



## Chemplast Sanmar Limited

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CIN L24230TN1985PLC011637

16<sup>th</sup> May 2023

BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Scrip Code - 543336	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Mumbai- 400 051 Scrip Symbol: CHEMPLASTS
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Dear Sirs,

**Sub: Earnings Release**

Please find enclosed the earnings release titled "**Q4 & FY'23**".

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

This is for your information and records.

Thanking you,

Yours faithfully,

For CHEMPLAST SANMAR LIMITED

M Raman  
Company Secretary & Compliance Officer  
Memb. No. ACS 6248



# Chemplast Sanmar Limited

## Earnings Release



CHEMPLAST SANMAR LIMITED

### Q4 & FY '23

**Chennai, May 16, 2023:** 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 audited Financial Results for the year and quarter ended March 31, 2023.

(Rs. Cr)	Q4 FY '23	Q4 FY '22	Y-o-Y%	FY '23	FY '22	Y-o-Y%
Revenue from Operations	1,147	1,807	-37%	4,941	5,892	-16%
EBITDA	97	346	-72%	468	1,197	-61%
EBITDA Margin %	8.5%	19.2%		9.5%	20.3%	
PAT	46	232	-80%	152	649	-77%
PAT Margin %	4.0%	12.8%		3.1%	11.0%	

## Key highlights

- Continuing the trend from December '22, prices of both Paste PVC and Suspension PVC increased and then remained stable until February. This trend reversed from March onwards with sharp correction due to a sharp surge in imports from China
- Volumes across most of the products were higher in FY '23 as compared to the previous year
- Power & fuel cost increased by Rs. 193 Cr and by Rs. 23 Cr as compared to FY '22 and Q4 of FY '22, respectively - mainly due to increase in coal, gas and superior kerosene prices
- Custom Manufacturing business registered 26% Y-o-Y growth in revenues during FY '23
- Both the Paste PVC and Custom Manufacturing expansion projects are on track
- On a consolidated basis, the balance sheet continues to remain healthy with a cash & bank balance of Rs. 1,192 Cr and the company continues to be net cash positive



All computations are on Consolidated basis

## Earnings Release

**Commenting on the results, Mr. Ramkumar Shankar, Managing Director,** said, *“Despite a challenging environment this year caused by the run-up in energy prices due to the Russia-Ukraine war, the severe impact on Chinese demand due to their Zero-COVID policy for most part of the year, and rising interest rates across the globe, we closed the year with a decent performance with a top-line of Rs. 4,941 Cr and 9.5% EBITDA margin. For the full year, revenues were lower by 16% as compared to the last year – however, sales volumes of almost all the products were higher on a Y-o-Y basis. Falling prices of finished goods coupled with increase in energy costs have resulted in reduction of EBITDA margin during the year.*

*Indian demand for Paste PVC grew by around 17% in FY '23, while Suspension PVC demand grew by over 30% during the year. However, the slower than anticipated recovery of China's economic activity continues to have an adverse impact on the PVC industry in the form of dumping of large quantities from China into the global market, especially India. This is expected to put pressure on PVC prices and margins in the next few quarters, till the recovery of Chinese demand. However, the medium to long-term prognosis of the PVC demand still remains positive with India, in particular, expected to see a huge gap as demand continues to outpace supply.*

*The Other Chemicals (Caustic Soda, Chloromethanes, Hydrogen Peroxide, Ref gases) business which completes our integration story, has also been impacted largely due to commissioning of new capacities in India. We expect this business to stabilize over the next few quarters, as the new capacities settle in.*

*Our Custom Manufacturing business has been a silver lining amidst the sluggishness witnessed by the other businesses. Growth in this business continues to be strong, with a Y-o-Y revenue growth of 26% in FY '23. We have signed LOIs for two molecules in the last 9 months with a revenue potential of ~Rs. 800 Cr over the next 4 years. Based on these LOIs, and the strong pipeline of products, we have a high level of visibility with respect to steady state capacity utilization of the first phase of expansion that is to be commissioned in H1 FY '24.*

*Both the capex projects (41 ktpa Paste PVC expansion at Cuddalore, and the Multi-purpose blocks at Berigai for the Custom Manufacturing business) are on track. The demand for our products looks very strong and the energy costs have started dropping. While there are immediate-term challenges, we are optimistic about the overall business in the long term, and our capital investments will boost our margins and competitive position even further.”*

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### 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 Specialty 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 Sanmar 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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