

Burrup client pays \$178m to increase stake

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Three months after the Varanus Island gas explosion scuttled Burrup Holdings' float plans, owner Pankaj Oswal has sold a further 5 per cent stake in the company to Norwegian fertiliser giant Yara International for \$178.2 million.

Burrup owns and operates an ammonia plant on WA's Burrup Peninsula, with an annual production capacity of 850,000 tonnes of liquid ammonia.

Mr Oswal stood to pocket as much as \$450 million by selling 17 per cent of his 70 per cent holding to public investors through the float.

Yara, which has a 20-year offtake agreement with Burrup, had also intended to sell 3 per cent of its stake into the raising, which would have valued Burrup around \$2.5 billion.

However, Mr Oswal was forced to pull the prospectus for a second time in July because of the ongoing effects of the gas crisis, which cut power to the plant and forced a review of the prospectus numbers.

Mr Oswal said in a release yesterday that the sale price of the 5 per cent stake to Yara, which now has 35 per cent of Burrup, illustrated the leading position of Burrup in the global ammonia market.

"This transaction provides a benchmark for the floor price and underpins the IPO valuation of the company," Mr Oswal said.

But Burrup spokesman Wolfgang Jovanovic said the company could not comment on the progress of the float, because Varanus operator Apache had not confirmed when the gas supply would be fully restored.

The relationship between Mr

Oswal and Yara has not been simple.

Less than two years ago Yara, along with Mr Oswal's other business partner Vikas Rambal, supported an application to place Burrup into receivership.

Yara also sued Burrup Holdings and Pankaj Oswal in a separate legal action, for about \$250 million, but withdrew the action ahead of the proposed float.

The company said yesterday that the latest purchase increased its position in a low-cost gas area.

"It also strengthens Yara's contractual rights to downstream upgrading and marketing from BHL in an interesting market for both our industrial and fertiliser products," Yara International president and chief executive Thorleif Enger said

Mr Oswal retains 65 per cent of Burrup.



Pankaj Oswal: Pulled the prospectus for a second time in July because of the Varanus gas crisis, which cut power