

# Indians tout \$600m Burrup raising

Michael Smith

Western Australia's Burrup Fertilisers is drawing up plans to brave the worst sharemarket conditions for more than two decades and launch a \$600 million float in Australia's largest initial public offering for more than six months.

*The Australian Financial Review* understands Burrup, backed by India's entrepreneurial Oswal family, has appointed UBS as sole lead manager on the planned listing and will start sounding out investor appetite as early as next week.

A global credit squeeze and volatile stockmarkets have put the brakes on capital raisings, which hit record levels in Australia last year, but Burrup is thought to have gained confidence from investor appetite for agriculture players as conditions in the sector improve.

The float would be worth between \$500 million and \$600 million, making it the largest since the ill-fated listing last July of mortgage provider RAMS Home Loans, which was forced to sell most of its business to Westpac Banking Corp

in November after failing to refinance debt.

A company even considering such a large float in current conditions will be a boost of confidence for capital raisings after Australian IPOs recorded their worst month in almost two years in January, according to data released by Dealogic.

Burrup owns the \$700 million liquid ammonia plant on the Burrup Peninsula near Karratha in Western Australia's north-west, which the company completed in 2006 after six years of planning and is believed to be looking at fertiliser group Incitec Pivot to determine valuation.

Incitec is trading at 17.6 times forecast 2007-08 earnings and 19 times 2008-09 earnings, according to Bloomberg data.

The owners of Burrup Fertilisers credit themselves on their website as "the Indians who came to the rescue" during Western Australia's power crisis earlier this year, when the state government secured extra power from Burrup's plant after an electrical fault halted output at

Woodside Petroleum's North-West Shelf venture.

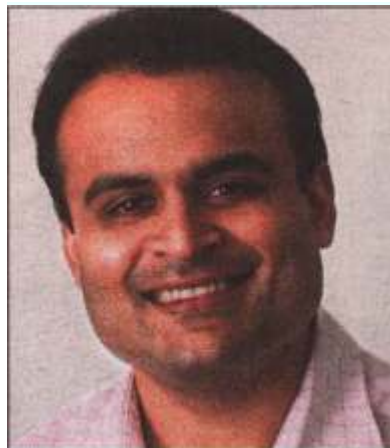
Burrup managing director Pankaj Oswal and his wife Radhika have become well-known figures in Perth society since arriving in Australia in 2000, making headlines after buying property in the exclusive suburb of Peppermint Grove last year.

They reportedly have plans to build an Indian-style mansion worth up to \$70 million, which could be the most expensive in Australia.

Burrup started in Australia in 2000 after successive state governments encouraged projects promoting downstream minerals processing from the North-West Shelf.

The plant has a production capacity of 760,000 tonnes annually, making it one of the world's largest.

Burrup says on its website the plant produces 6 per cent of the total world output of tradeable ammonia. Ammonia is a key ingredient in urea, a nitrogen-based fertiliser. The project was thought to be the biggest Indian investment in Australia.



Pankaj Oswal is a society figure in Perth.

## KEY POINTS

- The entrepreneurial Oswal family has been encouraged by interest in agricultural players.
- The Burrup Fertilisers float would be the biggest in more than six months
- UBS has been appointed sole lead manager to test investor appetite.