



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

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

**Establishment Date:** 1983

**Total Assets (evaluated):** \$ 220,628,571 (land, building & installations: \$ 152,228,571)

**Total Liabilities (evaluated):** \$ 36,657,143 (Non-trade payables: \$ 18,771,429- 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, 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<br>(March 2016) | Evaluated by<br>Independent Expert<br>(October 2016) |
|-------------------------------|----------------------------|--|
| Land *                        | 4,000,000                  | 152,228,571  |
| Building & installations *    | 2,171,429                  |  |
| Trade & non-trade receivables | 45,885,714                 | 41,342,857   |
| 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                    | 800,000  |
| <b>Total Assets</b>           | <b>60,857,143</b>          | <b>220,628,571</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.

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

| Title                       | Book Value<br>(March 2016)                   | Evaluated by<br>Independent Expert<br>(October 2016) |                    |
|-----------------------------|--|--|--------------------|
| Liabilities                 | Non-Trade payables                           | 18,485,714   | 18,771,429         |
|                             | Provision for employees termination benefits | 11,942,857   | 11,942,857         |
|                             | Pre-received                                 | 4,228,571  | 4,228,571          |
|                             | Payable tax                                  | 414,286  | 1,585,714          |
|                             | Commitments related to gratuitous help       | 128,571  | 128,571            |
| <b>Total liabilities</b>    |  | <b>35,200,000</b>                                    | <b>36,657,143</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  | 158,285,714        |
| <b>Total Owner's equity</b> |  | <b>25,657,143</b>                                    | <b>184,285,714</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 %     |