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November 21, 2025

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code - 543336	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Mumbai – 400 050 Scrip Symbol – CHEMPLASTS
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Dear Sir/Madam,

Sub: Transcripts of the Earnings Conference Call held on November 14, 2025

In continuation to our letter dated November 11, 2025 please find enclosed the transcripts of the Earnings Conference Call held on November 14, 2025.

Date & Time of receipt of this information: November 21, 2025; 5.51 PM (IST)

We request you to take the same on record.

The above information will also be available on the website of the company at www.chemplastsanmar.com

Thanking You,

Yours faithfully,

For CHEMPLAST SANMAR LIMITED

M RAMAN
Company Secretary and Compliance Officer
Memb No. ACS 6248





Chemplast Sanmar Limited
Where integration is the key

“Chemplast Sanmar Limited
Q2 FY '26 Earnings Conference Call”
November 14, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 14, 2025, will prevail.”



Chemplast Sanmar Limited
Where integration is the key



**MANAGEMENT: MR. RAMKUMAR SHANKAR – MANAGING DIRECTOR –
CHEMPLAST SANMAR LIMITED
MR. N. MURALIDHARAN – CHIEF FINANCIAL OFFICER
– CHEMPLAST SANMAR LIMITED
DR. KRISHNA KUMAR RANGACHARI – BUSINESS HEAD
CUSTOM MANUFACTURED CHEMICALS DIVISION –
CHEMPLAST SANMAR LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to Chemplast Sanmar Limited Q2 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Before we begin, please note that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Ramkumar Shankar, Managing Director of Chemplast Sanmar Limited. Thank you, and over to you, sir.

Ramkumar Shankar:

Thank you, and good afternoon, everybody. On behalf of Chemplast Sanmar Limited, I extend a very warm welcome to everyone joining us on our call today. On this call, we are joined by our CFO, N. Muralidharan; Dr. Krishna Kumar Rangachari, who heads our Custom Manufactured Chemicals Division; and SGA, our Investor Relations Adviser.

I hope everyone has had an opportunity to go through the financial results and the investor presentation, which have been uploaded on the stock exchange website and on our company's website.

Our performance during the quarter showed a marked improvement both on a quarter-on-quarter basis and a year-on-year basis, largely thanks to better margins in the Suspension PVC business. During the current quarter, the company achieved a revenue of INR1,033 crores and an EBITDA of INR43 crores.

Currently, the dumping of Suspension PVC into India continues unchecked, and we have seen an increase in arrivals from China in the first half of this year. However, in the medium term, it is expected that the ongoing capacity rationalization in different parts of the world and the anti-involution measures in China will restore balance to the PVC supply, demand globally.

Focusing on the business-specific performance, on the Paste PVC side, the domestic demand environment showed signs of recovery in the second quarter of this year, primarily led by the strong demand from automotive and footwear segments. The new Paste PVC plant at Cuddalore is running at full capacity consistently, which contributed to higher sales volumes in the current quarter. However, the Paste PVC margins were impacted due to low-priced imports, especially from EU-based suppliers.

On the Custom Manufactured Chemicals business, our business performance remained on track as planned, with dispatches progressing as scheduled. We continue to make further headway into new product leads and customer engagements. Currently, the company has 17 products commercialized and several more in the pipeline.

Phase 3 of MPB 3 and civil works for MPB 4 are progressing well, with completion expected by the end of the third quarter of this year and the fourth quarter of this year, respectively.

Production is anticipated to ramp up gradually thereafter. These new capacities represent a significant step towards broadening our customer base in line with the long-term strategy.

Moving on to our value-added chemicals business, our business portfolio in this segment includes caustic soda, chloromethanes and hydrogen peroxide. During the quarter, volumes for our value-added chemicals decreased by 15% on a year-on-year basis. This was largely due to lower caustic production, both on account of temporary plant operational issues and conscious make-or-buy decisions.

The lower caustic production consequently led to a decline in hydrogen peroxide volumes as well. The demand for caustic soda remained stable in all key sectors, though prices declined marginally during the quarter. Chloromethane saw increase in sales volume with steady pricing in the current quarter.

In the Suspension PVC business, sales volume for the quarter saw an increase of 11% on a year-on-year basis despite softer demand due to the traditionally weaker monsoon season. The pricing environment remained volatile, with prices rising in the months of July and August but correcting thereafter.

Chinese and U.S. suppliers continue to exert downward pressure on prices due to surplus capacity in their regions and weak global demand. This led to further stress on prices and margins in October as well.

Looking ahead, while the business conditions continue to be very challenging, we believe that the new capacities that have been commissioned in Paste PVC and are being built in CMCD and refrigerant gas and also our ongoing initiatives on green power will help improve performance.

Now I'd like to invite our CFO, Muralidharan to walk you through the financial performance of the company.

Natarajan Muralidharan: Thank you, Ramkumar, and a very good morning to all the participants on the call. Talking about the performance in Q2 FY '26 on a consolidated basis, the company reported revenue of INR1,033 crores, reflecting a marginal increase from INR993 crores during the same quarter last year. EBITDA for the quarter stood at INR43 crores, a growth from INR26 crores in the previous year and INR17 crores in the previous quarter. The net loss for the quarter was at INR51 crores.

Now coming to the quarterly segment-wise performance, our Specialty Chemicals segment delivered a revenue of INR372 crores reflecting a 22% year-on-year growth from INR306 crores, primarily driven by increased volumes coming in from the new Paste PVC plant at Cuddalore.

Revenue from our Value-added Chemicals segment stood at INR138 crores, representing a 12% decline on a year-on-year basis, primarily due to lower caustic production, as explained by Ramkumar. Suspension PVC business reported revenues was INR523 crores, which remained flat compared to the same period last year.

In H1 FY '26, the company reported a revenue of INR2,133 crores with an EBITDA of INR60 crores, and the net loss for the period stood at INR115 crores.

Coming to the segment-wise highlights during the half year, our Specialty Chemicals segment recorded a 10% year-on-year growth, with revenues rising to INR726 crores. This is primarily driven by increased volumes coming in from new Paste PVC plant at Cuddalore.

The Value-added Chemicals segment reported revenues of INR276 crores, a 9% decline year-on-year basis due to the reasons explained earlier. Suspension PVC segment posted revenues of INR1,131 crores at the same level as last year. As of September 30, 2025, the company's consolidated net debt stood at INR1,319 crores.

As Ramkumar mentioned earlier, with the successful commissioning of the Paste PVC expansion as also the forthcoming CMCD and refrigerant gas projects and the green energy initiatives, we are confident that we are set for a stronger future.

With this, we conclude the presentation and open the floor for further discussions.

Moderator: The first question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got a few of them. Starting with the refrigerant gas R32, any update you want to share about the capacity planning? Any work started there on R32 plant?

Ramkumar Shankar: Yes. We are still working on the actualization of the capacities on refrigerant gas. Work has already started on the swing plant of our existing R22 plant in Mettur. And there is another -- we are replicating that another 2 kt plant as well, is being set up. The plan currently is to put up one more 10 kt plant there.

So this is really where we are. But we are -- obviously, all of this depends a lot on the regulatory framework in the country, and we will be getting into more detail as we get clearer on that.

Sanjesh Jain: So what we are planning is 2 swing and 2 another new, so we'll have 4 and then we will evaluate how we can put based on the regulatory investment, will that be a fair assumption?

Ramkumar Shankar: But we are already in advanced stages of engineering, et cetera, for the other plant as well, but that's a call that we'll take before the end of December.

Sanjesh Jain: Got it. Got it. That's very clear. Second, on the stand-alone business. If I look at stand-alone business, our -- now, we have quite a mature plant on the CSM business. We have full capacity running in the Paste PVC new plant. At the EBITDA in the stand-alone business is just INR18 crores, so what's dragging it down? CSM is still not broken even at the EBITDA level? Is that also drag on the EBITDA for the stand-alone business?

Natarajan Muralidharan: Key reason is still the softness in the Paste PVC business. As you see today, we have almost 110,000 tonnes capacity of Paste PVC. That's the dominant product even today in the stand-alone business. And that prices continues to be quite soft, and the margins continue to be soft. That's the key driver.

As far as the CMC business is concerned, the growth has been sort of happening as per schedule. Our dispatches has been happening as per schedule. Of course, the impact of the agrochemical slowdown has had some impact for us as well. Specifically with respect to the new molecules, the ramp-up has been gradual compared to what we had sort of anticipated. So that has some marginal impact. But other than the key driver is the Paste PVC business.

And other important aspect is the softness in the caustic soda and chloromethanes business. As you know, currently, chloromethane, is sort of, India is in excess in terms of chloromethane capacity. That has had an impact on the chloromethane prices and margins. So these two are the key drivers for the softness in the profitability of the stand-alone business.

Ramkumar Shankar: Sanjesh, It's largely driven by the Paste PVC softness right now because of the prices -- the low prices coming in from the European Union. When that improves, automatically, you will see some better performance.

Sanjesh Jain: It appears that we are making losses at EBITDA level in the Paste PVC. Is that the case?

Natarajan Muralidharan: Loss at EBITDA level in?

Sanjesh Jain: Paste PVC business.

Natarajan Muralidharan: If you look at Paste PVC, value-added chemicals altogether because it is sort of -- some of them are integrated businesses. So we are making positive EBITDA.

Sanjesh Jain: If I look at the competition at the current prices at caustic and chloromethane, they are making around 8% to 10% EBITDA margin, okay? So INR140 crores of what we are doing value-added services, at least they should be like 6%, 7% of EBITDA margin. That means we are left with the other 2 business, which is the Paste PVC and the Suspension -- and the CSM business, right? Now there is either one of them not adding or dragging EBITDA is what I feel.

Ramkumar Shankar: So we do not look at the EBITDA within Chemplast on a stand-alone basis because there are a lot of shared facilities, and we do not really allocate the cost in that sense. We look at it at the gross margin stage.

And like I'm just repeating myself here, the gross margins of Paste PVC are definitely not where they should be. And that would be addressed once we address the question of the low-cost material -- the low-priced material coming in from the European Union.

Sanjesh Jain: Got it. Just following up on that industry scenario itself, now we are hopeful that there will be some rationalization of the capacity and then the anti-involution coming. Any sign that we are seeing or it's just a hope we are having on it?

Ramkumar Shankar: There is some rationalization that's already started in Europe. So we have had one plant that has been shut down, PVC plant that's been shut down, around 230,000 tonne capacity. And others around the chlorovinyl business, but not particularly a PVC plant, that have also been rationalized. So there are enough and more signs that this could -- more announcements could be expected in the months ahead.

As far as China is concerned, we only get information about some plants running at lower operating rates, but we still see a lot of material coming out of China. Therefore, I guess there, we still have to wait to see it pan out.

Sanjesh Jain: Got it. Got it. But China is still seeing a very soft real estate market. We haven't heard much about the closure. That will continue, right?

Ramkumar Shankar: Absolutely. I fully agree with you. From the demand side, there still is no real signs of a recovery in China. So -- and that is the reason why I think the Chinese authorities are also talking about this anti-involution, et cetera. But while there's a lot of talk about that, right now, we haven't seen anything really happening on the ground. We'll have to wait and see how that plays out.

Sanjesh Jain: Ram, just one last question from my side. On the balance sheet and cash flow, I was just looking. Last 4 years, we have generated EBIT of INR20 crores, absolutely while we have such an ambitious plan for the CSM as well as now on the refrigerant gas. If this situation continue, how are we planning to manage the cash flow and balance sheet? We are already at net debt of INR1,300, which appears to be quite high for an EBITDA which we generate.

Ramkumar Shankar: The major Capex is already behind us. So we have already -- what we did was on the CMCD side or the Paste PVC side, those have already been commissioned. Paste PVC, like I mentioned, is running at over 100% utilization. Therefore, that is really the major Capex program that we had.

The refrigerant gas is really not going to be that significant in expenditure. So I believe that we will manage. And some of the other measures in terms of costs, et cetera, the green power initiative, et cetera, that we are undertaking, would also shake some cash.

Sanjesh Jain: You don't see immediate requirement of a capital in the company? Because balance sheet appears a little stretch for us.

Ramkumar Shankar: We believe that we will manage this.

Sanjesh Jain: You'll be able to manage this.

Moderator: The next question is from the line Rohit Nagraj of 360 One Capital.

Rohit Nagraj: Good to see that there is some sequential recovery in terms of operating performance. First question is on the CSM part of the business. Do we still hold the guidance of INR1,000 crores by FY '27? And in terms of the margins at that particular level, what would be the EBITDA margin range that we would be looking at?

Krishna Rangachari: Rohit, this is Krishna here. Can you hear me?

Rohit Nagraj: Yes.

Krishna Rangachari: So with respect to the CSM, the pipeline remains to be strong, very active engagement with our customers. We have commercialized 3 molecules already so far this year and one more

anticipated in the fourth quarter. So the traction with respect to the engagement as well as the product pipeline continues to be strong.

We -- as you may be aware, there has been -- overall, the global agriculture -- agrochem market sort of remains mixed with stable demand, but there is significant ongoing price pressure. And the market appears to be recovering with volume growth happening for some of the innovators. But the price pressure remains due to significant capacity overhang in China and then putting in a lot of lower-priced generic AIs into the rest of the world.

So this in the near term is impacting offtake of newly launched molecules by many of the innovator companies, leading to a slower ramp-up in their business, particularly on the pipeline molecules.

And a lot of the projects that we have done, that we have commercialized in the recent past 18 months or so, many of them are newly launched molecules. So while the long-term demand and forecast appears to be very strong, we could see some deferment by a couple of quarters, let's say, in terms of how it ramps up. There may be a slower growth ramp-up. But overall, we remain confident about the long-term projections for this business.

Rohit Nagraj: Sure. That's helpful. Just in terms of margins, so at that level in terms of the scale-up, what could be the margin profile that we are looking at, at EBITDA level?

Natarajan Muralidharan: Between 20% to 25%. Industry is operating somewhere between 23%, 25%. So it could fall. As we ramp up, it could be between 20% to 25%. Currently, we are not at that level. We are slightly lower, but we eventually would land up between -- in that range.

Rohit Nagraj: Perfect. Perfect. That's helpful. Second question, I missed earlier commentary part. So if we have touched it, probably it's repetitive. On the PVC ADD plant, Suspension PVC, so the due date from the Finance Ministry notification has been yesterday or today. So any comments on that? And if it elapses, then what is the procedure that usually government follows?

Ramkumar Shankar: So that's a good question. In fact, the final findings were recommended on the 14th of August, and it was notified in the gazette on the 17th of August. So we are not very -- there are two views floating around, one that the last date is the 14th or yesterday or the other is that the last date is the 17th. So we are not very sure which is the last date. But however, since you ask, let me just give you -- and this might become a little bit of a long answer, so forgive me for that.

If the ADD is allowed to elapse or it does not become effective, we believe that it will be detrimental to the country's interest on many grounds because it is absolutely crucial that we should have it.

Firstly, the entire recommendation of ADD itself was made after a very intense 2-year investigation, process that spanned -- right from the initiation of the investigation, it spanned detailed data analysis, then oral hearings, then visits to the plants, et cetera. In fact, because of a change in the top at the DG during the investigation, there were two oral hearings as well.

So with all of this and having very clearly established the presence of both dumping by the exporters to India and the injury to the domestic industry, the duties were recommended. Now if these are not implemented, it then actually calls into question the entire 2-year process.

And again, a non-implementation will be detrimental not just to us as the domestic PVC resin producers, but it will equally be detrimental to the downstream consumers of PVC as also the non-Chinese exporters to India.

You can imagine how or why the established downstream producers were actually welcoming the ADD in their own calls and interactions, and that would have been because they felt that it would reduce price volatility, improve the sentiments and increase the demand pull. Now of course, if it is not implemented, then all of that is the question.

But most importantly, I think that this could open the floodgates of entry for largely low-quality, substandard, unfairly priced Chinese imports into India, and it will shut out all the other exporters or exporters in the U.S. or Japan or wherever they are, they will be hedged out by China. And it will also have a severe quality impact on downstream products in India.

So there will be a lot of negative outcomes if this does not happen. So that is really where we are. So we are still waiting on news on this. It is of absolute importance, but let us see where it goes.

Rohit Nagraj:

That's really helpful. Just one bit of one more question from my side. I think yesterday, day before yesterday, we have seen that there has been again withdrawal of the BIS quality control orders and it includes PVC as well. So again, your thoughts on this.

Ramkumar Shankar:

The same thing. Actually, I can then talk a little bit more about the quality side of it. See, these quality control orders were actually brought in across multiple products, not just chemical products, across multiple industries to ensure that there is a higher quality of the manufactured products that go out of India, that are available for both the consumers in India, is also available for exports.

And to ensure the quality of the finished products, you will also need to ensure the quality of the feedstock that goes into the manufacturing of the finished products. And that was one reason that the quality control order was brought in, in the first place.

Specifically on PVC resin, given that a large part of the PVC resin goes into the manufacture of drinking water pipes, it is all the more important that it adheres to a certain stringent quality standards. In fact, these standards are in terms of the residual VCM that is there in the PVC resin. And when it goes into drinking water pipes, the standard is that it should not exceed 1 ppm.

So multiple producers around the world, including all the producers in India, have gotten themselves certified and their plants also licensed by BIS under these guidelines. And except for possibly a large proportion of the carbide PVC producers in China, who are not compliant with these stringent standards, almost everybody else is compliant and they've also got themselves certified.

So it is actually a setback that we have a reversal of the quality control order, it's actually a setback on public health norms and safety norms. And I believe that -- and I hope that the government will soon have a rethink on this.

Moderator: The next question is from the line of Pujan Shah from Molecule Ventures.

Pujan Shah: My first question pertains to -- so you have elaborated the thing on PVC ADD. Just wanted to understand the context of -- so first of all, removal of BIS standard; second, not implementation or getting delayed about the PVC ADD.

And then -- so first thing is to understand that whenever this decision doesn't come up, so we have to do all the procedures again for the next 2 years or it is just to admire a form or something like that, it is an easy procedure compared to the last 2 years? So just wanted to understand that part.

Ramkumar Shankar: Sure. As far as the QCO is concerned, QCO was actually not already enforced. It was -- the implementation date was extended last time till somewhere around the 23rd or so of December. So it wasn't as if it was an existing measure that has been withdrawn. It was a welcome measure that should have come in, and that has now been revoked.

So we are hoping that there will be a rethink on that, especially for PVC. I'm not talking broadly, but especially for PVC, considering its importance in drinking water, the quality of drinking water and public health and safety.

In terms of the antidumping, if it doesn't come up, so the question that you have raised is whether we need to go through the entire process again, yes, if we have to. If it doesn't get implemented and we go for another antidumping application. Based on current data, the entire process will have to be repeated.

Last time, it took an inordinately long time because of certain other challenges. Going forward, it may not take that time, but it will still have to go through the process.

Pujan Shah: Got it, sir. And second, on the Paste PVC, so ideally, there was some antidumping duty also announced on the Paste PVC. So just wanted to understand if I -- please correct me if I'm wrong, but if ADD has been implemented, why we are suffering from low imports from -- low-pricing imports from Chinese guys?

Ramkumar Shankar: Yes. Good question. It's not from China. Paste PVC, there is already a hefty antidumping duty on China and a few other countries, and that came in earlier this year. But like we had explained in earlier calls as well, we started seeing dumping increase from European Union producers. So that is the reason why we have filed another petition against the European Union producers. And that petition is already -- that process is well underway. And it's ongoing. We hope to see some resolution on that soon.

Pujan Shah: Got it, sir. And just wanted to understand on a broader aspect. So can you just -- so in this call earlier, you have mentioned about that there is one company who shut down its PVC capacity.

So I just wanted to understand what is the current -- out of the total production, what would be the contribution of European guys in the PVC right now?

Ramkumar Shankar: See, out of a total PVC capacity of around 60 million tonnes worldwide, European Union would have maybe around 7 million- 7.5 million tonnes of capacity. But production-wise, they would possibly be slightly lower because their production -- not all the plants are running at full operating rate, given their own challenges.

Pujan Shah: Got it, sir. Got it. So do you expect that this 7.5 million -- so that is one thing which is going is anti-involution, in which might be lower-quality production capacities or lower-efficient capacities might get shut down, while might some of the companies in China only will try to expand their capacities and they might be taking that pie of that market share, while this -- so do you think that this flow of European companies getting shut down will be able to cater from India -- will be catered by India? Or do you feel that, that would be almost shifted to Chinese companies?

Ramkumar Shankar: Ok.. Incidentally, you had -- your earlier question was about the European capacity, and I said it is 7.5 million tonnes. If you're talking about the Chinese capacity, that's now close to around 30 million tonnes. So that is a much larger capacity.

The anti-involution campaign is really in China. How much of that -- like I mentioned earlier, how much of that will get shut down and how -- within what time frame is something that we are yet to see. We'll have to wait and watch how that pans out.

Pujan Shah: Yes. But -- sorry to interrupt, just following the same question, so what I'm trying to understand is the capacity from European guys is about 50%, also the capacity gets shut down. Will that be transferred to India that India will be the net exporter of PVC in coming years? Or it would be difficult because Chinese will able to build up their own capacities from 30 million to 35 million just to cater to European guys?

Ramkumar Shankar: No, no. India, I don't think -- I don't see India being a net exporter of PVC in the near future because India's demand is so high and the gap in India is also equally high. Last year, for instance, the demand in India for Suspension PVC was 4.3 million tonnes and the domestic production is around 1.5 million tonnes.

But even with around 2 million to 2.25 million tonnes or 2.5 million tonnes of new capacity coming in announced and hopefully coming in, in India, but by the time that comes in, the demand would have grown even further. So I expect that India, at least in the foreseeable future, will continue to be a net importer.

Pujan Shah: Got it. And last question would be on the R32 side. So just wanted to get an update about the quota availability. So do we have got the quotas for R32 and we are now full-fledged that we'll be able to ramp up the capacities?

Ramkumar Shankar: No, R32 quota will not be determined anytime now. It will be determined only by around 2027 or so. So I think the full clarity will come in only by then.

- Pujan Shah:** Only by quarter 3?
- Ramkumar Shankar:** By '27, 2027. Calendar 2027.
- Moderator:** The next question is from the line of Harsh Shah from Axis Capital. The line for the participant is disconnected. The next question is from the line of Sajal Kapoor from Antifragile.
- Sajal Kapoor:** Krishna, when do you expect CMCD to sort of become self-sustaining in operating cash flow to be able to fund all the future Capex after FY '27?
- Krishna Rangachari:** I think somewhere in the '27, '28 time period. Murali, you want to add?
- Natarajan Muralidharan:** Yes, somewhere around '27, '28 when we sort of cross INR1,000 crores to INR1,200 crores of revenue. At that point in time, we will be able to more or less be self-sustain.
- Sajal Kapoor:** So the operating cash flow should be able to fund all future Capex. And do you expect majority of this Capex to be brownfield or incremental from the same site, i.e., Berigai?
- Krishna Rangachari:** Yes, it will mostly be most -- it will all be from the same site at Berigai unless our customers come to us and ask for a second site, for which we have an alternate site already identified as well.
- Sajal Kapoor:** No, no, I was just wondering how far is this alternate site because the scientists would feel comfortable. So basically, the way it works is when you are scaling up, if your R&D center is nearby, scientists can walk up to the plant and help the operator to scale it up because sometimes what works in the lab doesn't work in the actual plant.
- Krishna Rangachari:** Right. No, I mean that's what -- so Murali was trying to say that we have sufficient capacity available at our current site to take care of our needs for the foreseeable future. So our preference would be to continue at our current site. But what I was trying to say is that if needed, we have a backup option available, and we will cross that bridge when we -- if and when we get there.
- Sajal Kapoor:** Sure. And just finally on one bookkeeping question. When do we expect the deleveraging of the balance sheet to start? I know one of the earlier participants was also wondering about the rising debt levels. It's just at some point in time, if not already, it becomes unsustainable, given the operating cash flow vis-a-vis where we are because over the last couple of fiscals, we have largely funded our Capex and relying on external funding, i.e. debt.
- Natarajan Muralidharan:** Yes. Like Ram mentioned earlier, I think significant part of the Capex is already over and only small part left is the Refrigerant Gas R-32 Capex that we need to implement. So more or less, we can say the debt level has sort of peaked now. And then I think you're also seeing the gearing to be maybe slightly higher because of the current level of profitability.
- So two things will happen. We will start getting the benefits of the higher capacity in the coming years, one. And we'll also start getting the benefits of green power, which will also add significantly to the profitability. All of this will sort of result in the gearing coming down in the coming quarters. And we are confident we'll be able to take care of the existing leverage comfortably.

- Sajal Kapoor:** What is the repayment plan? And when do we start the repayment schedule? What's the schedule for repayment of debt?
- Natarajan Muralidharan:** Normally, these are all project loans which have -- generally, they are post project completion, you have 1 year and then 7 years repayment. And it varies from loan to loan. I think normal period is -- and our cash flow is comfortably -- all of that.
- Moderator:** The next question is from the line of Harsh Shah from Axis Capital.
- Harsh Shah:** Sir, first question on the CSM side. So just since Krishna indicated that there is some softness in the near term on the ag-chem side. So just wanted to understand what is the pipeline in this business and split between ag-chem and non-ag-chem molecules here?
- Krishna Rangachari:** The pipeline is mostly ag-chem. I mean we have some projects in the non-ag-chem, both pharma as well as other fine chemicals, but ag-chem is a significant portion of the pipeline. But the ag-chem market is turning around. I mean the softness I'm talking about has been there for the past couple of years. I mean we are mostly insulated from all of that, and that is coming around anyway.
- Harsh Shah:** Okay. And second question on the spread side. So what is the current spreads in PPVC and SPVC side? And what is the outlook here? And if the ADD is implemented on the SPVC, then what could be the incremental benefits here?
- Ramkumar Shankar:** See, as far as the spreads are concerned, the spreads are between -- if you look at the reported prices of VCM and PVC, PVC is anywhere between -- it's a wide range, but the Chinese PVC is coming in at \$650 Suspension PVC, and the VCM is at around \$500. So that is really where we are in terms of the PVC minus VCM spread. But obviously, to that, you have various other things that add on or come off.
- I think it is a little -- at this point in time, when there is so much of lack of clarity on the ADD, I don't think we should be looking at counting that in the picture now.
- Moderator:** The next question is from the line of Ranjit from IIFL Capital.
- Ranjit Cirumalla:** I'm referring to your presentation, Slide 19, where you have mentioned the capacities for R32 10+2+2. So if you can help us with the timeline for these capacities and also the Capex that you are planning to incur..
- Ramkumar Shankar:** See the first 2 kt is actually a swing plant. We are converting the existing R22 plant into a swing plant. That should be ready any time now, maybe within the next 1 month or so. I think definitely by 1st of January, we should have that ready. The second 2 kt plant should be ready by around April or so.
- The next 10 kt plant, as I mentioned in the earlier call, is something that we are getting ready on all the engineering approvals, everything. And the actual -- the decision will be taken very shortly, depending on some clarity that we are seeking on regulatory approvals. The Capex for the first 2 -- for the 2 kt will not be much, will not be significant.

- Ranjit Cirumalla:** And for the 10 kt?
- Ramkumar Shankar:** The 10 kt, when we do it, it will be around INR250 crores.
- Ranjit Cirumalla:** Right, sir. Given that we are able to ramp this up in CY '26, what kind of a quota or eligibility we would be looking at?
- Ramkumar Shankar:** No, that is the clarity that we are seeking. So I wish we had the clarity right now.
- Ranjit Cirumalla:** Okay. On the second front, you have clearly discussed on the PVC front. Is there any update on the domestic capacity front that you can give us?
- Ramkumar Shankar:** No. We all know the 2 major projects that have been announced and are under construction. I don't think I should -- it would be correct on my part to hazard a guess on when they would be coming up. But there are -- there is one project of 1.25 million tonnes and another project of 1 million tonnes, both of which have been announced and I presume are in different stages of construction.
- Ranjit Cirumalla:** Right, sir One last bit. There have been contradictions from at least the government front, while there has been -- DGTR has implemented ADD, and now we have seen the rescinding of the BIS standard. So what is the thought process that you probably be gathering from your interactions with the government, if you can shed a bit more light on that?
- Because these are kind of contradictory signals that we are getting. On the one hand, we continue to see that there has been a pressure on the pricing and the dumping has only intensified. And on the other hand, rescinding the BIS standards can only increase the dumping.
- Ramkumar Shankar:** Well, BIS standard is more than just a trade measure. It was also equally to implement the quality of the products. And that is why it is even more important because -- especially in products like PVC resin, which goes into an end product that comes into contact with drinking water, food and so on and pharmaceuticals. Therefore, it is more important from the public health angle.
- In terms of ADD should have come in by now, it should have been a straightforward, but we'll have to wait and see. Like I said, we'll have to understand what the government's thinking is.
- Moderator:** The next question is from the line of Vatsal Parag Shah from Knightstone Capital Management.
- Vatsal Parag Shah:** So I just wanted to get some basic clarity on the PVC ADD. So on the Paste PVC side, China, we can understand that they can dump because they produce at scale and the labour cost might also be lower. But why are the European guys able to dump their products in India? So are they selling at losses or like on the gross level, they are better than us? So I wanted to understand the reason for that.
- Ramkumar Shankar:** Very good question. Their cost levels, they are complaining when -- they are filing for antidumping on various others on PVC, they are complaining about their cost levels being high. Therefore, it is definitely not any cost advantage that they have. We believe that there is cross-subsidization where they keep their domestic prices high and cross-subsidize their exports. And that is exactly what the entire antidumping application is about.

So in fact, when in the previous application, Norway was part of it. Norway, as you know, is not part of the EU grouping, and Norway was part of that application, and an antidumping duty of around \$490 was imposed on Norway. Norway's cost would be pretty similar to the European Union producers' costs. So I'll just leave that thought with you.

Vatsal Parag Shah: Got it. And on the Suspension PVC front, so hypothetically, let's say, the results comes out to be negative, so how sustainable in the near to medium term is that business for us?

Ramkumar Shankar: Well, it will post an immediate challenge. But then even today, there is no antidumping duty, and we are slowly seeing some sequential improvement. So we believe that with an organic improvement in the PVC cycle and with prices and margins, then we will continue to slowly improve. Of course, there will, like I said, be at least for the next 2 or 3 quarters, there would be some challenge. But we are hopeful that this, too, will see it.

Vatsal Parag Shah: Okay. And on the Suspension PVC, what are the major countries which are dumping their products?

Ramkumar Shankar: The single biggest country is China. China is accounting for around 54% of the total imports coming into India. Another 14% comes in from Japan, and then that is followed by Taiwan with around 10%.

Vatsal Parag Shah: And ADD on all these countries will come? Or is it like first China will come, then Japan? Like how is it going?

Ramkumar Shankar: Like I said throughout this call, right now, we are not very clear about what the ADD...

Vatsal Parag Shah: No, no. I'm asking, is the application for all of those countries filed or the application itself is not filed like the European Union guys for Paste PVC?

Ramkumar Shankar: All of them were covered in that application that we filed back in October '23 or back even earlier, and it was initiated in October '23. But anyways, I think we -- like I said, the final word, we are awaiting it. Maybe -- if it is negative, then it would definitely pose some immediate challenges.

Moderator: The next question is from the line of Archit Joshi from Nuvama.

Archit Joshi: Just wanted to hear your thoughts on the quota determination that is expected to come in 2028 for HFC gases. So is it that because we have been legacy producers of R22 and the fact that there's a decent bit of provision, at least as per literature, for determining quota on the basis of what we produced in 2009 to 2011, we have made this decision to have this 10,000 tonne-plus R32 plant?

Does that allow us to produce more basis R22? Or otherwise, what would be your thoughts that you might expect from the government about the quota?

Ramkumar Shankar: See, the quotas are country-specific, not company specific. And no country allows quota swapping by any individual company. And of course, we do have, based on our own HFC

production between 2009-'11, we also will have a certain -- we can lay claim. But again, like I said, that is a country quota.

And what will be allotted? Given the fact that India needs the R32 capacity, the air conditioning demand in India is very high, and there will not be enough capacity of gas; so we will need the capacity in India. We believe that based on the capacities available on the ground in the sequence in which it comes up, quotas should be allocated. This is our belief.

Archit Joshi:

I got your point. Sir, another one on the CMCD piece. Given that last 2 to 3 years, I don't think any Indian agrochemical-oriented CDMO company has made -- been able to make a decent ROE. Of course, the current onslaught from Chinese companies is very much visible.

But has there been any change in the dialogue that we are having with our customers when it comes to the ability of an Indian company to be able to sustain x level of margins? Because we have been guiding this 20% to 25%, and we have seen a sharp decrease in AI prices.

Have we seen that change come through wherein we are being maybe suppressed in terms of making that kind of margin because -- purely because of the pricing pressure? And since we are maintaining this 20%, 25%-odd range, what is giving us the confidence to be able to do that? That would be my last one, and all the best.

Krishna Rangachari:

So I'm not sure what you're referring to in terms of other CDMOs in the ag-chem space. But a lot of the pressure with respect to pricing has been on generics. So the ag-chem generic companies have been struggling because of the China prices.

So I don't see the custom manufacturing business itself having significant pressure. So I don't see that as a problem per se. Most of the companies which are in the CMO space, I mean, they are continuing to be at good launch, continuing to be at these levels.

Moderator:

The next question is from the line of Rohit Nagraj from 360 ONE Capital.

Rohit Nagraj:

Sir, just one clarification. If we have the same plant ready in the next month or so, is it safe to assume that we will be operating at more or less optimal utilization throughout 2026 and the another 2,000, which may come by mid-calendar year '26 for the next half of the year, again, it will be operated at more or less at optimal utilization?

Ramkumar Shankar:

It will be. That is the plan.

Moderator:

As there are no further questions, I would now like to hand the conference over to management for closing comments.

Ramkumar Shankar:

Thank you, everyone, for joining us today on this earnings call. We appreciate, as always, your interest in Chemplast Sanmar Limited. And if you have any further queries, please do contact SGA, our Investor Relations adviser. Thank you again, and have a good day.

Moderator:

Thank you very much. On behalf of Chemplast Sanmar Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.