



Damavand Petrochemical Co.



Iranian Privatization Organization (IPO)
Marketing & SOEs Divesting Office

Damavand Petrochemical Company (Private Joint-Stock) (Before the operation)



Base Value for 80% shares: US\$ 236,457,143

(Exchange Rate: 35,000 IRR)

Assessment date: September 2016

Assessment Method: Net Assets Market Value

Transferring Method: Tender

Part I: General Information

Damavand Petrochemical Company (private joint-stock) was registered in 1999 at Tehran State Organization for Registration of Deeds and Properties. In 2012, the company was transferred to Boushehr province and was registered at Kangan Companies Registration Office and Industrial Property. The main center of the company is located at Pars Energy Special Economic Zone, Asaluyeh Township.

The main activity of the company includes: selling side services such as water & electricity, oxygen, nitrogen, steam, natural gas, compressed air containing construction & exploitation of distribution networks and other dependent services. The company was the operator for executing utility plan of phase2 of asaluyeh. Unfortunately, because of high needed investment and complexities of Damavand project, 3 phases of the company's offer through Iran Farabourse and by IPO, were not successful. So the continuity of this process and not settling down Damavand Petrochemical Company, are considered as the main factors of delay of the project.

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Part II: Main Information

Parent Company: National Petrochemical Company (NPC) **Shareholder:** NPC (100%)

Capital: US\$ 357

Establishment Date: February 1999

Registration Place/Date: Kangan /September 2012

Chief Executive Officer: Mr. Hossein Shahriari

Investment estimation needed for the Plan (utility and offsite of phase 2 of Asaluyeh): 3/8 Billion Dollars

Estimation of the total execution time of the Plan (in 3 phases): 7 years

Total Assets (evaluated): \$ 1,117,257,143 (land: 89 hectares, \$ 28,057,143- buildings & installations: \$ 10,142,857- assets at the completion: US\$ 782,428,571)

Total Liabilities (evaluated): \$ 788,828,571 (debts to PC: \$ 459,857,143- loans: \$ 124,085,714)

Net Profit (Loss): US\$ 4,571

Retained Profit (loss): \$ (213,429)

Location: Petrochemical Phase 2, Pars Energy Special Economic Zone, Assaluyeh, Booshehr Province

Field of Activity: Selling side services such as water & electricity, oxygen, nitrogen, steam, natural gas, compressed air containing construction & exploitation of distribution networks and other dependent services

Number of Staff in 2016: 89 (permanent: 19 - official: 7- temporary: 63)

Part III: Financial Information

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

(Exchange Rate: 29,563 IRR)

Title	Book value (March 2016)	Evaluated by Independent Expert (September 2016)
Assets at the completion (3-1-1)	476,228,571	782,428,571
Prepayments & outstanding capital (3-1-2)	143,457,143	149,971,429
Intangible assets (right of using general services)	28,571	60,000,000
Trade & non-trade receivables (3-1-3)	47,228,571	54,714,286
Capital items in the store	23,171,429	28,571,429
Land (3-1-4)	18,285,714	28,057,143
Buildings & installations (3-1-5)	600,000	10,142,857
Other assets	3,314,286	3,371,429
Total Assets	712,314,286	1,117,257,143

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3-1-1- Assets at the completion in US\$

Title	Book value (March 2016)	Evaluated by Independent Expert (September 2016)
Installations & equipments of off-site units	476,228,571	321,428,571
Power & Steam power plant unit		347,142,857
Payable to the Contractors		62,685,714
Water & water intake unit		33,371,429
Installations & equipments of air separation unit (A.S.U)		12,857,143
Waste Water Treatment Unit & Garbage		2,857,143
Payable Fees		2,085,714
Total	476,228,571	782,428,571

3-1-2- Prepayments & Outstanding Capital in US\$

Title	March 2016	September 2016	Comments
Capital Prepayment	128,571,429	149,971,429	\$ 118,114 is related to Khatam Quarters for EPPC contract.
Capital Outstanding	14,885,714	0	\$ 14,485,714 is related to MAPNA Co. for construction of phase1 of power plant.
Total	143,457,143	149,971,429	--

3-1-3- Trade & non-Trade Receivables in US\$

Title	March 2016	September 2016
Dependent persons- Persian Gulf Petrochemical Co.	28,114,286	33,114,286
Receivable deposits of Tejarat Bank	13,685,714	15,457,143
Dependent persons (\$ 2/6 mn related to Morvarid Petrochemical Co. \$ 1/52 mn related to Petrochemical Industries Development Management Co. & \$ 1/38 mn related to Mehr Petrochemical Co.)	4,800,000	5,571,429
Others	628,571	571,429
Total	47,228,571	54,714,286

3-1-4-Land

Damavand Petrochemical Co. totally has 23 plots of land with total area of 89 Hectares which are located at Asaluyeh.

3-1-5-Buildings & Installations in US\$

Title	March 2016	September 2016
Existing buildings at Asaluyeh	600,000	8,085,714
26 existing buildings and residential apartments at Pardis Jam town		2,057,143
Total	600,000	10,142,857

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

Title		Book value (March 2016)	Evaluated by Independent Expert (September 2016)
Liabilities	Long – term payables (3-2-1)	450,257,143	485,771,429
	Trade and non-trade payables (3-2-2)	155,057,143	177,142,857
	Long – term loans (3-2-3)	92,228,571	110,914,286
	Short – term loans (3-2-3)	13,171,429	13,171,429
	Other liabilities	1,828,571	1,828,571
Total liabilities		712,542,857	788,828,571
Owner's Equity	Capital	286	343
	Retained earnings (loss)	(218,286)	(213,429)
	Revaluation surplus	0	328,623,714
Owner's equity		(218,000)	328,410,629

3-2-1- Long – Term Payables in US\$

Title	Foreign Exchange	March 2016	Modifications	September 2016
National Iranian Co. (NPC)	182,181,847 Euro	427,171,429	32,685,714	459,857,143
	8,353,639 Dollar			
	1,557,310 Dirham			
Petrochemical Industries Development Management Co.	16,512,471 Euro	16,000,000	2,828,571	18,828,571
Receivables from companies for right of gas split	--	7,085,714	0	7,085,714
Total	--	450,257,143	35,514,286	485,771,429

In July 31, 2016 the company announced remaining debts of NPC, according to share register book as following:

183,034,606 Euro

8,353,638/78 Dollar

1,557,309/89 Dirham

3-2-2- Trade & non-Trade Payables in US\$

Title	March 2016	September 2016
Reserve for outstanding costs (\$ 116 mn is related to Qatam Quarter for construction of utility & off-site units and \$ 7 mn is related to MAPNA for construction of power & steam power plants).	107,857,143	125,342,857
Dependent persons (\$ 23 mn related to Petrochemical Industries Development Management Co., \$ 2 mn related to Mobin Petrochemical Co., & \$ 1/12 mn related to Pazargad Non-Industrial Operations Co.)	22,257,143	25,628,571
Contractors performance deposit of guarantee (\$ 5/2 mn is related to Qatam Quarter for construction of utility & off-site units and \$ 2/12 mn is related to Iran Transfo Co. for purchasing transformer).	9,057,143	9,057,143
Contractors net debts	7,428,571	8,628,571
Others	8,457,143	8,485,714
Total	155,057,143	177,142,857

3-2-3- Loans in US\$

Creditor	Type of Facilities	Value of the Contract (Euro)	Interest rate & commission	No. of installments	Date of First Installment	Remaining at the beginning of the period	Received at the end of the period	Evaluated by Independent Expert
Tejarat Bank-LC 3340	Finance	155,580,000	Libor + 2%	17	Six months passed from the last received	40,200,000	29,028,571	79,742,857
Tejarat Bank-LC 3357	Finance	54,420,000	Libor + 2%	17	2015/01/20	34,257,143	4,200,000	44,342,857
Cost of facilities of periods first to fourth of finance 3357				--	--	439,739	--	--
Loans				--	--	74,828,571	*33,228,571	1124,085,714
Short-term loans				--	--	--	--	13,171,429
Long-term loans				--	--	--	--	110,914,286

* \$ 20/63 million is for 75% payable to MAPNA company for the send statement & \$ 12/60 million for 10% of bail bond by Tejarat Bank.

Letter of credit No. 3357 & 3340 by financing of Central Bank of Iran & with factoring of Tejarat Bank has been issued in favor of MAPNA Co. 15% of it has been paid as prepayment by the company & the rest of 85% will be supplied by the Bank.

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

Title	March 2016	March 2015
Operating revenues	7,675,714	0
Cost of operating revenues	(6,970,000)	0
Gross profit(loss)	705,714	0
Sales, administrative & general expenses	(700,857)	0
Operating profit (loss)	4,857	0
Net other non-operating revenues & expenses	1,429	14,286
Operating net profit (loss) at the continuation before tax deduction	6,286	14,286
Income tax	(1,714)	0
Net profit (loss)	4,571	14,286

Part IV: Other Information

4-1-Time Table for Implementation of Damavand Petrochemical Project Based on Phases

Row	Project	Phase	Beginning	Ending
1	The Whole plan	1	May 2011	June 2017
		2	May 2014	March 2018
		3	March 2016	March 2020
2	Power plant	1	May 2011	August 2016
		2	March 2016	March 2018
		3	March 2017	March 2020
3	Water unit	1	September 2013	November 2016
		2	March 2016	March 2018
		3	March 2017	March 2020
4	Air unit	1	September 2013	June 2017
		2	March 2016	March 2018
		3	March 2017	March 2020
5	Offsite unit (Total)	1	May 2011	January 2017
		2	May 2014	February 2018
		3	March 2016	November 2019

4-2-The Percentage of Damavand Petrochemical Project Physical Progress up to March 19, 2016

Damavand Petrochemical Phases	Working Phase	Weighting Factor	Real Progress	
			2015-2016	2014-2015
Phase 1	Engineering	46/95%	41/97%	41/43%
	Providing & Supplying		40/14%	36/96%
	Construction & Installation		26/03%	23/21%
	Launching		2/87%	3/08%
	Training		8/63%	7/91%
	Total		35/07%	32/11%
Phase 2	Total	27/35%	1/95%	1/95%
Phase 3	Total	25/69%	0/039%	0/039%
Total of 3 phases	--	--	17/01%	15/61%

4-3-Estimation of Investment Needed for the Whole Project in US\$

Name of Units of the Project	Weighting percentage	Completion percentage		Estimation of launching date	Investment estimation	Conducted Expenses up to March 2016	Conducted Expenses up to March 2015
		2016	2015				
Power plant Unit	35/67	22/81	21/21	March 2020	10,857,143	140,257,143	71,914,286
Off-site unit	24/61	29/1	27/51	March 2020	28,028,571	82,200,000	81,514,286
Water treatment unit	8/42	6/68	2/79	March 2020	11,200,000	6,314,286	5,714,286
Water intake unit	2/06	51/73	29/19	March 2020	2,742,857	1,542,857	1,400,000
Air unit	24/34	0/34	0/34	March 2020	10,371,429	2,971,429	2,828,571
Industrial wastewater refinement unit	3/49	0/08	0	March 2020	1,371,429	485,714	428,571
Blast furnace unit	1/41	0	0	March 2020	571,429	200,000	171,429
Financial expenses	0	0	0	--	0	0	0
Other expenses	0	0	0	--	0	0	(35,485,714)
Total	100	17/01	15/61	--	65,142,857	233,971,429	128,485,714

4-4- The Financial Progress of Offsite Unit Projects:

The executive status of the project in accordance with accelerating the activities in US\$:

The initial launching of power & steam power plant of phase1 was done with 51/97% progress. Unfortunately, due to not completing gas station, comparative post and impossibility of demineralized water production, which is resulted from lack of needed financial sources for complicating the above mentioned units, continues launching of turbines and steam production unit of the power plant has not been put into operation. The 120 tonnes aimed boiler to produce power plant's steam has been in orbit production continually from the beginning of the year.

Title	March 2016	March 2015
Stores for keeping spare parts & project's goods	1,600,000	828,571
Utility transfer lines system & products	61,457,143	47,542,857
Feeds system & gas pressure reduction stations	18,628,571	18,657,143
Electricity transfer lines system & stations & posts	30,514,286	29,200,000
Fire water supply system & stations	14,685,714	10,600,000
Temporary utility supply	7,457,143	7,428,571
West Ethylene line pressure reduction station	457,143	457,143
Capital items in the store	23,171,429	23,942,857
Total	157,971,429	138,657,143

4-5- The Major Suppliers of Raw Materials in 2015-2016:

Type of raw material	Purchased from	Amount (US\$)	Percentage towards the total purchases
Water DM	Mobin Petrochemical Co. & Kavian Petrochemical Co.	1,942,857	36/28%
Gas	Kavian Petrochemical Co.	3,257,143	61/08%
Steam	Mobin Petrochemical Co.	142,857	2/64%
Total		5,342,857	100%