

Financial performance & growth plans of The Sanmar Group

Confident of sealing the Rs. 5,500-crore turnover mark by 2009-10

Special Correspondent

CHENNAI: The Sanmar Group is confident that it would reach the Rs. 5,500-crore turnover mark by 2009-10, by which time, the group's profit before tax would have grown to around Rs. 800 crore. The group's turnover stood at Rs. 3,200 crore in 2006-07 and profit before tax at Rs. 200 crore.

Addressing a press conference here on Friday, Vice-Sanmar, Deputy Chairman and the Sanmar Group has already committed an investment of around Rs. 4,000 crore. The group, he said, was expected to set up a new private limited company of at least three to five years. The group is also planning to set up a combination of new investments, business expansion and acquisition. Mr. Vijay Sankar and the Deputy Chairman reiterated the group's philosophy of never compromising on quality.

This is perhaps the first time that Sanmar is coming out with concrete numbers for the group. The group is the largest private sector group in the country, but a professionally



Sanjay Sankar (left), Chairman, Sanmar Group, with Vijay Sankar, Deputy Chairman, at a press conference in Chennai on Friday.

Chennai: 14th April 2007

managed firm. The group's investment in T-act Chemical Industries (T-act) in Paris would be an amount of Rs. 200 million, which is the same as the group's investment in T-act in March. The T-act plant at Burr

head in Egypt has a capacity of 100,000 tonnes of limestone. Sanmar had already set up an investment plan for T-act that would be set up by another Rs. 200 crore. Further, it was proposed to set up an investment of Rs. 200 crore in T-act in March. The T-act plant at Burr

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• To set up greenfield foundry

• Chemplast Ships dividend

Sanmar, specialising in turbo-charger housings for water-motors and land-based turbines. "We have a great track record," Mr. Vijay Sankar said.

To support the German foundry, the group had decided to set up a greenfield foundry in India, he added. This would be up and running next year, he said.

Chemplast Shipping, the first listed company in the group, had in the past, this reported sales and profit of Rs. 200 crore in 2006-07.

The group's profit before tax would have grown to around Rs. 800 crore by 2009-10, by which time, the group's profit before tax would have grown to around Rs. 800 crore. The group's turnover stood at Rs. 3,200 crore in 2006-07 and profit before tax at Rs. 200 crore.

Sanmar Group unveils expansion plans

Confident of scaling the Rs. 5,500-crore turnover mark by 2009-10

Special Correspondent

CHENNAI: The Sanmar Group is confident that it would scale the Rs. 5,500-crore turnover mark by 2009-10, by which time, the group's profit before tax would have grown to around Rs. 800 crore. The group's turnover stood at Rs. 1,596 crore in 2006-07 and profit before tax at Rs. 269 crore.

Addressing a press conference here on Friday, Vijay Sankar, Deputy Chairman, said the Sanmar Group had already committed an investment of around Rs. 4,000 crore. The group, he said, was projected to grow at a compounded annual growth rate of 51 per cent over the next three years. "This will be built on a combination of greenfield investments, brownfield expansion and acquisition," Mr. Vijay Sankar said. The Deputy Chairman reiterated the group's philosophy of never compromising on margins.

This is, perhaps, the first time that Sanmar is coming out with composite numbers for the group. This comes in the wake of two major buys overseas, signalling a radical transformation in the group. "We are a privately-owned group, but professionally



WIDER OPTIONS: N. Sankar (left), Chairman, Sanmar Group, and Vijay Sankar, Deputy Chairman, addressing a press conference in Chennai on Friday.

— PHOTO: R. RAGU

managed one," N. Sankar, Chairman of the group, said.

Mr. Sankar said the group's investment in Trust Chemical Industries (TCI) of Egypt would be in excess of \$550 million, including the acquisition cost of \$300 million. The group had obtained a bridge loan of \$300 million from ICICI Bank to fund the acquisition, which was completed in March. The TCI plant at Port Said in Egypt had a capacity to

produce two lakh tonnes of caustic soda, 1.80 lakh tonnes of chlorine and about 4,900 tonnes of hydrogen. Sanmar had already kick-started an expansion plan for TCI that would see its caustic soda capacity go up by another 75,000. Further, it was proposed to put up an ethylene dichloride (EDC) facility with a capacity of 2.20 lakh tonnes.

There was also a plan to produce four lakh tonnes of

vinyl chloride monomer (VCM). A part of this (two lakh tonnes) would be used to make PVC at a new facility in Egypt. The balance would go as feedstock for the Sanmar group's Rs. 520-crore two lakh tonne-capacity greenfield suspension PVC project at Cuddalore.

The Chairman said the group had taken management control of Eisenwerk Erla, a modern facility in Ger-

• To set up greenfield foundry

• Chemplast skips dividend

many specialising in turbo-charger housings for automobiles and integrated manifolds. "We have a great front-end," Mr. Vijay Sankar said.

To support the German foundry, the group had decided to set up a greenfield foundry in India, he added. This would be up and running in a year, he said.

Chemplast Sanmar, the lone listed company in the group, had, in the meanwhile, reported sales and other income of Rs. 706.07 crore for 2006-07, up from Rs. 681.09 crore. The profit after tax stood at Rs. 23.19 crore (Rs. 36.71 crore). Mr. Vijay Sankar said the dip in the profit was due to the inclusion of Montreal Protocol compensation of Rs. 16.71 crore relating to the phase out of carbon tetrachloride and other similar allocations. In view of the ongoing expenditure programme, the board of the company had decided to skip the dividend for 2006-07.

Sanmar plans growth through acquisitions

ENS ECONOMIC BUREAU

Chennai, April 13: The Sanmar Group has completed the acquisition of Trust Chemical Industries (TCI), Egypt in late March this year (acquired for \$ 275 million) with investment in Egypt likely to go up to \$ 550 million over the next two years. The project when fully commissioned will have a capacity of 2,75,000 tonne per annum (tpa) of caustic soda and 4,00,000 tpa of VCM, half of which is likely to be supplied to Cuddalore in Tamil Nadu for the Chemplast greenfield PVC facility. The other half will be converted into downstream PVC manufacture for sale in the local and regional markets for which a plant of 2,00,000 tpa capacity is being set up at Port Said, Egypt. These projects are expected to be completed by early 2009.

Chairman, N Sankar told media persons on Friday that the acquisition was in line with Sanmar's strategy of being vertically integrated in commodity products. The Group also completed the acquisition of a Rs 460 crore foundry unit, Eisenwerk Erla GmbH in Germany in January this year which specialises in turbo-charger housings for automobiles and integrated manifolds. Sankar added "This acquisition enhances our position as a strong supplier to the transportation industry."

The Group has an ongoing investment plan of about Rs 3,950 crore for its domestic and

overseas plans and expects the Group sales to be over Rs 5,500 crore in 2009-10, growing at a CAGR of 51 percent. This would be achieved through greenfield investments and brownfield expansions, acquisitions and organic growth.

Deputy Chairman, Vijay Sankar said the Group sales for 2006-07 stood at Rs 1,596 crore with profit before tax contributing Rs 269 crore. Chemplast Sanmar Ltd, a listed company of the Group, contributed net sales of Rs 613 crore and a PBT of Rs 32 crore during FY07. Sankar said chemicals contributed Rs 600 crore of the Group's business, engineering Rs 690 crore, specialty chemicals Rs 150 crore and shipping Rs 110 crore. In 2009-10, the Group is targeting Rs 1,700 crore from chemicals in India and Rs 1,600 crore from Egypt. Specialty chemicals are expected to contribute Rs 270 crore, engineering Rs 1,750 crore and shipping Rs 200 crore.

The Sanmar Group is planning to commission a 30 tpa plant for manufacture of polysilicon in 2007-08. A steel foundry near Trichy will be operational in less than a year with a capacity of 30,000 tpa. A greenfield PVC project at Cuddalore with a capacity of 2,00,000 tpa and an investment of Rs 520 crore is likely to be completed by June 2008. All the Indian projects will involve an investment of Rs 1,000 crore debt. A sum of Rs 200 crore has been earmarked to be raised through a rights issue.

Sanmar scripts Rs 3,950 cr expansion

By OUR CORRESPONDENT

Chennai, April 13: The Sanmar group has chalked out a massive Rs 3,950 crores expansion programme and greenfield projects in chemicals, engineering, speciality chemicals and shipping business and is aiming at revenue of Rs 5,500 crores in the next three years from Rs 1,596 crores now, group chairman N. Sankar said on Friday. "With a combination of greenfield and brownfield expansion, acquisitions and strong organic growth, we expect to grow by 350 per cent or a CAGR of 51 per cent in the next three years," Mr Sankar told reporters here.

The majority of these projects are expected

to be completed by this fiscal. He said the group would generate Rs 200 crores through a rights issue from the flagship company Chemplast Sanmar Ltd., while Rs 1,000 crores would be through debt from banks, and the remaining amount would be raised through a foreign bond issue and internal accruals.

The group has completed the acquisition of the Egypt-based Trust Chemical Industries Ltd. "We will be infusing \$550 millions in the Egypt project for the acquisition and further capacity expansion of caustic soda production capacity," said Vijay Sankar, deputy chairman of the group.

The Egypt project, when fully commis-

sioned, will have a capacity of 275,000 tpa of caustic soda and 400,000 tpa of vinyl chloride monomer (VCM), half of which is likely to be supplied to its Indian plant at Cuddalore for Chemplast's greenfield PVC facility being set up.

Other half will be converted into downstream PVC for sale in the North Africa and Europe.

According to Mr. Sankar, the Egypt project has very low operational costs, apart from bring one of the lowest energy cost nations in the world. "The combination of scale and vertical integration and low operational cost will make a positive impact on the profit," he said.



Sanmar group chairman N Shankar briefing the media about the performance and results of the group in Chennai on Friday.

Sanmar group on growth mode

NT Bureau

Chennai, Apr 15:

It has been growth all the way for Sanmar group with new projects during the financial year 2006-07.

The group has achieved an overall sales of Rs 1596 crore and Profit Before Taxes (PBT) of Rs 269 crore. And Chemplast Sanmar Limited had netted a net sales of Rs 613 crore and PBT of Rs 32 crore for the financial year 2006-07.

Speaking to media persons on Friday, Sanmar group chairman N Sankar said that the group acquired Eisenwerk Erla GmbH (in Erla of Germany), a modern foundry specialising in turbo-charger housings for automobiles and integrated manifolds on 1 January 2007 and added that the German company posted a turnover of 80 million euros (Rs 460 crore). The acquisition of German company has made the group stronger.

Interestingly, Sanmar group has invested Rs 100 crore in environment management initiatives. And Chemplast Sanmar is investing Rs 26 crore in a customised technology for achieving zero discharge of liquid effluents. This group has also invested Rs 75 crore in conversion process of mercury cell to environment friendly membrane cell

production process at its Mettur caustic soda facilities.

In the following three years the group expects to develop by 350 per cent at CAGR of 51 per cent. It also expects its group sales to be over Rs 5500 crore in 2009-10. The group has an on-going investment plan of about Rs 3950 crore and it is in the process of project implementation across its various businesses.

The group has also completed the acquisition of Trust Chemical

Industries (TCI) of Egypt in late March and the Egyptian operations have already been staffed with senior and middle management personnel from other entities of Sanmar. Through acquisition and further investment in projects, Sanmar will invest over \$550 million over the next two years.

The project when commissioned will have a capacity of 275,000 tpa of caustic soda and 400,000 tonnes per annum of VCM, half of which is likely to be supplied to Cuddalore for the Chemplast greenfield PVC facility being setup.

The other half will be converted into downstream PVC manufacture for sale in local and regional markets for which a plant is being setup at Port Said in Egypt. Vijay Sankar, deputy chairman, Sanmar Group was also present on the occasion.

Provisions cause Chemplast Sanmar to report loss in Q4

Net for 2006-07 dips on non-receipt of compensation

Our Bureau

Chennai, April 13

Chemplast Sanmar Ltd has reported a net loss of Rs 1.38 crore for the fourth quarter of 2006-07. This was because of a Rs 8-crore provision the company made against a disputed tax liability, which the company is confident will be decided at the Tribunal level in its favour.

The company made a pre-tax profit of Rs 8.50 crore for the quarter, almost same as in the corresponding quarter of the previous year.

The income tax authorities have disputed the company's claim that the income earned from the use of a captive power unit is tax-exempt.

There are many Court cases that have been decided in the favour of the assessee, Mr P.S. Jayaraman, Managing Director, Chemplast, told *Business Line*. Yet, following a conservative approach, the company decided to make a provision for the disputed liability, he said.

Turnover for the quarter remained flat at Rs 149.30 crore compared with Rs 148.20 crore previously.

For the full year 2006-07, Chemplast Sanmar Ltd has reported a lower net profit of Rs 23.19 crore for the year 2006-07, against Rs 36.71 crore for the previous year.

The dip in net profit is



Mr N. Sankar (left), Chairman, Sanmar Group, and Mr Vijay Sankar, Deputy Chairman, Sanmar Group, at a press conference in Chennai on Friday. - Bijoy Ghosh

mainly because of the non-receipt of compensation payment under the Montreal Protocol arrangement. (The company gets the compensation for phasing out the production of carbon tetrachloride, a greenhouse gas.)

In 2005-06, Chemplast received Rs 18.40 crore as compensation against Rs 1.76 crore last year. Chemplast says that the "disbursal of

compensation payment of Rs 12.70 crore was delayed" and would be received in the first quarter of the current year.

Even if the amount is added to the company's net profit of Rs 23.19 crore, the bottomline is flat, reflecting the increase in prices of some raw materials. For example, the prices of methanol, which Chemplast uses to produce chloromethane solvents, rose from \$300 a tonne in August to a peak of

\$510 a tonne in a few months.

"With a view to conserving resources to meet the capital expenditure programmes, the directors do not recommend payment of dividend on the equity shares for 2006-07," the company says in a press release.

Turnover for the year increased 3.6 per cent to Rs 706 crore against Rs 681 crore previously.

Chemplast Sanmar has

chalked out an investment programme of Rs 1,000 crore, more than half of which (Rs 520 crore) will be for putting up a 200,000-tonne, green-field PVC plant at Cuddalore.

The rest of the proposed investments will go into many other projects which include a 48.5-MW coal-fired power plant and capacity expansion of the polysilicon and PVC pipes units.

Sanmar lines up \$550-m investment in Egypt

More domestic projects in the pipeline

Our Bureau

Chennai, April 13

The Sanmar group, which completed the acquisition of Trust Chemical Industries (TCI) of Egypt last month for \$275 million (Rs 1,200 crore), proposes to invest additionally at least another \$275 million on revving up the plant's main operations and downstream products.

The group's only listed company, Chemplast Sanmar Ltd, will also benefit from the acquisition, the group's Chairman, Mr N. Sankar, told a press conference here on Friday. TCI's one-year-old plant at Port Said on the Suez Canal will produce 275,000 tonnes of caustic soda, and 235,000 tonnes of chlorine. The chlorine will be used to produce 400,000 tonnes of

Vinyl Chloride Monomer (VCM), a feedstock for PVC that Chemplast produces.

Half the production of VCM is to be brought to Cuddalore, where Chemplast is putting up a Rs 520-crore, 200,000-tonne PVC plant. Chemplast also produces caustic soda. Because power cost in Egypt is very low — 90 paise a unit — TCI will always be a low-cost producer of caustic soda. The caustic soda industry is very cyclical and during a downturn Chemplast could buy caustic soda from TCI and sell it in India.

MULLING BOND ISSUE

The acquisition of TCI was funded by a \$300-million bridge loan from ICICI Bank. To repay the loan and for fur-

ther investments in TCI, the Sanmar group is studying various options, including a bond issue in Europe, Mr Sankar said.

The Rs 1,200-crore investment in Egypt is a part of a Rs 3,950-crore investment programme the Sanmar group has planned for the next three years, the group's Deputy Chairman, Mr Vijay Sankar, said. The investments would fuel the group's topline growth — expected to reach over Rs 5,700 crore from Rs 1,600 crore now by 2009-10.

OTHER PROJECTS

Apart from TCI and the Cuddalore plant, the group intends to put up a 20,000-tonne brownfield steel foundry near its existing

foundry at Tiruchi. It also intends to build a plant for 30-tonne polysilicon plant, whose output will be used for producing silicon wafers. Yet another project is a 48.5-MW coal-based power project, which will replace its furnace oil-based power plant at Mettur.

The group also spent Rs 150 crore on acquiring a German foundry, Eisenwerk Erla GmbH. The Rs 460-crore company's foundry is the oldest foundry in the world, set up in 1451 AD. Eisenwerk is a profitable company.

It was said at the press conference that the outlay of the Cuddalore PVC plant was increased by Rs 70 crore for a 30,000-tonne capacity enhancement.

Chunk of land waiting to be developed

M. Ramesh

Half a decade ago, when the Sanmar group was evaluating the merits of getting into textiles business, it bought a chunk of land — 150 acres near Sriperumbudur.

The textile project was given up, but the group still owns the land. Today it is worth, at a conservative estimate, Rs 450 crore. On the sidelines of a press conference, the Chairman of the Sanmar group, Mr N. Sankar, said the group would develop the land. He did not want to elaborate on it.

In addition to this, the group has surplus lands at Cuddalore and Karaikal, more than 100 acres at each location. These lands, however, are meant for housing future expansion of the PVC plant at Cuddalore and the caustic soda plant at Karaikal.

Sanmar eyes global slot in PVC, to invest Rs 4,000 cr

Corporate Bureau

Chennai, Apr 13

In order to become one of the top 20 makers of PVC in the world, Sanmar Group has embarked upon a major capital expenditure plan, including investing \$550 million in its recently acquired Egypt-based Trust Chemical Industries (TCI) in the next two years, said N Sankar, chairman, Sanmar Group.

The company hopes the revenues will touch \$1.3 billion (Rs 5,530 crore) by 2009-10 from the current level of Rs 1,596 crore.

The company, which is in the process of implementing capacity addition, is expected to become one of the top 20 PVC makers in the world with a combined capacity of around 4,60,000 tonne per annum, (TPA) including a 2,00,000 tonne greenfield PVC plant at Cuddalore, he said.

Addressing a press conference here on Friday to unveil group plans, shipping apart from chemicals, Sankar said that the company has completed the acquisition of Egypt-based TCI with an investment of \$275 million, which was fully funded by ICICI Bank.

"We plan to make similar investments in two years to expand its capacity to 2,75,000 TPA of caustic soda and 4,00,000 tonne TPA of vinyl chloride monomer (VCM), half of which is likely to be supplied to the proposed 2,00,000 TPA PVC plant at Cuddalore," he

said.

According to him, in addition to the Rs 3,500-crore investments into chemicals business, the company will also be investing around Rs 500 crore into engineering, speciality chemicals and shipping business to achieve the turnover target by 2009-10.

"We have many options to raise the requisite funds, including raising through private placement, issuing bonds and other modalities," he said. Since Egypt acquisition was funded by a bridge loan from ICICI, Sanmar Group hopes to repay through its long-term fund raising plan, he added.

"We are targeting compounded annual growth rate (CAGR) of 51% in net sales to Rs 5,532 crore by 2009-10. The EBITDA margin is expected to be around Rs 1,531 crore (59% CAGR) and a PBT of Rs 797 crore (45% CAGR)," said Vijay Sankar, vice chairman, Sanmar Group.

Explaining details, Sankar said that the international business is expected to contribute nearly 50% of the projected turnover and chemicals, in particular, are expected to contribute 60% in overall turnover. The engineering business is projected to grow from Rs 650 crore now to Rs 1,750 crore by 2009-10, he added. On the engineering side, he said that Eisenwerk Erla GmbH, a German-based company, which was acquired by Sanmar Group a few months back, hopes to bring in sizeable revenue.

Sanmar eyes top global spot in core chemicals

Our Bureau
CHENNAI

CHENNAI-based Sanmar group is flexing its muscle to become one of the top global players in the core business of chemicals (caustic soda, VCM and PVC) and engineering. It will invest Rs 3,950 crore over the next two years to lift group net sales to over Rs 5,532 crore (\$1.3 billion) by 2009-10.

Group chairman N Sankar on Friday said: "The group is undergoing a rapid transformation. We are targeting aggressive growth following the seamless integration of our two major overseas acquisitions in Egypt and Germany with domestic operations besides the strong organic growth expected from domestic expansions". Deputy chairman Vijay Sankar said the group's topline has been growing at 20%. It grew from Rs 955 crore in 2003-04 to Rs 1,323 crore in 2005-06. Again net sales grew by 20% at Rs 1,596 crore in 2006-07. It is projected to touch Rs 5,532 crore by 2009-10 with a CAGR of 51%.

He said the topline growth is to be achieved without compromising on margins. Earnings before interest, tax and depreciation (EBIT-DA) is expected to touch Rs 1,531 crore in 2009-10 from Rs 380 crore in 2006-07 (CAGR of 59%) and profit before tax Rs 797 crore from Rs 269 crore (45%).

"We hope to achieve this with our reputation in financial management, cutting edge HR practices and a crack management team",

Chemplast net slides

Chemplast Sanmar has reported a 37% drop in net profit at Rs 23.19 crore for the year ended March 31, 2007 against Rs 36.71 crore in the previous year. Sales and other income stood at Rs 706 crore (Rs 681 crore). Net sales came to Rs 613 crore last year. The board has skipped equity dividend to conserve resources. The company said profit has declined due to the non-receipt of the Montreal protocol compensation through it was due last year. In the previous year, it received Rs 16.71 crore.

he said. Asked about the sources of funding, they said the company has tied up Rs 1,000 crore as debt while Rs 200 crore will come from a rights issue by the only listed company, Chemplast Sanmar. The group also hoped to raise an array of funds in two months for repaying the \$300-million bridge loan taken from ICICI for funding the overseas acquisition in Egypt. Of the total capex, Rs 2,500 crore will be used to expand the overseas chemicals business through the recently acquired Trust chemicals (TCI) in Egypt. Rs 1000 crore in scaling up the capacities of Chemplast Sanmar and Rs 150 crore each in

► Sanmar to invest Rs 3,950 crore over the next two years to lift group net sales to over Rs 5,532 crore (\$1.3 billion) by '09-10

► To set up another foundry near the existing facility near Trichy. With a combined capacity of 30,000 tonnes, Sanmar will be among the top ten steel foundries in the world



Sanmar Group chairman N Sankar and deputy chairman Vijay Sankar at a press meet in Chennai on Friday. —ET

expanding the operations of engineering, shipping and speciality chemicals businesses.

Mr Vijay Sankar said the group completed takeover TCI in Egypt last month for \$ 300+ Million. It will pump in additional funds to expand the capacities making a total investment of \$ 550 Million. The two year old plant is now operating only at 40% of its 2-lakh tonnes caustic soda capacity.

When fully operational, it will have 2.75 lakh tonnes of caustic soda and 4 lakh tonnes of VCM, half of which will be used for setting

up a 2 lakh tonnes PVC plant in Port Said for the local and regional markets.

The balance will be supplied to the new two lakh tonne PVC plant being set up by Chemplast at Cuddalore. Once the combined capacities are completed by early 2009, Sanmar will be one of the top 20 PVC producers in the world with a combined volume of 4.6 lakh tonnes against 64,000 tonnes of Chemplast. He said Egypt has low operational costs besides being one of the lowest energy cost nations.

Chemplast

■ Chemplast Sanmar will expand its plant near Chennai and set up a greenfield plant close to the Maharashtra-Karnataka border. The decision came after the board of directors approved an increase in the capacity of PVC pipes to 56,000 tonnes per annum through the above mentioned plan.

Sanmar Group set to triple growth in three years

BS REPORTER
Chennai, 15 April

Chennai-based Sanmar Group is undergoing a major transformation. Backed by an ongoing investment plan of about Rs 3,950 crore in greenfield and brownfield expansions and acquisitions in overseas markets, the group is aiming to grow three-and-a-half times, at a compound annual growth rate (CAGR) of 51 per cent to achieve net sales of over Rs 5,500 crore (\$1.3 billion) by 2009-10.

The overall group net sales for the year 2006-07 was Rs 1,596 crore and profit before tax stood at Rs 269 crore.

The group's only listed entity Chemplast Sanmar Ltd reported a 37 per cent decline in net profit at Rs 23.19 crore for the year ended March 31, 2007, compared with Rs 36.71 crore in the same period of the previous year. However, net sales and other income of the company grew to Rs 706.07 crore from Rs 681.09 crore. The decline in profit was due to non-receipt of compensation pay-

ment under the Montreal Protocol arrangement.

With a view to conserving resources to meet the capital expenditure programme, the directors do not recommend payment of dividend on equity shares for 2006-07, said a company release.

The company's Rs 3,950-crore ongoing investment programme includes Rs 2,500 crore investments in Egypt and Rs 1,000 crore in India in chemical-related businesses, Rs 150 crore in Germany and Rs 150 crore in India in engineering-related businesses and Rs 150 crore in shipping-related investments in India.

Addressing a press conference, N Sankar, chairman of the Sanmar Group, said the group had gained significant management depth after the formation of a Group Corporate Board consisting of professionals from outside the group, giving it confidence to look at acquisitions abroad as also greenfield expansion in the country.

While the company has been growing organically, at a CAGR of 19 per cent over the last three

years, it made two international acquisitions last year -- Trust Chemical Industries (TCI) at Port Said in Egypt and Eisenwerk Erla GmbH, a foundry in Germany.

Vijay Sankar, deputy chairman of the Sanmar Group, said the Egyptian acquisition was completed in March with a bridge loan of \$300 million from ICI-CI, and the total outlay, including acquisition cost and investments in expansion and downstream projects, would cross \$550 million over the next two years.

The Egypt unit, a fairly new facility, offers the advantage of very low-cost operation with lowest energy costs. This is considered a key factor for power-intensive operations like caustic soda and vinyl chain. The acquisition is expected to provide the Sanmar Group a global footprint besides opportunities to enter the lucrative PVC markets of Egypt, North African and Europe.

The project, when fully commissioned, will have a capacity of 275,000 tpa of caustic soda and 4 lakh tpa of VCM (vinyl

chloride monomer), half of which is likely to be supplied to its greenfield PVC facility being built at Cuddalore in Tamil Nadu at an investment of Rs 520 crore.

The other half will be converted into downstream PVC manufacture for sale in the local and regional markets, for which a 2-lakh tpa capacity plant is being set up in Port Said.

Once these projects are ready by early 2009, Sanmar with the combined capacities of TCI and Chemplast, will be among the top 20 PVC manufacturers in the world with a combined volume of 460,000 tpa.

In the first year of operations in 2007-08, the group expects a turnover of \$35 million from the Egypt unit.

The acquisition cost and further investments in Eisenwerk Erla GmbH, will be about 26 million euros. The acquisition of this German foundry unit, which posted a turnover of 80 million euros (Rs 460 crore) last year, is expected to enhance Sanmar's position as a leading supplier to the transport industry.

ரூ.3,950 கோடியில் சன்மார் விரிவாக்கம்

சென்னை, ஏப்.14: சென்னை யைச் சேர்ந்த சன்மார் குழு மம், வர்த்தக விரிவாக்கத்திற்காக அடுத்த 3 ஆண்டுகளில் ரூ.3,950 கோடியை முதலீடு செய்கிறது.

அக்குழுமத்தின் தலைவர் சங்கர், துணைத்தலைவர் விஜய் சங்கர் சென்னையில் நேற்று நிருபர்களிடம் கூறியது:

சன்மார் குழுமம், ரசாயனம், பொறியியல், ஏற்றுமதி, சிறப்பு வேதிப்பொருட்கள் உற்பத்தியில் ஈடுபட்டு வருகிறது. கடந்த ஆண்டு ரூ.1596 கோடிக்கு வர்த்தகம் செய்யப்பட்டது. வரிக்கு முந்தைய லாபம் ரூ.269 கோடி.

கடந்த ஆண்டு எனிப் தைச் சேர்ந்த காஸ்டிக் சோடா தயாரிப்பு நிறுவனமான டிரஸ்ட் கெமிக்கல் இண்டஸ்ட்ரிஸ் நிறுவனத்தை ரூ.1,350 கோடிக்கு சன்மார் வாங்கியது. அதே போல ஜெர்மனியைச் சேர்ந்த எய் சன்வெர்க் எர்லா பவுண்டரி நிறுவனத்தை ரூ.150 கோடி செலவில் கையகப்படுத்தி

யது.

சன்மார் குழுமம், வர்த்தக விரிவாக்கத்திற்காக அடுத்த 3 ஆண்டுகளில் ரூ.3,950 கோடியை செலவிட உள்ளது.

அடுத்த இரண்டு ஆண்டுகளில் எனிப்து நிறுவனம், ரூ.2,475 கோடி செலவில் நவீனப்படுத்தப்படும். அங்கு காஸ்டிக் சோடா உற்பத்தித் திறனை 2 லட்சத்து 75 ஆயிரம் டன் ஆகவும் பிவிசி தயாரிப்புக்கு உதவும் விசினம் என்னும் மூலப்பொருள் உற்பத்தித் திறனை 4 லட்சம் டன்களாகவும் உயர்த்தப்படும். ஜெர்மனி நிறுவனம், வாகனத்துறைக்குத் தேவையான டர்போ சார்ஜர்களை உற்பத்தி செய்யும்.

கடலூரில் ரூ.500 கோடி முதலீட்டில் பிவிசி உற்பத்தி தொழிற்சாலை தொடங்கப்பட உள்ளது. தற்போது இதற்கான துவக்ககட்டப் பணிகள் நடைபெற்று வருகின்றன. அடுத்த ஆண்டு ஜூலை மாதம் இத்தொழிற்சாலை உற்பத்தியைத் தொடங்கும்.

சன்மார் குழும தொழில் நிறுவனங்களின் வருவாய் ரூ.1,596 கோடி

சென்னை, ஏப். 14: சன்மார் குழும தொழில் நிறுவனங்களின் வருவாய் ரூ. 1,596 கோடியை எட்டியது.

இதுகுறித்து சன்மார் தொழிற் குழுமத்தின் தலைவர் என். சங்கர், துணைத் தலைவர் விஜய் சங்கர் ஆகியோர் செய்தியாளர்களிடம் வெள்ளிக்கிழமை கூறியதாவது:

சன்மார் குழும தொழில் நிறுவனங்களின் மொத்த விற்பனை வருவாய் கடந்த நிதி ஆண்டில் (2006-07) ரூ. 1,596 கோடியை எட்டியுள்ளது.

இது கடந்த ஆண்டை விட 20 சதவீதம் கூடுதல் வளர்ச்சி ஆகும். இதன் மூலம் ரூ. 269 கோடி (வரி செலுத்துவதற்கு முந்தைய) லாபம் ஈட்டப்பட்டுள்ளது. இக் குழுமத்தைச் சேர்ந்த கெம்பிளாஸ்ட் சன்மார் லிமிட்டெட் நிறுவனத்தின் நிகர விற்பனை வருவாய் ரூ. 613 கோடியை எட்டியுள்ளது. இதில் இந் நிறுவனம் ரூ. 32 கோடி லாபம் ஈட்டியுள்ளது. சன்மார் குழும நிறுவனங்கள் ரசாயனம், பொறியியல், கப்பல் போக்குவரத்து துறை சார்ந்த தொழில்களை மேற்கொண்டுள்ளன.

எகிப்து, ஜெர்மனி ஆகிய நாடுகளிலும் சன்மார் குழுமம் தொழில் நுட்ப வடிக்கைகளில் ஈடுபட்டுள்ளது.

45 சதவீத லாபம்: சன்மார் இலக்கு

சென்னை, ஏப். 14-
'சன்மார் நிறுவனம் வரும் 2009-10ம் ஆண்டில் 45 சதவீத லாப இலக்கை அடையும்' என்று சன்மார் குழும தலைவர் சங்கர் தெரிவித்தார்.

இதுகுறித்து நேற்று அவர் கூறும் போது, "சன்மார் குழுமத்தில் கெமிக்கல்ஸ், இன்ஜினியரிங், ஸ்பெஷலி கெமிக்கல்ஸ் மற்றும் ஷிப்பிங் ஆகிய நான்கு பிரிவுகள் உள்ளன. எங்கள் குழுமத்தின் கடந்த 2006-07ம் ஆண்டிற்கான வர்த்தகம் ஆயிரத்து 596 கோடி ரூபாய். இது முந்தைய ஆண்டைவிட 20 சதவீதம் அதிகமாகும். 2009-10ல் சன்மார் குழுமத்தின் வர்த்தக இலக்கு 5 ஆயிரத்து 532 கோடி ரூபாயாக அதிகரிக்க முயற்சி எடுக்கப்பட்டு வருகிறது. இதன்படி எங்கள் குழுமம் வரி நீங்கலாக 797 கோடி ரூபாய் அதாவது 45 சதவீதம் லாபத்தை அடையும்," என்றார்.

ஜெர்மனி, எகிப்து நாட்டு தொழிற்சாலைகளை 'சன்மார் குரூப்' வாங்கியது சேர்மன் என். சங்கர் தகவல்

சென்னை, ஏப். 17-
சன்மார் குரூப் சர்வதேச நிறுவனமாக
வெளிநாடுகளில் தொழிற்சாலை ஏற்று
நிர்வகித்து வருகிறது. இந்த திட்டங்
களுக்காக 4 ஆயிரம் கோடி ரூபாய்
3 ஆண்டுகளுக்குள் முதலீடு செய்ய
உள்ளது என்று சேர்மன் என். சங்கர்
தெரிவித்தார்.

'சன்மார்' நிறுவனம் 2009-10-ம் ஆண்டில்
45 சதவீத லாப இலக்கை அடையும் என்றும்
அவர் தெரிவித்தார்.

சன்மார் குரூப் கடந்த ஆண்டில் 1600 கோடி
ரூபாய் வர்த்தகம் புரிந்து 269 கோடி ரூபாய்
லாபம் சம்பாதித்துள்ளது. இந்த நிறுவனம்
ஜெர்மனியை சேர்ந்த நவீன வார்பட
(பவுண்டரி) நிறுவனத்தை வாங்கியுள்ளது.
இங்கு வாகன உதிரிபாகங்கள் வார்படம்
செய்யப்படும் இந்த ஜெர்மனி தொழிற்சாலை
கடந்த ஆண்டில் 460 கோடி ரூபாய் வர்த்தகம்
புரிந்துள்ளது. எகிப்து நாட்டு டிரஸ்ட்

கெமிக்கல் நிறுவனத்தையும், சன்மார்
ஏற்றுள்ளது என்று சேர்மன் என். சங்கர்
தெரிவித்தார்.

சன்மார் குரூப் கடந்த 2006-07-ம் ஆண்டில்
வேகமான வளர்ச்சி பெற்று, புதிய
திட்டங்களில் முதலீடு செய்துள்ளது.

எகிப்து நாட்டு 'ஐசன்வர்க்' என்னும்
ஜெர்மனி நாட்டு பவுண்டரி தொழிற்
சாலையை ஜனவரி மாதத்தில் ஏற்றுள்ளது.

இந்த வாகனங்களுக்கு தேவையான
உதிரிபாகங்களை வார்ப்பு செய்யப்
படுகிறது. வாகன துறையில் கிராக்கி
உள்ளதால், இந்த நிறுவனம் சிறப்பாக
செயல்படும். இந்த ஜெர்மனி ஐசன்வர்க்
நிறுவனம் 460 கோடி ரூபாய் முதலீட்டில்
வாங்கப்படுகிறது. இதன்மூலம் வாகன
உதிரிபாக துறையில் சன்மார்
நுழைந்துள்ளது என்றார் சங்கர்.

சுற்றுச் சூழல் பாதிப்பு திட்டங்களுக்கு
சன்மார் குரூப் 100 கோடி ரூபாய் முதலீடு

செய்துள்ளது. இதன் சார்பு நிறுவனமான
கெம்பிளாஸ்ட் சன்மார், 25 கோடி ரூபாய்
செலவில் கழிவு நீர் சுத்திகரிப்பு மற்றும்
கழிவே வெளியிடாத தொழிற்சாலையாக
சிறந்த மாசு கட்டுப்பாடு தொழிற்சாலையை
திகழ்கிறது.

சன்மார் குரூப்பில் கெமிக்கல்ஸ்,
என்ஜினியரிங், ஸ்பெஷலி கெமிக்கல்ஸ்
மற்றும் ஷாப்பிங் ஆகிய 4 பிரிவுகள் உள்ளன.
கடந்த ஆண்டு 2006-07-ம் ஆண்டிற்கான
வர்த்தகம் ஆயிரத்து 596 கோடி ரூபாய். இது
முந்தைய ஆண்டைவிட 20 சதவீதம்
அதிகமாகும்.

2009-10-ல் சன்மார் குரூப்பின் வர்த்தக
இலக்கு 5 ஆயிரத்து 532 கோடி ரூபாயாக
அதிகரிக்க முயற்சி எடுக்கப்பட்டு
வருகிறது. இதன்படி வரி நீங்கலாக 767
கோடி ரூபாய், அதாவது 45 சதவீதம் லாபத்தை
அடையும்.

இவ்வாறு சேர்மன் சங்கர் தெரிவித்தார்.



4 వేల కోట్లతో సన్సార్ గ్రూప్ విస్తరణ

చెన్నై, ఏప్రిల్ 13 ప్రభాతవార్త
 విస్తరణ వసుల్లో భాగంగా సన్సార్ గ్రూప్ మరో మూడు సంవత్సరాల్లో 3950 కోట్ల రూపాయల పెట్టుబడులను పెడుతున్నట్లు గ్రూప్ చైర్మన్ ఎన్. శంకర్ తెలిపారు. ఆయన శుక్రవారం విలేజరులతో మాట్లాడుతూ కెమికల్స్, ఇంజనీరింగ్, పిప్సింగ్ రంగాల్లో ఈ పెట్టుబడులను మళ్లించనున్నట్లు తెలిపారు. ఈజిప్ట్లో కాస్టిక్ సోడా ప్లాంటును ఏర్పాటు చేశామని, జెర్మనీలో ఫౌండ్రీని ఏర్పాటు చేస్తున్నామని అన్నారు. మరో 550 యుఎస్ డాలర్ల పెట్టుబడితో ఈజిప్ట్లో ఉన్న ప్లాంటును ఆధునికీకరిస్తున్నామని, కాస్టిక్ సోడా తయారీ సామర్థ్యాన్ని 275,000 టన్నుల నుంచి 400,000 టన్నులకు పెంచనున్నట్లు తెలిపారు. దీని ద్వారా పివిసి పైపుల తయారీ చేపట్టనున్నట్లు తెలిపారు. ఇందులోని 50 శాతం విదేశీ ద్వారా కడలూరులోను, ఉత్తర ఆఫ్రికా దేశాల్లోను పైపులను తయారు చేస్తామని అన్నారు. ఈజిప్టు విద్యుత్తు యూనిట్కు 90 పైనలు తీసుకుంటున్నారని,



విలేజరుల సమావేశంలో శుక్రవారం మాట్లాడుతున్న సన్సార్ గ్రూప్ చైర్మన్ శంకర్, డైరెక్టర్ తదితరులు

ఇంకా 15 సంవత్సరాల పాటు వస్తు మినహాయింపు ఉంటుందని అన్నారు. విస్తరణ వసులు పూర్తయిన తరువాత విక్రయాలు 350 శాతం పెరుగుతాయనే ఆశాభావం వ్యక్తం చేశారు. గ్రూప్ టర్నోవరు 1596 కోట్లరూపాయలు కాగా, విస్తరణ పూర్తయ్యాక 5500 కోట్ల రూపాయలకు చేరుకుంటుందని తెలిపారు. టర్నోవరు గత

సంవత్సరం కన్నా 20శాతం పెరిగిందని తెలిపారు. చెంపాస్త్రి సన్సార్ కూడా ఫోటోవోల్టాయిక్ సెల్స్, సోలార్ పవర్ జనరేషన్లను చేపట్టనుందని అన్నారు. మరో సంవత్సరంలో విరలి మాల్ పద్ద 30 వేల టన్నుల సామర్థ్యం కల ఫౌండ్రీని కూడా ఏర్పాటు చేయనున్నట్లు తెలిపారు.

భారీ పెట్టుబడుల దిశగా సాన్మార్ గ్రూపు

చెన్నయ్, ఏప్రిల్ 13 (ఆన్లైన్): చెన్నయ్ కేంద్రంగా వున్న సాన్మార్ గ్రూపు రానున్న రెండేళ్ళ కాలంలో నాలుగు వేల కోట్ల రూపాయల మేర పెట్టుబడులు పెట్టనుంది. 2009-10కల్లా రూ. 5,500 కోట్ల మేరకు టర్నోవర్ సాధించడాన్ని లక్ష్యంగా పెట్టుకున్నట్లు ఆ గ్రూపు చైర్మన్ ఎన్ శంకర్ తెలిపారు. సంస్థ వార్షిక ఆర్థిక ఫలితాలను వెల్లడించేందుకు నగరంలో శుక్రవారం ఏర్పాటు చేసిన విలేజ్ రుల సమావేశంలో ఆయన మాట్లాడుతూ రానున్న పూడేళ్ళ కాలంలో సుమారు 350 శాతం అభివృద్ధిని సాధిస్తే రూ. 5,500 కోట్ల టర్నోవర్ సాధ్యమవుతుందని అన్నారు. వివిధ రంగాల్లో సాన్మార్ గ్రూపు రూ. 3,950 కోట్ల మేర పెట్టుబడి పెట్టడానికి ప్రణాళికలు సిద్ధమవుతూ వున్నాయని, ఈజిప్టుకు చెందిన ట్రస్ట్ కెమికల్ ఇండస్ట్రీస్ (టిసిఐ)ను 300 మిలియన్ డాలర్లకు కొనుగోలు చేసిందని తెలిపారు. ఆ సంస్థలో సాన్మార్ కు వున్న బంధాలను తెగ్గొట్టడానికి కొరియాకు చెందిన ఎల్జి సంస్థ పడరాని పాట్లు పడిందని, అయితే అవస్థి తిడిసికొట్టినట్లయిందని అన్నారు. రానున్న రెండేళ్ళలో టిసిఐలో సాన్మార్ గ్రూపు 550 మిలియన్ డాలర్లను ఖర్చుచేయనున్నదని తెలిపారు. పివిసి, కాస్టిక్ సోడాలు ఉత్పత్తిలో ఆగ్రగామిగా వున్న సాన్మార్ గ్రూపు సంపత్కర్మానికి 2.75 లక్షల టన్నుల కాస్టిక్ సోడాను ఉత్పత్తి చేస్తున్నదని, నాలుగు లక్షల టన్నుల విసిఎంను ఉత్పత్తి చేస్తూ వందని వివరించారు.



సమావేశంలో చైర్మన్ ఎన్.శంకర్, వి.శంకర్, ఎమ్మెన్ రాధాకృష్ణన్

విదేశాలకు విస్తరించనున్న 'సన్మార్'



సమావేశంలో ప్రభాకర రావు.

చెన్నై, ఏప్రిల్ 13 (న్యూస్టుడే): రసాయనాల ఉత్పత్తి సంస్థ సన్మార్ గ్రూప్ ఆఫ్ కంపెనీస్ విదేశాల్లో తన ఫ్లాంట్లు వెలకొల్పనుంది. ఈ సంస్థ రానున్న మూడేళ్లలో రసాయనాలు, ప్రత్యేక రసాయనాలు, ఇంజనీరింగ్, షిప్పింగ్ వంటి విభాగాలలో రూ.3950 కోట్లు వెచ్చించనున్నట్లు చైర్మన్ ఎన్.శంకర్ శుక్రవారం విలేజర్లతో తెలిపారు. ఈజిప్టులో కాస్టిక్ సోడా ఫ్లాంట్ నిర్మాణానికి 300 మిలియన్ అమెరికన్ డాలర్లు పెట్టుబడి పెడుతున్నట్లు ఆయన చెప్పారు. స్టీలు, పీపీసీ ఫైపుల ఉత్పత్తి నిమిత్తం జర్మనీలో 26 మిలియన్ యూరోతో సంస్థ నూతన ప్రాజెక్టు ఏర్పాటుచేస్తామన్నారు.

సౌర విద్యుత్తుకు అవసరమైన ఫోటో వోల్టాయిక్ సెల్ పరికరాలను సౌర విద్యుత్తుకు చేయూతనందిస్తామని తెలిపారు. పారిశ్రామిక అవసరాల స్టీలు ఉత్పత్తికి విరాళిమలైలో కర్మాగారం ఏర్పాటు చేస్తామని వివరించారు. సమావేశంలో సంస్థ చైన్మెన్ ఎన్.శంకర్, చైరర్లకు ఎన్. ప్రభాకర్రావు, ఎమ్మెన్ రాధాకృష్ణన్, వి.నటరాజ్ కూడా మాట్లాడారు.

Sanmar goes global

13 April 2007

Venkatachari Jagannathan reports on the South Indian chemicals manufacturer recent global initiatives.

Chennai: Early this year when the Rs1,550-crore turnover Sanmar group was negotiating the purchase of Trust Chemical Industries, Egypt, a large Korean conglomerate queered the pitch with a higher offer per share for the Egyptian company. However, the Chennai-based Sanmar didn't flinch. For it was on a stronger wicket and ready with its 'penalty kick.

Says group chairman N Sankar, "It was the penalty clause which in a way helped us to secure the deal." According to the clause, the party that failed to perform its part of the contract by the specified date would have to recompense the other with a \$50-million penalty.

This clause seems to have deterred the promoters of Trust Chemical, as evaluating the Korean company's bid would have taken time. And thus, the Sanmar group pocketed the caustic soda-chlorine manufacturer for \$300 million towards the latter part of March this year with the help of a bridge loan.

On the other hand the acquisition of Germany's Rs460-crore turnover Eisenwerk Erla GmbH, a foundry that makes turbocharger housings for automobiles was relatively smooth early this year. The company is a supplier to Borg Warner, IHI, the Audi-VW group, BMW, Daimler Chrysler, Honeywell, MAN, MTU, Liebherr, Luk and others. Sanmar acquired the company for Rs150 crore.

Apart from going global, the Sanmar group plans to leverage both the acquisitions for its Indian operations. The group's investments in Trust Chemicals and Eisenwerk Erla as well as its Indian investments are complimentary.

Huge trust on Trust Chemical

The acquisition of Trust Chemical is expected to play an important part for the group's targeted turnover of Rs5,500 crore by 2010.

Located at Port Said, Trust Chemical enjoys tax-free status till 2015. Using the environment-friendly membrane cell production process, the company can produce 2- lakh tonnes of caustic soda, 1.8-lakh tonnes of chlorine and 4,900-tonnes of hydrogen per annum. Further the meagre power cost, 90 paise per unit, provides it with a great advantage for power intensive caustic soda and the vinyl chain.

"The acquisition is also in line with our strategy of being vertically integrated to overcome the vagaries faced by commodity products," adds Vijay Sankar, vice chairman.

However, for want of a buyer for chlorine - a by-product of caustic soda - the plant is currently operating at 40-per cent capacity.

Post acquisition, the Indian group has drawn up plans to invest another \$250 million to expand the facility to increase the caustic soda capacity by 75,000 tonne per annum (tpa), and set up a 2.20-lakh tpa ethylene dichloride (EDC) plant.

The logical corollary for the Indian company is to manufacture of 4-lakh tpa vinyl chloride monomer (VCM) to make poly vinyl chloride (PVC) in Egypt. A new 2-lakh tpa PVC plant is on the anvil. As per plans 2 lakh tpa of VCM will be used in the Egyptian PVC plant to cater to the North African and some European markets. The remaining would be shipped to India.

The Egyptian acquisition synchronises with the group's Rs706-crore turnover Chemplast Sanmar Limited's plans. The flagship of the Sanmar group is focused on the manufacture of PVC and chlorine derivatives. According to managing director, P S Jayaraman, 2-lakh tpa of VCM will be imported for the the company's new PVC plant at Cuddalore.

The company has charted out Rs1,000-crore capital outlay for the following projects: (a) conversion to membrane cell caustic soda production process at Mettur plant (b) setting up of a 48.5 MW coal-based power plant at Mettur (c) a 30 tpa poly silicon project to enable continuous production of silicon wafers (d) building a 2 lakh tpa PVC plant at Cuddalore (outlay Rs520 crore) and (e) expansion of PVC pipes manufacture from 22,000 tpa to 36,000 tpa at an outlay of Rs14 crore. The company is also finalising plans for setting up a 20,000 tpa greenfield unit to take the total PVC pipes capacity to 56,000 tpa.

The German foundry will enable group company Sanmar Foundries Limited to target the transportation sector in depth. The Indian company is setting up a 30,000 tpa steel foundry at Viralmalai in Tamil Nadu to supply steel castings to earthmoving equipment manufacturers. The company plans to progress to iron castings and the group has chosen SG iron castings to supply the auto sector.

Expanding other businesses

Though the Sanmar group exited some of its business lines in recent times such as AMP Sanmar Life Insurance, and specialty chemicals among others, the group is also expanding its activities.

Driven by demand and growth in the petrochemicals, refineries and power sectors, the engineering business is on the expansion drive. The group's joint venture company Fisher Sanmar Limited expanded its large valve-manufacturing operations at a new facility near Chennai. Similarly the safety valve joint venture Tyco Sanmar Limited has also expanded its capacity.

According to vice chairman Vijay, the group is focussing on contract research and manufacturing services (CRAMS) in the speciality chemicals line. ProCitius Research, the contract research division of Sanmar Speciality Chemicals Limited has set up a new facility at Tichel Park, Chennai.

The group's shipping company Sanmar Shipping Limited recently acquired Sanmar Paragon a Panamax bulk carrier.

As per the scheme of things, the group will invest around Rs3,950 crore towards all its acquisitions and expansions. "We are looking at a mix of loans, internal accruals and equity issue. The funding is in various stages of tieup," says chairman Sankar. On its part Chemplast Sanmar will be raising around Rs200 crore through a rights issue and the balance from debt and internal accruals.

Sanmar Group plans to invest about Rs 4,000 cr in 2009-10

Created on : 04/13/2007 5:00:03 PM (NORMAL)

Chennai, Apr 13 (UNI) Chennai-based Sanmar Group, one of the largest groups in South India, has drawn out ambitious plans to invest about Rs 4,000 crore in India and overseas and achieve a turnover of Rs 5,500 crore by the year 2009-10.

Addressing a press conference here, Group Chairman N Sankar and Deputy Chairman Vijay Sankar said in the following three-years, the group expects to grow by 350 per cent at an annual growth rate of 51 per cent and achieve a sales target of Rs 5,500 crore in 2009-10 and post a profit before tax of Rs 797 crore.

"This is built on a combination of greenfield investments and brownfield expansions, acquisitions and strong organic growth. The group has an ongoing investment plan of around Rs 3,950 crore and it is in the process of project implementation across its various business", they said.

Mr Sankar said the Group, despite a fierce offensive by Korean LG, had successfully completed the acquisition of Trust Chemical Industries (TCI) in Egypt last month, involving an investment of 300 million dollars.

Korean LG tried its best to break the Sanmar's contract with TCI and acquire the company after placing higher stakes, but the Group managed to complete the deal, thanks to a strong contract, he said.

Through the acquisition and further investments in projects, Sanmar would ultimately invest 550 million USD in TCI over the next two years, Mr Sankar said.

The group has also took over Eisenwerk Erla GmbH, Europe's oldest foundry, located at Erla in East Germany, involving an investment of Rs 150 crore. This facility was a modern foundry, specialising in Turbo-charger housings for automobiles and integrated manifolds, having a turnover of Rs 460 crore, Mr Sankar added.

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PRESS RELEASE

Chennai
13TH April 2007

Sanmar on a High Growth Track

Group Performance

The overall Group sales for the year 2006-07 was Rs 1596 crores and profit before taxes(PBT) of Rs 269 crores. The Group's only listed entity Chemplast Sanmar Limited (audited results) announced a net sales of Rs 613 crores and PBT Rs 32 crores for the financial year 2006-07.

The Sanmar Group's four core businesses are Chemicals, Engineering, Speciality Chemicals and Shipping.

Sanmar Growth Strategy

In the following three years, the Group expects to grow by 350%, i.e. at a CAGR of 51%. We expect the Group sales to be over Rs 5500 crores in 2009-10. This is built on a combination of greenfield investments and brownfield expansions, acquisitions and strong organic growth. The Group has an ongoing investment plan of around Rs 3950 crores and it is in the process of project implementation across its various businesses.

Overseas Acquisitions

The Sanmar Group completed the acquisition of Trust Chemical Industries(TCI), Egypt in late March and has already staffed the Egyptian operations with senior and middle management personnel from other Sanmar entities. The Sanmar Group has many years of management and technical expertise in the PVC and caustic soda businesses, and will use this to good effect in TCI. Through the acquisition and further investments in projects, Sanmar will invest over USD 550 M over the next two years.



The project when fully commissioned will have a capacity of 275,000 tpa of caustic soda and 400,000 tonnes per annum(tpa)of VCM, half of which is likely to be supplied to Cuddalore in India for the Chemplast greenfield PVC facility being set up. The other half will be converted into downstream PVC manufacture for sale in the local and regional markets– for which a plant of 200,000 tpa capacity is being set up in Port Said, Egypt. Once these projects are completed by early 2009, Sanmar with its combined capacities of TCI and Chemplast will be one of the top 20 PVC manufacturers in the world with a combined volume of 460,000 tpa of PVC.

Egypt has very low operational costs, apart from being one of the lowest energy cost nations in the world, which will come in useful for power intensive operations like caustic soda and the vinyl chain. The acquisition is also in line with Sanmar's strategy of being vertically integrated in commodity products. While Sanmar's strategy has always been to expand vertically to overcome the vagaries of a cyclical product like PVC – which enabled Chemplast to survive profitably for over four decades, the Egyptian project gives Sanmar a unique combination of scale and vertical integration.

The Sanmar Group took over a foundry unit in Erla, Germany on the 1st Jan 2007. The Erla facility is a modern foundry specializing in turbo-charger housings for automobiles and integrated manifolds. The foundry, Eisenwerk Erla GmbH posted a turnover of 80 million euros (Rs 460 crores) last year and has a strong customer base in the European markets, the advantage of customer proximity, a great R & D base, abundant technological skills and patented technology specific to the automobile industry. This acquisition enhances its position as a strong supplier to the transportation industry.

Significant Developments at Sanmar

The Indian Chemicals business, Chemplast Sanmar acquired a PVC pipes facility which marketed its products under the brand name 'Trubore', as a part of its forward integration strategy. The PVC pipes business is slated for capacity expansion from 20,000 tpa to 56,000 tpa in the next two years with plans to make the piping systems division a multi-locational, multi-product business. As a backward integration strategy, construction of an EDC facility and a marine terminal facility are underway at



Karaikal. In an effort to cut costs of energy intensive manufacturing process the company is setting up a coal-based captive power plant to generate about 48.5 MW power as a replacement for its current LSHS based power plant at Mettur.

The Group is one of the few manufacturers of photovoltaic cells and is one of the few internationally to possess capability for manufacture of polysilicon. Considering the large opportunities in the solar business, a 30 tpa plant is expected to be commissioned in 2007-08. The Group will later consider setting up a world scale plant.

Driven by demand and growth in the petrochemicals, refineries and power sectors, Sanmar Engineering saw expansion of its capacities. Fisher Sanmar Limited expanded its large valve manufacturing operations at a new facility at Karapakkam, near Chennai. The safety valve joint venture with Tyco also saw expansion in capacities. Facilitating the entry into off-the-road vehicle segment, a state-of-the-art steel foundry is being set up at Viralimalai, near Trichy with a planned capacity of about 30,000 tpa which will position it among the top ten steel foundries in the world.

The Speciality Chemicals business streamlined its operations and expanded its focus on contract research and manufacturing services (CRAMS). ProCitius Research, the contract research division of Sanmar Speciality Chemicals Ltd expanded its research facilities with a new facility at Tichel Park, Taramani, Chennai. The division also entered into research service agreements with leading MNCs.

Cabot Sanmar, the joint venture of Sanmar with Cabot of USA, is the only manufacturer of fumed silica in the country and is expanding its presence in the treated grades segment.

The Shipping business is present in three segments – product tankers, chemical tankers and bulk carriers and completed the acquisition of a modern Panamax bulk carrier, renamed ‘Sanmar Paragon’.

The total investment outlay for all its plans, domestic and overseas is estimated at Rs 3950 crores. The resulting turnover from the fruition of the Group’s growth plans is projected at Rs 5500 crores by the year 2009-10.



Other Initiatives

Apart from the growth and expansion plans, the Group has invested about Rs 100 crores in environment management initiatives. Chemplast Sanmar is investing Rs 26 crores in a customized technology for achieving zero discharge of liquid effluents. Another Rs 75 crores has been invested in conversion from a mercury cell to the environment friendly membrane cell production process at its Mettur caustic soda facilities. The focus for the Group is to extend beyond statutory requirements and benchmark to global standards.

Sanmar's excellent reputation in the financial markets has enabled the Group to close all the acquisitions successfully, integrate them and also embark on large capital expansion programmes. The Group's reputation for professional management and fair treatment of people has enabled it to attract and retain high quality management. With all the right growth pegs in place the Sanmar Group is well-poised to compete globally.

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