Early Warning System

ADB-56137-001

Smartchem Climate-Smart High-Efficiency Crop Nutrition Project

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Quick Facts

Countries	India
Specific Location	New Delhi
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Voting Date	2022-06-17
Borrower	Smartchem Technologies Limited
Sectors	Agriculture and Forestry
Investment Type(s)	Advisory Services, Loan
Investment Amount (USD)	$ 32.53 million
Loan Amount (USD)	$ 30.00 million
Grant Amount (USD)	$ 2.53 million
Project Cost (USD)	$ 32.53 million

Project Description

According to ADB, the project will support farmers to adopt enhanced efficiency speciality fertilizers (EESF), such as slow and controlled release fertilizers and water soluble fertilizers, which will in-turn aid increased food production towards increased farmer income and food security in India. Higher efficiency in nutrient delivery will result in increased agricultural productivity, reduced water and soil contamination, and improved resilience to climate change. The project will also support energy efficiency capex and gender inclusion. The project is fully aligned with the Government of India's goals to enhance agricultural productivity and increase farmers' incomes. The TA will focus on building the climate resilient soil management skills and financial literacy of 1,800 farmers.

The project will (i) finance capex at one of STL's EESF manufacturing plants to increase production efficiency and enable 100% production of EESFs, (ii) finance energy efficiency and health and safety-related capex for STL's fertilizer business, and (iii) support R&D toward new product development and digital initiatives to increase uptake of these fertilizers.

The project was processed with the South Asia Department employing the One ADB approach, and will also complement ADB's Maharashtra Agribusiness Network Project, whose beneficiaries will also benefit from access to these better quality inputs.

Investment Description

- Asian Development Bank (ADB)

The ADB assistance consists of a senior debt facility of up to $30 million or its equivalent in Indian rupees with a tenor of up to 5 years for each disbursement. The loan will benefit from a corporate guarantee from DFPCL until required security interest is created and perfected.The TA of $225,000 will focus on improving climate resilience of farmers through training in a broad range of climate smart farming solutions and technologies as well as functional financial literacy. The TA will address gaps in women farmers' access to agricultural information and training.

Private Actors Description

STL is a 100% held subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL), which is an operating company listed on the Bombay Stock Exchange with 52.4% public shareholding. The balance of 47.6% is held by the promoters (directly as well as indirectly through other promoter-owned entities). 15 Sailesh Mehta is the chair of the DFPCL group and is a second-generation entrepreneur. STL was formed in 2015, when the group reorganized its business verticals, transferring the fertilizer and part of the chemical businesses into STL, to enable increased focus on growing the group's fertilizer business. 16. Established in 1979 as an ammonia producer, the DFPCL group is one of India's leading fertilizer and chemical businesses, with leading market shares in each of its individual businesses.16 (Confidential information deleted). 17. The group is headquartered in Pune, Maharashtra. Each of its business lines has an independent management team, sales and marketing team, finance team, and R&D team. However, several functions are also centralized at the group's headquarters, including the group treasury, which manages overall fund raising; the projects team, which manages all new projects during the initial stages of construction and commissioning; corporate strategy; and the manufacturing team, human resources, and information technology. Each of the businesses is headed by a president who (i) is responsible for the business's overall financial contribution and growth and (ii) reports directly to the chair and the board of directors.

Contact Information

Responsible ADB OfficerDora, Tushna
ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main.

Bank Documents

- Enhanced FAST report [Original Source]
- Gender Action Plan [Original Source]
- Project Disclosure PDF [Original Source]
- Smartchem Climate-Smart High-Efficiency Crop Nutrition Project: Initial Poverty and Social Analysis [Original Source]