

Global meltdown forces fertiliser chief to put \$3b float on the backburner

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Fertiliser magnate Pankaj Oswal, the Indian migrant who has soared to prominence in WA thanks to his grand plan to build a Taj Mahal lookalike in the middle of Peppermint Grove, has become the State's biggest victim of the global financial meltdown after being forced to shelve plans for a \$3 billion sharemarket float of his Burrup Fertilisers business.

Mr Oswal, who arrived in Perth eight years ago with a vision to develop a \$700 million liquid ammonia plant on the Burrup Peninsula, had hoped to pocket up to \$450 million by selling down his holding in the ammonia operation to 53 per cent.

But Mr Oswal's advisers, investment bank UBS, admitted yesterday that crumbling financial markets had left them unable raise the \$500 million to \$600 million he was seeking.

"We are ready to go, we were ready to go even today if we had to, but given what has happened in the US we have to wait and see what transpires," Mr Oswal said. He was happy to delay the float until he received the "right price" for what he described as the world's largest ammonia manufacturing plant. "So what's the hurry? Eventually Burrup will be a public listed company in this year, even if we have to delay to get the right price," he said.

UBS managing director investment bank Simon Cox agreed that current market conditions would deliver the price Mr Oswal wanted. "The reality is that whilst we have a business that is very well liked and in a space that is extremely popular, the broader market conditions were probably not going to get him a price that he liked and get him the breadth of register that he wishes for," Mr Cox said. "The volatility and the constant buffeting that investors are getting each and every day just mean that investors have little appetite for new stories."

The decision to shelve the \$3 billion float came amid a fresh round of carnage on global markets that sent Australian stocks to an 18 month low on Monday on fears the US financial market was in worse shape than many had feared.

Australian investors were holding their breath on the Australian market yesterday ahead of last night's critical US Federal Reserve decision on interest rates and vital reports due from banking heavyweights Goldman Sachs, JPMorgan and Lehman Brothers.

The market's key index, the S&P ASX 200, finished 0.9 points down to 5086.1 despite a muted rally among banking stocks as investors took bets on whether the US central bank would meet expectations by slashing rates by 1 percentage point.

The broader all-ordinaries index slipped 9.4 points to 5163.8.



Victim: Fertiliser magnate Pankaj Oswal with his wife Radhika. Mr Oswal has become WA's biggest victim of the global financial meltdown.