1-2- Land: The amount of US\$ 3,923,824 is the value of the building and the land of guesthouse in area 777,652 (m²).

3-2- Main Items of Liabilities in US\$

Title	Details	Book value (March 2014)	Evaluated by Independent Expert (September 2014)
Liabilities	Other accounts and notes payable (3-2-1)	16,687,248	21,310,422
	Received	7,909,755	8,016,778
	Trade accounts and notes payable	4,705,804	4,769,475
	Short – term loans	3,137,203	3,179,650
	Employees redemption benefits	2,469,713	2,503,129
	Long – term loans	1,468,478	1,488,347
	Other liabilities	-	270,609
Total liabilities		36,378,200	41,538,409
Profit(loss) from 21 March 2014 to 22 September 2014		0	(1,961,912)
Retained earnings(loss)		(26,632,847)	(26,993,201)
Capital		23,562,394	23,881,203
Owner's equity		(3,070,454)	88,488,990

3-2-1- Other accounts and notes payable: From US\$ 21,310,422, the amount of US\$ 12,177,384 is debt to IDRO and US\$ 3,889,998 is provision for purchasing land from IDRO.

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

Title	March 2014	March 2013
Net sales & revenues	4,600,345	6,799,039
Cost of goods sold	(5,175,388)	(5,412,171)
Gross profit(loss)	(575,043)	1,386,869
Sales, administrative & general expenses	(879,478)	(845,652)
Net other operating revenues & expenses	(3,923,824)	(2,232,520)
Operating profit (loss)	(5,378,345)	(1,691,303)
Financial expenses	(1,251,564)	(845,652)
Net other non-operating revenues & expenses	33,826	507,391
Net profit (loss)	(6,596,083)	(2,029,564)

3-3-1-Net Sales& Services in US\$

Title	2014		2013	
	Quantity (ton)	Amount (US\$)	Quantity (ton)	Amount (US\$)
Casing pipes	2,928	4,363,563	8,303	6,663,735
Services	338	236,782	--	135,304
Total	3,266	4,600,345	8,303	6,799,039

Part IV: Other Information

4-1- Production

Title	Measurement Unit	Nominal Capacity	2013 Budget	2014	2013	2012	2011
Casing tubes	Ton	23,800	9,936	3,861	6,904	21,000	13,500

The main factors of deviation from the plan:

Lack of cash to provide raw materials, lack of support for funding & issuing guaranty, untapped capacities in production because of lack of purchasing orders, increase in the price of exchange rate & problems in opening credits.

4-2- Annual nominal capacity of the factory in 2014

Productive unit	Measurement Unit	Nominal Capacity
Roll	Ton	120,000
Heat Treatment	Ton	100,000
Casing tubes	Ton	80,000
Transfer tubes	Ton	50,000

4-3- Company's purchases in US\$

Title	2014	2013	2012	2011
Ingots in different sizes	4,769,475	2,942,868	7,407,909	4,600,345

The company's purchases are usually interior and include different kinds of ingots in different sizes. Since 2012, the company had no exterior purchases.

The strength points in production and selling:

Prosperity an exclusive market: Luleh Gostar Esfaryan is considered as the only producer of seamless steel tubes especially for Iran oil and gas wells.

Easy availability to raw materials: Considering Esfaryan Industrial Complex near to Luleh Gostar Esfaryan has made easy availability to raw materials.