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CIN L24230TN1985PLC011637

August 5, 2022

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 Sirs,

**Subject: Press Release**

Please find enclosed the press release titled **“Q1 FY23 – A Good Performance in tough Circumstances”**.

This is for your information and records.

The above information will also be available on the website of the company at [www.chemplastsanmar.com](http://www.chemplastsanmar.com).

Thanking You,  
Yours faithfully,

For CHEMPLAST SANMAR LIMITED



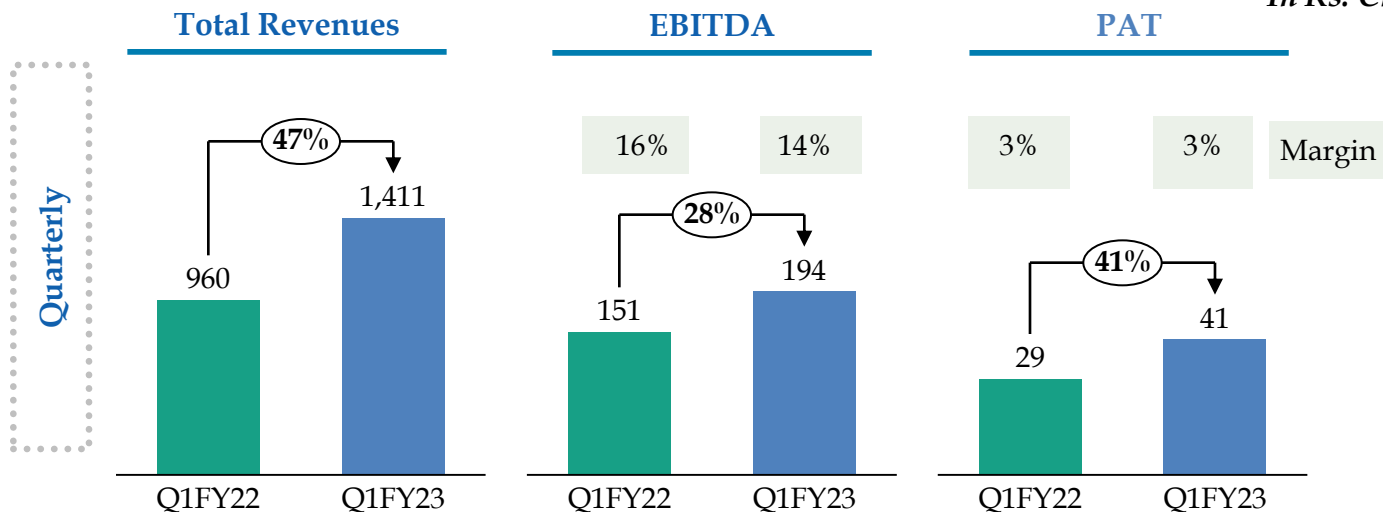
M RAMAN  
Company Secretary and Compliance Officer  
Memb No. ACS 6248



### Q1 FY23 – A Good Performance in tough Circumstances

**Chennai, August 5, 2022:** Chemplast Sanmar Limited (NSE: CHEMPLASTS | BSE : 543336), a specialty chemicals company, which is India’s dominant producer of Specialty Paste PVC, having significant presence in the custom manufacturing business and through its wholly-owned subsidiary, is the 2<sup>nd</sup> largest producer of Suspension PVC in India, announced its unaudited Financial Results for the quarter ended June 30<sup>th</sup>, 2022.

*In Rs. Cr*



#### Key highlights

- PVC prices have come under pressure due to oversupply from China. We believe this is temporary, caused by the lockdowns in China and the medium to long term outlook remains strong.
- While the sudden surge of imports from China have been absorbed by the domestic market due to the demand-supply gap, it has nonetheless had an adverse impact on the PVC prices.
- Enquiries for custom manufacturing business continue to remain strong. We are operating close to optimum capacity levels at the moment. We have already triggered the capex project related to the next phase of investment and increasing the capacity at the site, once that comes on-stream we would be able to again ramp up our volumes. During the quarter, CMC division has received the “Sustainability Award” from one of its key customers for carbon reduction.
- Our non-Specialty Chemicals segment registered an 94% increase in the revenues on YoY basis, mainly led by surge on the pricing front especially for Caustic Soda.
- Suspension PVC witnessed an increase of 42% in the overall revenues on a YoY basis driven by a 40% increase in the sales volumes. A part of higher volumes is due to completion of debottlenecking in May '22.



### Key highlights (contd.)

- The Zero COVID policy in China and the resultant COVID related shutdown there have resulted in a sharp contraction of demand for PVC resin in that country. On account of this, there is a spike in exports of PVC resin from China resulting in a steep fall in finished products prices in India. In line with generally accepted accounting principles, we have written down the carrying value of stocks of major intermediates and finished products, to levels corresponding to the net realisable value of finished products, leading to an exceptional charge of Rs. 81 cr in Q1FY23
- Finance cost for the quarter has been reduced to Rs. 36 cr as compared to Rs. 100 cr in Q1FY22. This is largely driven by lower debt compared to corresponding period last year

**Commenting on the results, Mr. Ramkumar Shankar, Managing Director** said, *“Despite a challenging environment, we delivered another quarter with a strong 47% growth in revenues on a YoY basis and 28% growth in EBITDA on YoY basis. Sequentially however, our profits are lower than Q4 of FY22 due to the flood of PVC exports from China into India due to the COVID-related lockdowns in that country. Energy costs have also gone up, largely due to a spike in coal and natural gas prices. I’d like to highlight that currently, commodity business dominates our sales pie with close to 65% of our sales. However, in terms of profitability our specialty vehicle accounts for more than 50% of our EBITDA. In the long term, once our proposed expansions come on-stream, specialty vehicle would contribute a larger share of both revenues and profitability.*

*In the quarter gone by, we commissioned the first of our multiple capex projects which we announced at the time of our IPO – the debottlenecking of our suspension PVC capacity at our Cuddalore plant. This may be a small project but its timely completion in spite of COVID-19 related disruptions reflects our commitment towards growth and strong project execution capabilities. Approvals have been received and construction started on both the Paste PVC project and the new multi-purpose block in the CMC business.*

*On the pricing front, PVC prices have come under pressure as the lockdowns in China have had an impact on consumption centres whereas the production centres were un-impacted. As a result, excess PVC inventory that is being built up in China is being exported out of China and that is keeping the prices low across the region. However, feedstock prices have also come down quite significantly following this, and indeed on a marginal basis, the spreads between PVC and VCM are still healthy. This will be realized when the prices stabilise. This flood of Chinese exports is a temporary phenomenon linked to their lockdowns, and we are confident that things will normalize over the next couple of months. Caustic soda prices continue to be strong.*

*The demand environment across our product portfolio continues to remain strong. The medium to long-term prospects for our products are positive, with demand growth estimated to outpace growth in supply.”*

### About Chemplast Sanmar Limited

Chemplast Sanmar Limited is part of the SHL Chemicals Group, which in turn is a constituent of The Sanmar Group, one among the oldest and most prominent corporate groups in South India. It is a major manufacturer of Speciality Chemicals such as Specialty Paste PVC resin and Custom Manufactured Chemicals for agro-chemical, pharmaceutical and fine chemicals sector. The company also produces other chemicals such as Caustic Soda, Chloromethane products, Hydrogen Peroxide and Refrigerant gas. Chemplast is one of the most integrated chemical plants in the country with a closed manufacturing loop.

Chemplast also manufactures Suspension PVC through its wholly owned subsidiary Chemplast Cuddalore Vinyls Limited. Chemplast is the largest manufacturer of Specialty Paste PVC Resin in the country and is the second largest producer of Suspension PVC in India.

Chemplast has played a pioneering role in the field through its ingenious choice of feedstock and manufacturing processes, and efficient, eco-friendly practices. Chemplast is one of the industry leaders in sustainability practices and has been a recipient of numerous awards and recognitions on this front.

### Safe Harbor Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

For further information, please contact



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