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October 5, 2021

National Stock Exchange of India Limited  
Exchange Plaza, Plot No.C/1, Block 'G'  
Bandra-Kurla Complex  
Bandra (East), Mumbai 400 051

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001

**Scrip-Code:**  
**CHEMPLASTS**

**Stock Symbol: 543336**

Dear Sirs,

**Sub: Half Yearly Business Update: H1 FY22**

Enclosed please find Half Yearly business update of our Company and its wholly owned subsidiary H1 FY 2021-22.

Kind take the same on record.

Thanking you,

Yours faithfully,  
For CHEMPLAST SANMAR LIMITED

  
M Raman

Company Secretary and Compliance Officer  
Memb No. ACS 6248





## Half Yearly Business Update: H1 FY22

### Business Update

- In the first half of FY22, demand environment remained buoyant. During the second COVID surge in India, lockdowns were localised, and the governments of Tamil Nadu and Puducherry allowed continuous process industries to operate. This resulted in no interruptions in production at any of Chemplast Sanmar's manufacturing facilities during this time period. However, the business environment was subdued in terms of customers' applications, in the beginning of Q1FY22 for a short span of time. After this short period, demand picked up sharply and continues to remain strong.

### Operational Update

- Chemplast Sanmar Limited ("the Company" or "CSL"), on consolidated basis, expects to register a significant increase in its Revenue for H1FY22, as compared to the same period in the previous financial year. In terms of overall volume, both CSL and its wholly owned subsidiary, Chemplast Cuddalore Vinyls Limited ("CCVL"), together saw production increase of around 30 – 35% on a YoY basis in H1FY22.
- Operating margins saw an uptick in H1FY22 compared to H1FY21 due to higher realisations per tonne for the key products such as Specialty Paste PVC resin, Suspension PVC and Caustic soda. Prices continued to ride an upward trajectory due to supply tightness resulting from a confluence of multiple factors such as disruption of chemical operations in the USA on account of hurricane Ida, logistic challenges in Asia, dual control of energy consumption in China, etc. CSL's highly integrated facilities enable greater value-addition and flexibility in operations resulting in superior yields and, as a result, healthy sustainable margins.
- The Company is on track to increase the installed production capacity of suspension PVC resin by 31 kt at Cuddalore facility by de-bottlenecking and it is expected to come on-stream by the end of FY22.

### Financial update

- On the balance sheet front, the Company has redeemed NCDs amounting to Rs. 1,238.25 Crores, which was part of the Objects of the primary issue, using the net proceeds of fresh issue of equity shares of the Company (IPO) made in August 2021 (as intimated to the exchanges on 31st August 2021). With this redemption, the Company has become debt free on a standalone basis and on a consolidated basis the net debt is negligible. Due to early redemption of its NCDs, the Company expects to record lower interest expense in FY22.
- Further, as intimated to the exchanges, utilising the net proceeds of the Offer for Sale ("OFS"), received by the Selling Shareholders - Sanmar Holdings Limited and Sanmar Engineering Services Limited ("SESL"), the term loan availed by SESL from HDFC Limited has been fully repaid. Consequently, the security in respect of this loan, including the pledge over the equity shares of CCVL, the wholly owned subsidiary of CSL, has been fully released on 31st August 2021 by the Security Trustee. With this, there is no pledge over the shares of CCVL held by the Company and the shares of Chemplast Sanmar Ltd held by the promoters.

### **Rating Upgrade**

- Credit rating agency, CRISIL has assigned 'CRISIL A+/Positive/CRISIL A1+' ratings to bank facilities of the Company with 'Positive' outlook. The rating on long-term bank facilities of the Company has been assigned at 'CRISIL A+/Positive'. For short-term rating, 'CRISIL A1+' has been assigned. This is a testament to our efforts over the last few years, which have enabled us to continue on our rapid growth path while also strengthening our balance sheet.

*This is a one-time update to provide a direction on the key trends witnessed by Chemplast Sanmar Limited in the six months ended 30th September, 2021. A detailed Information Update will follow this once the Board approves the financial results for H1 FY22. The revenue growth numbers and other details provided in this note are based on management estimates.*