



Soil Mechanic & Technical Laboratory



Iranian Privatization Organization (IPO)  
Marketing & SOEs Divesting Office

## **Soil Mechanic & Technical Laboratory (Private Joint-Stock)**



*Base Value for 100% Shares:* US\$ 188,457,143

*(Exchange Rate:* 35,000 IRR)

*Assessment date:* October 2016

*Assessment Method:* Net Assets Market Value

*Transferring Method:* Tender

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

The initial centre of the company was formed in 1955 under the title of Pedology Laboratory at Tehran College of Engineering for investigation and studying Iran's soils in the construction of the main roads. Then started its activity (by new responsibilities), directly under the supervision of Planning Organization. In 1963, its name was changed to Pedology Technical Laboratory. In 1971 the company was transferred to Ministry of Transportation. Finally in 1984, its constitution under the name of Soil Mechanic & Technical Laboratory was approved by Islamic Consultative Assembly. Currently the company acts as a wholly run-state company. The company has a central building in Tehran and representative in 30 provinces, 200 branches and more than 1000 local units all over the country and with more than 1400 experts; is considered as the most equipped company in the field of quality control & presenting geo-technical consulting services to civil projects throughout the country.

Studying & investigation in case of building materials, doing soil mechanic tests, compilation of soil and materials standards, researching and applied science investigations, doing technical tests and administrative control of civil projects while implementing and monitoring and consulting in the field of soil and road building are considered as the main activities of the company.

The main markets of the company are different governmental organizations & private sector that are located inside the country.

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## **Part II: Main Information**

**Parent Company:** Ministry of Road and Urban Development

**Shareholder:** Ministry of Road and Urban Development (100%)

**Capital:** \$ 5,485,714

**Registration Place/Date:** Tehran/Jan. 1987      **Launch Date:** --

**Chief Executive Officer & Chairman of the Board:** Seyed Reza Hosseini

**Establishment Date:** 1983

**Total Assets (evaluated):** \$ 224,685,714 (land, building & installations: \$ 151,714,286)

**Total Liabilities (evaluated):** \$ 36,542,857 (Non-trade payables: \$ 18,485,714- Provision for employees' termination benefits: \$ 11,942,857)

**Net Profit (loss):** \$ 685,714      **Retained earnings (loss):** \$ 9,057,143

**Location:** All over the country- the main centre is located at Tehran.

**Field of Activity:** Doing tariff, investigative and contractual tests, control and monitoring

**Number of Staff in 2015-2016:** 2,392 (permanent: 512- contractual: 1,880)

### ***The Main Projects:***

**Ministry of Road & Urban Development:** Khorramshahr-Shalamcheh railroad, Miyaneh-Ardebil railroad, Marageh-Uroomiyeh railroad, Khaf-Harat railroad

**Road Maintenance & Transportation Organization:** Improvement of Qom-Tehran road, Shahreza-Abadeh road, Shiraz-Safashahr road

**Free Ways Construction & Development Executive Plans:** Freeways of Zanjan-Tabriz, Qazvin-Rasht, Tehran-Pardis, Saveh-Hamedan, Khorramabad-Pol-e-Zal, Tabriz-Uroomiyeh, Tehran-Qom-Isfahan, Isfahan-Shiraz, the north passage of Mashhad.

**Ministry of Energy:** Karoon dam & power plant, Siyah Bisheh dam & power plant, Simareh dam & power plant, Ghotvand Oliya dam, Bakhtiyari dam & power plant & consolidating and stability plan of Karkheh dam.

**Ministry of Petroleum:** Studying & geo-technique tests of dam projects, phases 6, 7, 8,15,16,17 & 18 of south pars, density of the soil and concrete of Azadeghan oil well, exploitation of Masjid Soleiman oil & gas, Parsian Gas Refinery, Mamasani Petrochemical Co., Kazeroon Petrochemical Co.

**Construction Projects:** Bond resources of Semnan Province, Pataveh-Dehdasht road, cement providing of Qazal Tapeh Zanjan dam, Qazvin-Rasht railroad, and technical buildings of Pol Sefid, Qaemshahr, Talesh ring road & Ghilavand passage.

### **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 (October 2016)
Land *	4,000,000	151,714,286
Building & installations *	2,171,429	
Trade & non-trade receivables (3-1-1)	45,885,714	45,885,714
Equipments & Machineries	7,057,143	19,571,429
Intangible assets	114,286	3,257,143
Vehicles	257,143	2,828,571
Furniture	600,000	600,000
Other assets	771,429	828,571
<b>Total Assets</b>	<b>60,857,143</b>	<b>224,685,714</b>

\* Some lands & buildings of the company are without ownership document and many parts of buildings of the company are in use of Roads & Urban Development General Administration & Natural Resources Organization. Also some buildings have opponent & cannot be transferred.

#### **3-1-1- Trade & non-trade Receivables in US\$**

Title	Book Value (March 2016)	Evaluated by Independent Expert (October 2016)
<b>Trade:</b>		
Dependent persons (General Administration of Road & Urban Development of provinces: \$ 16/29 mn, Construction & Development of Transportation Infrastructures Co: \$ 8/26 mn)	25,600,000	25,600,000
Ministry of Energy and related companies	5,085,714	5,085,714
Others	14,771,429	14,771,429
<b>Total of Trade</b>	<b>45,457,143</b>	<b>45,457,143</b>
<b>Non-Trade:</b>		
Employees	200,000	200,000
Debts of persons and companies	85,714	85,714
Others	142,857	142,857
<b>Total of Non-trade</b>	<b>428,571</b>	<b>428,571</b>
<b>Total</b>	<b>45,885,714</b>	<b>45,885,714</b>

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

Title		Book Value (March 2016)	Evaluated by Independent Expert (October 2016)
Liabilities	Non-Trade payables (3-2-1)	18,485,714	18,485,714
	Provision for employees termination benefits	11,942,857	11,942,857
	Pre-received (3-2-2)	4,228,571	4,228,571
	Payable tax	414,286	1,771,429
	Commitments related to gratuitous help	128,571	114,286
<b>Total liabilities</b>		<b>35,200,000</b>	<b>36,542,857</b>
Owner's Equity	Capital	5,485,714	5,485,714
	Government Investment	5,000,000	5,000,000
	Legal reserve	4,885,714	4,885,714
	Capital reserve	1,571,429	1,571,429
	Retained earnings (loss)	8,714,286	9,057,143
	Revaluation difference	0	162,457,143
<b>Total Owner's equity</b>		<b>25,657,143</b>	<b>188,457,143</b>

#### 3-2-1- Non-Trade Payables in US\$

Title	Book Value (March 2016)	Evaluated by Independent Expert (October 2016)
Debts of employees	12,942,857	12,942,857
Value - added tax	2,914,286	2,914,286
Companies & institutions	1,628,571	1,628,571
Others	1,000,000	1,000,000
<b>Total</b>	<b>18,485,714</b>	<b>18,485,714</b>

#### 3-2-2- Pre-received in US\$

Title	Book Value (March 2016)	Evaluated by Independent Expert (October 2016)
Real & Juridical persons	3,371,429	3,371,429
Ministry of Road & Urban Development & related companies	457,143	457,143
Ministry of Road & Urban Development- control & monitoring contracts	400,000	400,000
<b>Total</b>	<b>4,228,571</b>	<b>4,228,571</b>

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

<b>Title</b>	<b>March 2016</b>	<b>March 2015</b>
Operating revenues	48,914,286	35,285,714
Cost of Operating revenues	(35,085,714)	(27,828,571)
<b>Gross profit (loss)</b>	<b>13,828,571</b>	<b>7,457,143</b>
Administrative and general expenses	(7,114,286)	(6,085,714)
Doubtful receivables costs	(5,200,000)	(742,857)
<b>Operating profit (loss)</b>	<b>1,514,286</b>	<b>628,571</b>
Net other non- operating incomes and costs	(600,000)	57,143
Income tax	(228,571)	(171,429)
<b>Net profit (loss)</b>	<b>685,714</b>	<b>514,286</b>

### **Part IV: Other Information**

#### *4-1-Financial Ratios*

<b>Title</b>	<b>2016</b>	<b>2015</b>
Return on Sales	1/43 %	0/82 %
Profit (loss) margin	28/28 %	21/17 %