

Minority Shareholder Disputes Silvinit Merger

By [The Moscow Times](#)

February 01, 2011

The  Moscow Times

The merger between potash producers Uralkali and Silvinit is at risk as Silvinit minority shareholder Acron has filed suit in a Perm region arbitration court demanding that the merger decision be invalidated and a vote on the deal be prohibited at the shareholders meeting.

Acron, the country's third-largest nitrogen-fertilizer maker, owns 8.1 percent of Silvinit. Its representative was the only member of the Silvinit board that voted against the merger at a December meeting, because he disagreed with the valuation of Silvinit, a source told Vedomosti.

The combination of Uralkali and Silvinit would create the world's second-largest producer of potash — a raw material used in fertilizers — after Canada's Potash Corporation of Saskatchewan.

Silvinit was valued at \$7.8 billion for the merger. Uralkali, the country's largest potash miner

by market value, was valued at \$14 billion.

The Association for the Defense of Investors Rights took a position in December against the conversion coefficient of Silvinit shares into Uralkali shares and the share price offered to shareholders.

At that time, association executive director Denis Kulikov said the valuation of the two companies should be equal.

Anton Panchenkov, senior lawyer at the Goltsblat BLP firm, is skeptical of Acron's chances, however. Minority shareholders can only dispute board decisions, he said, adding that Acron's actions may be intended to provide time for it to sell its shares in Silvinit.

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