

Fairfax announced closure of \$250 mn 1st tranche investment into Sanmar

The company earlier announced plans to invest a total of \$300 million in Sanmar Chemicals Group and own 30% stake in it.

Fairfax India Holdings Corporation has announced that it has closed first tranche of \$250 million investment into Chennai-based Sanmar Chemicals Group through its wholly-owned subsidiary in Mauritius.

Fairfax, on April 8, announced its plans to invest \$300 million in Sanmar Chemicals Group through a combination of equity and fixed income securities. The company is expected to acquire a 30 per cent equity ownership in Sanmar.

Fairfax said the investment would be made through its wholly-owned subsidiaries. The company expects to generate a fixed return on its investment.

The second tranche of \$50 million will be funded within 90 days after the first tranche, by Fairfax Financial Holdings or another investor, it said.

According to the earlier announcement, the first tranche has been expected to be completed in the second quarter of 2016 subject to meeting certain conditions such as establishing a term loan facility for \$280 million between TCI Sanmar Chemicals Egypt, the Egyptian subsidiary of Sanmar, and its lenders.

Sanmar is one of the largest suspension polyvinyl chloride (PVC) manufacturers in India with an installed capacity of 300,000 tonnes a year, apart from being the largest specialty PVC company in India. Sanmar is in the process of expanding its PVC capacity in Egypt from 200,000 tonnes a year to 400,000 tonnes per annum.

Once the expansion is completed, Sanmar will have a total PVC capacity of 700,000 tonnes per annum, making it one of the largest PVC companies in the world.

It also manufactures caustic soda, chloromethanes, refrigerant gases, industrial salt and speciality chemical intermediates.

Prem Watsa, chairman of Fairfax India, said: "We look forward to our partnership with this distinguished south India group which, in addition to its technical and business expertise, is well known for its integrity and corporate social responsibility."