

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:2795
ANSWERED ON:12.12.2005
AGREEMENT BETWEEN KRIBHCO AND SHYAM
Bhakta Shri Manoranjan

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

te :

(a) whether the agreement has been signed between Krishak Bharti Cooperative Limited (KRIBHCO) and Shyam Basic Infrastructure Projects Private Limited to buy Oswal Chemicals and Fertilizers Limited urea unit for Rs. 1,900 crore;

(b) if so, the details thereof; and

(c) the time by which the whole process is likely to be completed?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) : Yes, Sir.

(b) : As per information provided by KRIBHCO, the highlights of the joint venture agreement signed between Krishak Bharati Cooperative Limited (KRIBHCO) and Shyam Basic Infrastructure Projects Private Limited (Shyam) are as under:-

A SPV in the form of a public limited company is to be formed to purchase the urea plant of M/s. Oswal Chemicals and Fertilizers Ltd. (OCFL)

The SPV will have a Debt Equity Ratio of 70:30.

KRIBHCO will have 60% of the equity of SPV and full management control.

M/s. Shyam will have 40% of the equity and will be a strategic investor.

KRIBHCO will have the entire marketing rights of all the products of the SPV on a fee which will be on a competitive and arms length basis.

(c) : As per the terms of the Agreement to sell, the assets of OCFL's urea plant at Shahjahanpur is to be acquired by the SPV on or before January 13, 2006.