

HD **Rambal waits for urea moment**

BY Sam Jordan Jones

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Vikas Rambal is pushing ahead with his multi-**billion** dollar fertiliser plant and pursuing a newfound appetite for **property** investment.

Perdaman Industries boss Vikas Rambal says while a move interstate remains on the cards, he would prefer his **company's** stalled \$3.7 **billion** urea project in the state's South West to go ahead, amid ongoing efforts to secure a new **coal** supply.

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Construction on Perdaman's **coal**-to-urea plant near Collie was expected to start as early as 2010. The plan fell into disarray, however, when the project's **coal** supplier, Griffin **Coal**, which is owned by Indian conglomerate Lanco Infratech, walked away from the development at the 11th hour.

"My heart is still with the urea project, I want to make it happen," Mr Rambal told Business News.

Despite his preference to build the plant in Western Australia, Perdaman has been in discussions with **coal** companies in NSW and Queensland, and Mr Rambal acknowledges he could move the plant east if a deal were secured.

Property

Mr Rambal's not sitting on his hands as he seeks to shore-up **coal** supply for the urea plant, however, with Perdaman recently making a move into the **commercial property** sector with the **purchase** the Northam Boulevard Shopping Centre in February for \$14 **million**.

Mr Rambal, a former business partner of fellow Indian national Pankaj Oswal, said he was aiming to grow Perdaman's **commercial property** portfolio to the value of \$75 **million** this year and was eyeing further assets in Northbridge, as well as Queensland.

He said he was also looking at potential investments in the technology space, but refused to provide further details.

"Living in this country, options always come, and as a businessman you have to keep your eyes and ears open for business ventures," Mr Rambal said.

Legal disputes

Mr Rambal was a key player in the development of Burrup Fertilisers' ammonia plant in Karratha in the 2000s, which was led by Mr Oswal.

The pair had a bitter falling out, after which Mr Rambal received about \$87 **million** for his 15 per cent **stake** in Burrup in 2007.

Less than two years later, Mr Rambal announced plans to build the **coal**-to-urea fertiliser plant near Collie.

After gaining the necessary approvals and awarding construction contracts, Mr Rambal said he was on the cusp of signing a debt funding arrangement with his lenders when Lanco pulled out of its **coal** supply deal.

A two-year court battle with Lanco ensued, ending in April last year with Perdaman receiving \$7.5 million in damages.

Mr Rambal has since been in negotiations to source coal from another Collie miner, Premier Coal, which is owned by China-based Yanzhou Coal Mining Company. However the discussions have stalled and there remains no sign of a supply agreement.

In addition to the Lanco lawsuit, Mr Rambal recently settled a claim from the Australian Tax Office, which was reportedly seeking \$20 million in unpaid taxes over his payout from Burrup.

The case was dismissed in April this year after both sides agreed to an out-of-court settlement.

Mr Rambal would not comment on the size of the settlement but described the transaction as "amicable".

Frustration

Despite Mr Rambal's commitment to the urea plant, he remains frustrated at not being able to secure a coal supply in Collie, and recently announced he was considering moving the development to the east coast or the US, as first reported by Business News last month.

"It's mind boggling that a project worth nearly \$4 billion can stop for 2 or 3 million tonnes of coal," Mr Rambal said.

"We are not asking for a discounted coal contract; we would pay market value and it's very hard to understand what the business rationale is."

He said the location of the plant now hinged on where the company could source its supply of coal.

Mr Rambal added that the various approvals and associated red tape Perdaman would be required to obtain in any interstate move would be an inconvenience, but not a deciding factor.

"There will be a delay if we move this project from Collie to a new location because we have to get environmental approval, but I don't think that will be the end of the world," he said.

If Perdaman secured a coal supply contract within WA, Mr Rambal said the company would only have to sign a debt funding agreement, which he expected to be straight forward given the due diligence previously completed by its lenders.

"That's the beauty of it. We have all the approvals, all the construction contracts are in place," he said.

"It is a matter of getting coal supply, getting the banks in one room and then we should be in construction within six to eight months."

The lenders are expected to stump up 65 per cent of the capital required to build the project, while Mr Rambal and others shareholders in the project would provide the remaining 35 per cent.

Mr Rambal said with a fall in the coal price and the Australian dollar since 2011, the project had become more viable and he didn't expect any problems securing financing.

"I am keeping in touch with the major banks - they are all interested," he said.

Problematic investments

Mr Rambal's perseverance to develop the urea plant and newfound appetite for commercial property comes against a backdrop of problematic investments in WA by Indian nationals.

Mr Oswal's Burrup Fertilisers was placed into receivership by the ANZ Bank in December 2010 just months after he left Australia in controversial circumstances.

The fertiliser plant was later bought by US gas provider Apache Energy and Mr Oswal's estranged business partner in the project, Norwegian fertiliser giant Yara International.

Furthermore, concerns over the future of Lanco Infratech's Griffin Coal were raised last month after the subsidiary posted a \$70 million loss in the financial year ending March.

Griffin, which operates coal mines near Collie, has been propped up by its parent company Lanco Infratech as the coal miner battles falling commodity prices, lower coal quality and bad weather.

Another Indian-owned WA-focused **mining company**, Aditya Birla Minerals, has also come under increasing financial pressure after it was forced to shut down in March its only operating mine - the Birla Nifty**copper** mine in the Pilbara.

The **company**, which is owned by the \$US40 **billion** Indian conglomerate Aditya Birla **Group**, stood down hundreds of workers without pay after a sinkhole appeared at the mine, prompting the Department of Mines and Petroleum to shut the operation while an investigation is completed.

Aditya Birla Minerals posted a loss of \$224,000 for the financial year ending March. This came on the back of a \$8.3 **million** loss for the year earlier.

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