

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

UNSTARRED QUESTION NO:3287  
ANSWERED ON:13.12.2012  
AUCTION OF OLD UREA AND AMMONIA PLANT OF M S FACT  
Joshi Shri Mahesh

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

- (a) whether the Board of Directors of M/s Fertilizers and Chemical Travancore Ltd. (FACT), Cochin carried out valuation of the assets of its old Urea and Ammonia Plant by various agencies;
- (b) if so, the details thereof;
- (c) whether a number of complaints were received against the auction of this old urea and ammonia plant of M/s FACT Ltd.;
- (d) if so, the details thereof and the action taken thereon;
- (e) whether the Hon'ble High Court of Kerala had given any direction in the matter; and
- (f) if so, the details thereof and the present position in regard the auction of the unit?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b): Yes, Madam. FACT carried out valuation of the assets of the old Ammonia-Urea Plant at Cochin Division through M/s PDIL, FEDO & EIL. The details of the valuation as follows:-

Sl.No. Period Valuation by Asset value (Rs. Crore)

1 February 2010 PDIL 23.56

2. August 2010 FEDO 30.68

3. February 2012 EIL 26.29

(c)&(d) : Sale order issued in favour of M/s. Annam Steel (to whom the tender was confirmed for sale of old Ammonia-Urea plant at FACT Cochin Division) was put on hold. Before a final decision on the matter could be taken M/s. Annam Steel approached the Hon'ble High Court of Kerala on 18.2.2011.

A complaint dated 24.1.2011 was received from one M/s. Padma Cargos & Fertilizers, Cochin, stating that the auction for sale of old Ammonia-Urea plant at Cochin Division held on 22.9.2010 was undervalued and fresh auction may be conducted.

Another complaint dated 22.2.2011 was also received by the company subsequently from one M/s. J3 Vision & Exports (P) Ltd, Ernakulam, stating that M/s. Annam Steels through some agents approached M/s. J3 Vision and negotiated for the purchase of the entire old plants at Rs. 48 crores which includes their commission also. Party also offered Rs. 45 crores to the company for the old plants.

In addition to this the following parties approach the Hon'ble High Court of Kerala by way of Writ Petitions/Impleading application.

- (1) M/s. J3 Vision & Exports (P) Ltd, Cochin
- (2) Shri T K Renjith, Cochin

- (3) Smt Jasmine Majeed, Managing Director, M/s. Liyashi Builders & Developers Pvt. Ltd.
- (4) Shri Ashim Raizada (M/s. Westend Promoters Pvt.Ltd, New Delhi)
- (5) Shri P E Nissar, (Managing Director – M/s. Ashik Transport Container Company, Kochi)
- (6) Dr A Mohammed Shafique (Director, M/s. Minar Casting Pvt. Ltd. Palghat)
- (7) Mr Mohammed Shaffi (Managing Director, M/s. Anappuram Steels, Palghat)
- (8) Mr Mukesh Gupta (Director- M/s. Sapphire Steels Pvt. Ltd. Jaipur)

Besides the above, various reference from Shri Mahesh Joshi, Hon'ble MP have been received regarding auction of old ammonia and urea plant of FACT and suitable replies have already been sent intimating the status in this regard.

(e) & (f) : Writ petitions filed by M/s. J3 Vision & Exports and Shri T K Renjith, Cochin, were dismissed by the Hon'ble high Court of Kerala. In the writ petition filed by M/s. Annam Steels (to whom tender was confirmed for sale of Ammonia-Urea Plant at FACT Cochin Division), the Hon'ble High Court of Kerla, directed FACT to take a final decision on the question of proceedings with further steps pursuant to the tender confirmed in favour of M/s. Annam Steels, through decision of Board of Directors or through decision of any other competent authority. The Court left open the right of various impleading petitioners to submit representations before FACT within a period of 10 days making their offers. The Court further directed that if FACT decides to cancel the sale order issued to M/s. Annam Steels, an opportunity of hearing should be given to them.

Subsequent to the judgement, the company has received representations from the following parties offering higher amounts for the plants/requesting for re-auction.

- (a) M/s. Annappuram Steels (P) Ltd., Palghat
- (b) M/s. Minar Castings (P) Ltd., Palghat
- (c) M/s Westend Promoters (P) Ltd., New Delhi
- (d) M/s. Sapphire Steel Tech Pvt. Ltd., Jaipur
- (e) M/s. Liyashi Builders & Developers Pvt. Ltd., Chennai
- (f) M/s. Vijayalaxmi Enterprises, Mysore.
- (g) Mr. A.M. Mohammad Shaji, Kalamassery
- (h) M/s. Ashik Transport Container Company (P) Ltd., Kakkanad
- (i) M/s Mavin Impex Pvt. Ltd.

The Board of Directors of FACT in its meeting held on 9.3.2012 considered the directive issued by the Hon'ble High court of Kerala offers submitted by various impleading petitioners and all other relevant facts. An opportunity was also given to M/s. Annam Steels Pvt Ltd., Chennai for a personal hearing. The Board decided to cancel the tender finalized in favour of M/s. Annam Steels (P) Ltd. for the sale/disposal of old Ammonia-Urea plant of FACT Cochin Division and directed to float an open tender for sale/disposal of the scrapped plant after carrying out a proper due diligence exercise to arrive at fair value of the Ammonia-Urea plant.

The decision of the Board was communicated to M/s. Annam Steels Pvt Ltd. M/s. Annam Steels Pvt Ltd has approached Hon'ble high Court of Kerala challenging the decision of the Board. The Hon'ble High court of Kerala heard the petition and reserved for Judgement.

The re-tendering of the scrapped Ammonia-Urea plant at Cochin Division has been stayed by Hon'ble High court of Kerala in Writ Petition No. 9049 of 2012 filed by M/s. Annam Steel.