SANMAR

Chemplast Sanmar Limited

Regd Office:
9 Cathedral Road
Chennai 600 086 India
Tel + 91 44 2812 8500
E-mail: csl@sanmargroup.com
www.chemplastsanmar.com
CIN L24230TN1985PLC011637

August 14, 2026

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

Dear Sir/Madam,

Sub: Transcripts of the Earnings Conference Call held on August 7, 2026

In continuation to our letter dated August 4, 2026 please find enclosed the transcripts of the Earnings Conference Call held on August 7, 2026.

Date & Time of occurrence of this information: August 14, 2026; 5:52 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

PADMANABHAN SRINIVASAN
Digitally signed by PADMANABHAN SRINIVASAN
Date: 2026.08.14 18:41:45 +05'30'

P SRINIVASAN
Company Secretary and Compliance Officer
Memb No. ACS 10129

"Chemplast Sanmar Limited
Q1 FY27 Earnings Conference Call"
August 07, 2026

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 07, 2026, will prevail."

MANAGEMENT: **MR. S. GANESHKUMAR – MANAGING DIRECTOR – CHEMPLAST SANMAR LIMITED**
MR. A. R. BALAJI – CHIEF FINANCIAL OFFICER – CHEMPLAST SANMAR LIMITED
DR. KRISHNA KUMAR RANGACHARI – HEAD, CUSTOM MANUFACTURED CHEMICALS DIVISION – CHEMPLAST SANMAR LIMITED
MR. N. MURALIDHARAN – EXECUTIVE DIRECTOR, FINANCE – CHEMPLAST SANMAR LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Chemplast Sanmar Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the lesson only mode and there will be an opportunity for you to ask questions after the presentation concludes. 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 guarantees of future performance and involve risks and uncertainties that are difficult to predict. Should you need assistance during this conference call, please signal an operator by pressing star then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. S. Ganeshkumar, Managing Director from Chemplast Sanmar Limited. Thank you, and over to you, sir.

S. Ganeshkumar: Thank you. Thank you so much, and good morning, 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, A.R. Balaji; Dr. Krishna Kumar Rangachari, heading our Custom Manufactured Chemicals Division; N. Muralidharan, Executive Director, Finance; and SGA, our Investor Relations Advisors. I hope everyone has had an opportunity to go through the financial results and investor presentation, which have been uploaded on the stock exchanges on our company's website.

Q1 FY26-'27 was shaped by a volatile global environment with geopolitical events influencing raw material availability, feedstock costs and demand across several of our businesses. We are seeing respite in the feedstock prices with supply conditions improving towards the end of the quarter.

Against this backdrop, the company reported a consolidated revenue of INR1,125 crores for the quarter. However, a sharp increase in input costs severely impacted profitability, resulting in EBITDA loss of INR115 crores.

Getting into the details. On the Paste PVC side, the demand remained volatile throughout April and early May, primarily due to lower downstream operating rates caused by PNG, LNG supply issues and elevated input costs.

However, the market turned around in June as Middle East situation eased, providing better visibility on raw material availability and helping downstream operating rates to recover to 70% to 80%. We remain confident that this demand recovery will continue in the coming quarters.

Pricing improved compared to the previous quarters. Supplies from Europe and Asia remained limited through much of the quarter before turning aggressive again from mid-June as market conditions normalized.

On the regulatory front, the Ministry of Finance allowed the antidumping recommendation against imports from European Union and Japan to lapse, prolonging import pressure on the domestic industry. In response, we filed a writ of mandamus before the Madras High Court and obtained a favorable order directing provisional assessment of imports and execution of bonds by importers to facilitate retrospective recovery of ADD should it ultimately be imposed.

The basic customs duty on Paste PVC was waived off from 1st of April 2026 to 30th of June with the waiver extended until 15th of July 2026. This was reinstated with effect from 16th of July 2026. With the reinstatement of customs duty and the ongoing legal proceedings relating to ADD, we expect a moderation in low price dumping from Europe and Japan, which shall provide a more balanced competitive environment for domestic producers.

Operationally, productivity improvement initiatives at the Cuddalore Paste PVC facility is progressing well and the 7,000 tons debottlenecking project remains on track for commissioning in October '26, further strengthening our manufacturing capabilities.

Coming to Custom Manufactured Chemicals Division. The segment delivered a much improved performance during the quarter, reflecting encouraging signs of recovery from the slowdown witnessed over the past few quarters. Backed by a healthy order book, accelerating customer engagements and robust product pipeline, we are confident that this positive momentum will continue through FY27.

On the execution front, MPB 3 Phase 3 and pilot Phase 3 have been successfully commissioned and are on stream. Our business development initiatives are also yielding encouraging results. The appointment of a business development head for Europe and a representative in Japan have significantly strengthened customer engagement and new product opportunities.

Our molecule pipeline has expanded close to 50 molecules with 14 being commercialized, reinforcing our confidence in the long-term growth prospects of the business. On our refrigerant gas business, following the commencement of commercial production of R32 in May '26 from our swing plant, customer engagement continues to progress. Feedback from customers on product specifications has been positive. On the new plant, project commissioning is underway and progressing as per plan.

Moving to our value-added chemicals business. Caustic soda and chloromethane continued to operate in a challenging market environment during the quarter with pricing remaining under pressure due to weak regional demand and excess supply.

While demand for caustic soda remained stable across key end user industries, chloromethanes volumes were impacted by softer demand in select end-use segments. In hydrogen peroxide, volumes improved on a sequential basis as raw material availability normalized, although prices moderated from elevated levels seen at the beginning of the quarter.

On 17th July, a rare fire incident occurred in our PVC plant in Karaikal, resulting in manual shutdown of the facility. There were no injuries to employees or contractors, neither was there any spillage and the fire was fully extinguished within 15 minutes. We are working closely with the concerned authorities and undertaking all necessary corrective actions to facilitate the safe and timely restoration of operations with the safety and well-being of our employees remaining our foremost priority.

On Suspension PVC business, market headwinds impacted the Suspension PVC this quarter due to declining prices, particularly in April '26. The quarter was marked by significant volatility following the Middle East conflict, which disrupted feedstock availability and led to elevated VCM prices.

To support the domestic economy and reduce import costs, the government exempted customs duty on PVC resin and reduced the duty from 2% on VCM to nil from 2nd April to 30th June 2026. This led to higher imports, particularly from China, putting pressure on domestic market. In addition, the demand softened towards the end of the quarter due to seasonal factors. Reimposition of the customs duty and introduction of the minimum import price on low-price Suspension PVC imports are expected to provide some pricing support.

During the last quarter, we mentioned about formation of a committee comprising of 3 independent directors to examine the strategic priorities of the company with a view to enhance the long-term value creation for stakeholders. The committee is currently evaluating the various options available and have engaged advisers to assist them in the process. Once there is a definitive development or a concrete outcome to share, we will certainly provide an update.

The improving outlook of our specialty business, coupled with a few positive developments in our PVC product portfolio gives us confidence in the future. The strong momentum in CMCD, together with our ongoing investments in capacity expansion in the specialty segment, positions us well to drive profitable growth. We remain focused on disciplined execution, creating long-term value for our stakeholders.

Now I request our CFO to talk about the financials.

A.R. Balaji: Thanks, Ganesh. Good morning to all the participants on the call. Coming to our financial performance for quarter 1 FY27. On a consolidated basis, the company reported revenues of INR1,125 crores compared to INR1,100 crores in the corresponding quarter last year. Company reported a net loss of INR176 crores for the quarter.

Now moving to segment-wise performance. The Specialty Chemicals segment reported revenues of INR427 crores during the quarter with volumes registering a healthy 21% year-on-year growth. The value-added chemicals segment reported revenues of INR129 crores compared to INR138 crores in the corresponding quarter last year. The Suspension PVC segment reported revenues of INR569 crores compared to INR608 crores in the same quarter previous year.

In terms of revenue mix, the Specialty Chemicals segment contributed 38% of the consolidated revenue. The value-added chemicals segment accounted for 11%, while the Suspension PVC business contributed the remaining 51%. On a standalone basis, the company reported revenue from operations of INR592 crores, while EBITDA stood at INR7 crores for the quarter.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rohit Nagraj from 360 ONE Capital.

Rohit Nagraj: Sir, first question is in terms of VCM sourcing. So what is the current condition in terms of sourcing from different geographies? And given that the VCM prices have been largely similar to the product prices PVC, at any point in time, would we be taking a decision to partially shut down the facility because any which way it is not making money as of today?

S. Ganeshkumar: Thank you, Rohit. The VCM high-priced inventory that we had booked, which was close to $1,000-plus, that affected the first quarter and we will consume everything by July and part of August. As of today, if I look at the replacement cost, the VCM is priced at about $700 delivered price.

And we are selling PVC at about $900-plus. So there is a spread of $150 to $160 net of taxes, which is available for us to offer. We will continue to evaluate this situation. We are trying to look at alternate sources of VCM sourcing.

But to give a perspective, the reason why the prices went up early in end of March, early April was primarily due to lack of the feedstock for the VCM plants, which used to come from Middle East. That has now eased out and plants have started going back to their 70%, 80%, 90% capacity. So we see that VCM prices will continue to soften as we go into the next quarter.

Rohit Nagraj: Sure, sir. Sir, second question is in terms of the margins for suspension as well as Paste PVC. Now given that the ADD investigation or the ADD did not go through for both the products, how are we foreseeing the margins for the next 1, 1.5 years? And have we done any additional -- I mean, you mentioned about the Bombay -- Chennai High Court, we have appealed. But beyond that, from an ADD perspective, have we been going ahead with any incremental process so that, again, it can be taken up by the government?

S. Ganeshkumar: So one is the ADD suspension, yes, suspension, we are relooking at taking it up as an industry in terms of -- we are working on the data to see what is in favor of an ADD proposal. On the paste side, I think this itself -- this court directive itself is pretty strong and will be a deterrent to low price dumping into the country because it is against a provisional bond of retrospectively collecting duty in case if it is applicable. So it means that the prices will adjust in a normative approach as we go.

For the next steps of application for paste, that is something which we always keep reviewing on a quarterly basis in terms of how are we with respect to the data and what is it that we need to do as an action. So that will continue to be a consistent process to represent with the government and see how to get an antidumping duty on Paste PVC. The focus of antidumping duty is also only a level playing field. As long as we get a level playing field, we are competitive technically with the global players into the market.

Rohit Nagraj: Got that, sir. If I can squeeze in one more on the CMCD front. So in the commentary, you mentioned that this quarter has seen a good amount of pickup and good traction on the business. Is it because of any external factors or do we feel that this is going to be a case incrementally for the quarters and the pickup will continue? And where are we on the INR1,000 crores target for CMCD as of now?

S. Ganeshkumar: I will hand it over to Dr. Krishna Kumar Rangachari to respond to this question.

Krishna Rangachari: So we are on track on the INR1,000 crores target as we communicated in the last call. Going back to your first question, this is a reflection of the molecules that we have commercialized over the past few years starting to ramp up as we had expected them to. And so we expect to continue -- I mean, we expect the trend to continue in the coming quarters as well.

Moderator: The next question is from the line of Ankur Periwal from Axis.

Ankur Periwal: Continuing on the CSM, the CDMO side, we were working on 40-plus molecules earlier, and we're expecting commercialization of around 15, 17 of them this year. Any changes to that thought or any update on that? How are we looking at the product commercialization side? And this will be largely agchem, right? Or there are some other non-agchem molecules as well that we are looking to ramp up?

Krishna Rangachari: Thank you. Good question. The pipeline continues to be healthy. Our number of molecules in the pipeline that we track continues to increase. We have close to around 50 molecules in various stages of development. We have currently 14 commercial, but we anticipate more commercialization in the coming months.

We have also deployed resources both in Europe as well as in Japan to accelerate our business development efforts in these regions. The activities in terms of BD is not just restricted to agchem. So this pipeline that I'm talking about of close to 50 molecules includes markets in pharmaceutical as well as in other specialty chemical end markets. So we are trying to diversify beyond just agchem.

Ankur Periwal: Sure, Dr. Krishna. So if you can just highlight maybe in percentage terms or whichever way it works, how do you see, let's say, this INR1,000 crores revenue that we are looking at, right, maybe 3 years out? What could be the potential breakup of this between agchem and non-agchem?

And secondly, from a client diversification or concentration perspective, you did mention BD efforts in Europe and Japan, but do we have visibility on revenue from incremental newer clients or the same client is adding more business to us?

Krishna Rangachari: So the INR1,000 crores would continue to be pretty much agchem. So that number is reflective of what we have done till now. What we are doing now will reflect a little bit down the road, and it's not factored in that INR1,000 crores. So we will continue to be, in the near term, majorly dependent on agchem.

Ankur Periwal: Sure, sir. And just a follow-up, the current discussions with clients, especially on the agchem side, are we seeing any signs of ramp-up? Because last quarter, we had highlighted that there is some deferral in demand. Is this status quo right now as well or there is some improvement or deterioration?

Krishna Rangachari: That deferral I was talking about and it sometimes happens quarter-to-quarter or, let's say, financial year to calendar year due to timing. The agchem overall market continues to be subdued and it's reviving, but there's still significant competition with respect to generics from China.

But majority of our molecules that we have that we are commercialized, many of them are pipeline molecules.

So those are more linked to long-term growth and things like that. So the growth for us is coming from what we have developed and commercialized, and they are going through the ramp-up phase that we had originally anticipated. Some of them could have been delayed by a quarter here and there, but overall, they continue to be on a healthy positive trend.

Ankur Periwal: Sure, sir. That's helpful. And just one last bit on R32. We are looking at 14,000 tons of capacity. One, any time lines on that side in terms of commissioning? And secondly, how are you looking to sell this across? Is this largely going to be a domestic sale or are we looking at some global tie-ups, etc.?

S. Ganeshkumar: Thanks. All the capacities will be online by end of this fiscal. That's per plan. It's not something which is changing as of now

Ankur Periwal: Sorry, end of this quarter?

S. Ganeshkumar: Fiscal, fiscal.

Ankur Periwal: Okay.

S. Ganeshkumar: This fiscal. That has been the plan always, and that is how we are on track to deliver on that. Second is regarding the go-to-market strategy. The go-to-market will encompass both domestic and international sales. We are in active discussions with various partners. And by the time we get the capacity on-line, we would have tied up some of the partnerships.

Moderator: The next question is from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Sir, I've got 3 questions. I will put them across one by one with your permission. First one is, you just disclosed and also in your annual report that you have 14 molecules in commercial production on the CMCD side. Without naming customers or products, how concentrated is that revenue? I mean what share comes from, let's say, top 3 molecules and how broadly distributed the revenue base is across these 14 today?

Krishna Rangachari: As I said, it's concentrated mostly in agchem. But beyond that, we don't want to comment on both customer concentration as well as product concentration because many of them, we -- as you -- as I've indicated before, we have confidentiality obligations with the customers. But I can assure you that it's with multiple customers and across multiple innovators and multiple products.

Sajal Kapoor: Yes. So products, we know that it's 14, but you also just mentioned that you have got multiple innovators or customers across these 14 molecules.

Krishna Rangachari: Absolutely. Absolutely.

Sajal Kapoor: Okay. Yes. Sure, sure. I guess there is a slight delay in the line, but that's fine. And my second question is, you have expanded the CMCD capacity from roughly 1,100 tons to 5,400 tons.

Excluding the uncontracted pipeline, what utilization does the current order book support today? And what utilization is required for CMCD to earn your targeted ROCE?

Krishna Rangachari: So I'll answer on the utilization side. As you are aware, we -- just this quarter, we commissioned the Phase 3 of the expansion of the MPB 3. So if I exclude that, our utilization would be maybe close to 60% to 70% on the assets that were already commissioned. So that's -- so again, that's a fairly healthy utilization because if you also recall, these are multipurpose blocks.

So can handle multiple products, but there are time required to change over from one campaign to another. And so utilization in that -- in these blocks can never be 95% or 100%, let's say. And the question on ROCE.

Sajal Kapoor: Yes, absolutely. It will never be -- yes, yes. I'll clarify the question. So for the blocks that are reasonably well utilized.

N. Muralidharan: So we don't break it up, Sajal…

Sajal Kapoor: If I can clarify very quickly, I think there is some delay in the line. So for the...

N. Muralidharan: Sorry, if you can repeat the question, it's not clear?

Sajal Kapoor: Yes, sure, sure. I will repeat. So my question was that for the -- on the gross block that is reasonably well utilized, 60% to 70%, are you getting the desired ROCE based on your internal estimates on that part of the gross block, which is utilized? I'm just trying to understand the overall economics that at a certain utilization, yes, of course.

We will never get 90%, 95% utilization on a sustainable basis because these are multipurpose plants and multipurpose plants and changeover, etc., will impact the utilization. These are not dedicated capacities, one molecule, continuous manufacturing, etc. So I completely understand that. But on the part that is reasonably well utilized, are we getting the desired ROCE? That's the question.

N. Muralidharan: So thank you. I think that Krishna explained about, one, the order book is healthy and the delivery in Q1 has been healthy. And the utilization has been at reasonable levels. Of course, it can sort of go up marginally.

In terms of return expectations, I think earlier also we had indicated, in new products, we gradually sort of -- the return/ the contribution margins gradually increase. I think we are now reaching a stage where we are more or less able to optimize the cost levels and then get to the industry levels of returns. That's where we are. I think we will get there this year.

Sajal Kapoor: Okay. Okay. Understood. And my last question is on the debt levels. We have a positive operating cash flow. But with the interest cost now around INR235 crores annually and free cash flows are still negative because of the growth capex, what level of sustainable operating cash flow do you need to service the interest and the debt repayments while completing the committed growth capex without requiring additional capital, be it dilution of equity or some external funding?

A.R. Balaji: Thanks. This is Balaji. Sajal, we have conserved cash over the years. That, along with the current accruals, will take care of all the debt servicing obligations. We have enough liquidity in the system to take care. So it should not be a cause for concern.

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

Sanjesh Jain: A couple of questions. First on the PVC. Sorry, I joined a little late in the call, but I want to understand how has been the spread starting this quarter? Because are we still carrying the high-cost inventory because there is a significant impact of high-cost inventory in Q1? How should we think about Q2 and Q3 considering the current prices if they sustain the way they are?

S. Ganeshkumar: Sanjesh, thanks for the question. The high-cost VCM still continues. Part of it is still there, will be -- was there in July and will be there in part of August. And after that, we are getting into the normal price level. So getting into September and getting into Q3, we should be in a better position if the same price levels continue on both sides, whether VCM or PVC. We are talking of a spread of around $160 between PVC and VCM.

Sanjesh Jain: Between PVC and VCM. And they are sustaining now?

S. Ganeshkumar: They are sustaining now. See, now that the customs duty is back, the MIP is imposed for the next 6 months. So both of these things will ensure that prices will not go below this level.

Sanjesh Jain: And when we say $160, it is India spread or we are talking about the global spread? Because if I take $160, then should I add the differential in the excise duty, freight cost to come to an actual spread?

N. Muralidharan: This is our spread.

S. Ganeshkumar: This is our spread.

Sanjesh Jain: Roughly around...

S. Ganeshkumar: This is our spread. So it is an India spread.

Sanjesh Jain: Got it. Got it. Second, on the Paste PVC, we have done a 7,000 metric ton of debottlenecking, which is a great thing. But how is the spread in the Paste PVC business? Because your standalone has done reasonably well when we compare to your subsidiary. So is there a difference in the inventory carrying days for both the business? And how has been the spreads for the Paste PVC?

S. Ganeshkumar: So, a, the Paste PVC realization has been much better for us compared to the Suspension PVC. There is always a positive spread between Suspension and Paste. That's one of the reasons why we are pushing for the Paste debottlenecking. And that is what has helped us to put the standalone P&L in a good position.

Sanjesh Jain: And spreads, there are -- what is the differential spread today in the Paste versus Suspension PVC?

S. Ganeshkumar: That is roughly around $200 is the spread between Paste and Suspension PVC.

Sanjesh Jain: Got it. And my next question on the value-added product. The production appears to be lower. Is it because we have bought more EDC from the market because of the ethylene shortage? Or is there anything else to read there?

S. Ganeshkumar: See, we went through a membrane changeover because of which during the membrane changeover in caustic, the production is -- plant is shut down. So that is where we had lost the capacity. And knowingly, it was a well-planned initiative. And post membrane changeover, the productivity improved. So in the long term, it benefits us. So that is why you see that delta.

Sanjesh Jain: And what will be today our capacity in the caustic? We were at 120,000. Still there or...

S. Ganeshkumar: We are still at that. Capacity is that, but then different electrolyzers, because of aging, has different efficiencies. So 100 to 120 will always be the range in which we operate.

Sanjesh Jain: Got it. Got it. One on the custom manufacturing business. We were considering this year of a decent growth. Has the visibility improved or you still see there's a challenge in the underlying agrochemical market?

Krishna Rangachari: No, we don't see any challenges in the underlying agrochemical market. The concern that we would have is how the pipeline in the agrochemical market moves because I've talked about this in the past in terms of new molecule launches are getting delayed and are not taking off as originally our customers were expecting because of price pressures on existing molecules and availability of cheap generics, which motivates the farmers to continue using existing chemistries and formulations and not move to new molecules. But our underlying -- don't see significant downsides to the demand that we have on the molecules that we have already commercialized.

Sanjesh Jain: And where has been the pickup of some of the molecules? Because we did some of these patented, I thought considering the revival, there will be a push from an innovator for the patented product. Are we seeing that happening in the market? Are there more uptake for our products?

Krishna Rangachari: Yes. No. So the molecules that we have commercialized, many of them are pipeline or are linked to customers' newly launched products, right? And we are seeing good traction, and we are starting to see positive revival and momentum on some of those already.

Sanjesh Jain: And Krishna, anything beyond the agrochemical we are thinking at this point of time? Or we are largely focused on getting this agrochemical entire thing up and running and then probably think of more diversification?

Krishna Rangachari: No. So we talked about it, I think, probably before you joined. We have invested or we are investing in resources, both in Europe and in Japan to support our business development. And these are fairly senior level resources. And the intent is to look beyond -- obviously, agchem is a focus because there is significant opportunity both in the near and long term.

So we are not going to move away from that. We believe that there is good opportunities there. But at the same time, parallelly, we are looking at pharmaceutical and other specialty chemical applications and customers where we are seeing some traction as well. So it's again our intent to diversify beyond agchem in the long term.

Sanjesh Jain: Very given. And have we hired the people or we are still in the process of identifying the talents?

Krishna Rangachari: No, no, no. The resources are already on the ground and running.

Sanjesh Jain: On the ground and running. Great.

Moderator: The next question is from the line of Rashmi Gohil from Arihant Capital.

Rashmi Gohil: So with 4 consecutive quarters of losses and thin margins, what is management's line of sight to EBITDA breakeven and by when?

S. Ganeshkumar: See, the challenges have been continuing for a long time, mainly driven by the PVC segment. But what we are looking at is 4 broad triggers in terms of positive triggers. First is, if you look at Suspension PVC, we are looking at the reinstatement of customs duty, the MIP that has been implemented. And also the -- globally, the market is recovering very, very marginally. That's even though marginal, but the MIP and the reinstatement of duty will bring up the price levels.

This, accompanied by the drop of the -- drop in VCM prices, will help us to improve the spread as we move into the next quarter. We may still have some challenges in this quarter, but as we move into the next quarter, we see that this margin should be able to sustain. So we are talking of reaching a spread of close to $160. And this will be healthy for the Suspension PVC business. Coming to Paste PVC business, there is, of course, the duty which has come back. That is the first one.

Second is while we did not get the antidumping duty, we filed a writ in the Madras High Court in terms of seeking reinstatement. And till the time a decision is taken, provisionally allowing importers to clear the consignment on a bond with ability to retrospectively recover the duty if imposed. So this has already started seeing offshoots in terms of prices going up. So to that extent, is a positive sign.

Third is on the CMC, Krishna has explained that we've had a strong quarter. There are 14 molecules, which are already in play. We have a strong order book as we speak for the remaining 9 months of the year. And also the new molecule pipeline at 50, which will move around and start getting into concluding phases into the next few quarters.

So fourth is the ref gas, which will come across -- we will -- part of the plants are already operational. The full capacity will be in the last quarter of the fiscal. So by that time, we will also start getting into the profitable mode. So all the 4 put together, I think we have a strong, resilient position today to see that the business turns around and moves towards a positive...

Rashmi Gohil: My next question is around refrigerant gas that is R32. Now that the commercial production has started, so what is the current utilization rate? And when do you expect full ramp-up? And what is the expected revenue and margin contribution from R32 in FY27?

S. Ganeshkumar: See, full ramp-up will happen only in the last quarter of this year and the first quarter of next year because that is when all the capacities will come up. And as we move, we see a healthy margin contribution there as of today, but it's too early to give a forward-looking statement on how much will that stay. But yes, it is as per our plan, and we see this is going to be one of the profitable segments.

Rashmi Gohil: And how does the swing plant's -- flexibility between R22 and R32 get decided commercially?

S. Ganeshkumar: So we would be moving to R32. And then depending on -- if we have an opportunity, we can take a call later. But as we see the entire country and the global moving towards R32, we may not have significant demand for R22.

Moderator: The next question is from the line of Kiran Gadge from Knightstone Capital Management LLP.

Kiran Gadge: So what was the PVC VCM spread in Q1?

S. Ganeshkumar: PVC VCM spread in Q1 was negative. It was a negative spread for us. So it was because of the high-cost VCM, because if you look at the average landing of VCM in Q1 was about $1,000-plus per ton and the realization was close to $700 to $750 per ton.

Kiran Gadge: Okay. And at what spread would we be EBITDA positive?

S. Ganeshkumar: We are looking at, what do you say, to become EBITDA neutral, we need roughly $120 to $130 per ton.

N. Muralidharan: Kiran, actually, you had sort of like Ganesh had mentioned, the Q1 had the impact of the high-cost VCM, which we had spoken about in the last earnings call itself. So currently, on a replacement basis, if you look at the PVC and VCM prices, I think the current high-cost material will move out maximum by August.

Post that, we will realize the current market spreads. Current market spreads, like Ganesh was explaining, is somewhere around $160. So that will give us a reasonably healthy EBITDA numbers on an annualized basis.

Kiran Gadge: Okay. And for PBT positive, what kind of spread will we need?

N. Muralidharan: Maybe another $20 to $30 of spread will make it PBT positive.

S. Ganeshkumar: Yes, another $30.

Moderator: The next question is from the line of Riya Mehta from Equitas.

Riya Mehta: I just wanted to understand that the current spreads of -- you said Suspension PVC is around $150 to $200. I just wanted to understand the trend of this while the PVC prices have gone up significantly. And what are they currently? And similar for PVC Paste?

S. Ganeshkumar: Yes. So, Riya, a couple of clarifications. The $160 is basically the spread at a replacement level. If you look at the replacement market today, if I buy VCM and convert to PVC and sell it, it will be at $160, but we still are carrying contracts and obligations of high-priced VCM. So we have still not reached that level.

N. Muralidharan: That will happen from September.

S. Ganeshkumar: Okay. That will happen from September.

Riya Mehta: Okay. And for Paste PVC?

S. Ganeshkumar: Paste PVC, we are on the positive side. We are -- as I mentioned earlier, we are on a $200 upwards of Suspension in terms of realization.

Riya Mehta: Got it. So while our MIP has increased and it creates a floor for us, what -- and our fixed final price or the realization is more of a global determinant factor. So just wanted to understand that does this create a lower margin or the lower spread or are you able to pass on the incremental hike or the increase in PVC price because of the MIP?

S. Ganeshkumar: See, the -- today, as we speak, the MIP is lower than the market prices as we speak. But this is a floor -- as we say, this is a base floor that helps us to calibrate as we go along if the markets fall in the future. Ultimately, we are selling on global prices. It's a commodity traded globally, so the global prices determine the price on the ground.

Riya Mehta: Okay. Okay. And just wanted to understand that inventory, like you mentioned, would get replenished by almost September. So what are the current EDC prices which you are getting?

S. Ganeshkumar: See, we buy mostly VCM. We don't buy too much of EDC because the mover and shaker is the VCM, which is the majority of it. VCM replacement price today in the market is roughly about -- delivered at $700 per ton.

Moderator: The next question is from the line of Dharma Teja from Teja Investment.

Dharma Teja: Sir, I just want to know how -- I mean, can you just give guidance how the number is going to be from this quarter because it does not -- sorry to say this, it's not that -- I just want to know when it's going to turn profitable because this quarter, it's loss, right?

N. Muralidharan: We don't want to sort of give you a guidance on the exact number. But like Ganesh explained, a few positive triggers have happened. On the Suspension PVC side, the MIP has been announced. Customs duty, which was kept sort of in abeyance for a few months, that has been restored back. With all of that, the Suspension PVC prices have moved up.

And the high-cost VCM that we carried, that also is getting washed out within this month. So effectively, going forward, we will be able to realize the market spreads. That's because the Suspension PVC price is moving up. I think there will be a reasonable EBITDA that, that business would generate.

And on the Paste PVC as well, the customs duty impact. There, again, the duty has been restored back, the positive impact of that. Along with the fact that we have also got a favourable order in the writ that we had filed in the High Court, which has sort of helped improve the Paste PVC realizations as well. So Paste PVC realizations and margins are at a reasonable level.

Custom Manufacturing business, like I said, the order book is good. The Q1 performance has been good. So the outlook for this business is strong. So overall, I think we believe the sort of the worst is over, and I think the outlook is reasonably positive, more so on the specialty side of the business. So the last 2 quarters, yes, we did see a few quarters of underperformance. That's primarily driven significantly by the dumping we have experienced over the period.

And the last 2 quarters has been more due to the high-cost VCM that we carried. With all of that getting washed out, I think from Q3, we should see a reasonable performance. So I don't want to guide an exact number to you, but I think we should see a reasonable performance from Q3.

Dharma Teja: And one last question. I just want to know, are we seeing any visitations from pharma towards the site regarding CDMO -- CDMD?

S. Ganeshkumar: Your voice is not clear. Can the moderator help us with the question?

Dharma Teja: Sir, I just want to know, are there any visitations from pharma towards the CDMO system?

S. Ganeshkumar: Any pharma.

Krishna Rangachari: So yes, we have various projects ongoing with pharma innovators as well. Most of them are in the pipeline at a development stage, and we would see some of them becoming commercial either later this year or by early part of next financial year.

Moderator: The next question is from the line of Rajakumar Vaidyanathan from RK Invest.

Rajakumar Vaidyanathan: Sir, my question is on the onerous contracts for which we made the INR150 crores provision last quarter. There was a comment made in the conference call that the provision will be reversed in the current quarter. And also, you mentioned there are 1 or 2 more contracts where you'll be losing. So can you give color as to what has happened in this quarter with reference to the strike?

A.R. Balaji: Yes. The entire onerous contracts have been fully reversed. But of course, we have certain high-cost inventory coming in again during the current quarter. So the net provision is around INR90 crores for CCVL and INR30 crores for Chemplast. That will get reversed during the current quarter.

Rajakumar Vaidyanathan: The entire provision is going to get reversed or you are planning any further provisions...

A.R. Balaji: The subsequent inflows, we do a mark-to-market contract. So net provision is around INR 90 crores right now, NRV provision, INR 30 crores for CSL.

Rajakumar Vaidyanathan: So INR90 crores, you're carrying in the balance sheet. Is that what you're saying?

A.R. Balaji: Yes, that will get reversed during the current quarter.

Rajakumar Vaidyanathan: Okay. Okay. And extending the same question, I just want to know, see, when your margins are in the region of 4% to 5%, so what is the enthusiasm to sign fixed price selling contract while keeping the raw material portion exposed?

S. Ganeshkumar: See, normally, this -- what we have seen during the last couple of months, the end of May -- starting April has been an anomaly. It has never been the case. We have seen PVC/VCM spreads in the range of $100 plus/minus. So idea is it was not fixed price contract. It was a market contract, which we had to take. I hope I'm able to answer your question. It's...

Rajakumar Vaidyanathan: Yes, sorry to labor on the point. So the thing is, see, if you are having a lower margins, so from a -- I mean, sorry to be blunt on this. So from a prudent standpoint, you should have your selling price also protected if there is a raw material escalation, right? So keeping the raw material portion exposed completely and while having the selling price fixed, I mean, it's kind of putting a lot of pressure on the bottom line. So -- and I also want to know how many such contracts you have to be executed in the future as well?

S. Ganeshkumar: No. See, the contractual formula-based pricing that we have is basically has worked for us for years, okay? It is just that as an anomaly, these 2, 3 months when these market prices went up and we had to pick up. Otherwise, it's not -- it has never exposed us to this extent.

Second, market price is also not fixed. Market price is also based on the global market, how it shapes up. So there will be -- these are 2 separate commodity cycles that we are working on. But normally, PVC to VCM spread is maintained at 100, 150, between 80 to 150. That range is there. This is only an anomaly. So I don't think as an anomaly, we should make a decision and go back to spot purchases because if we would have been in spot, then even today, we would have been buying at a much higher price.

N. Muralidharan: Mr. Vaidyanathan, just to add to what Mr. Ganesh was highlighting. Actually, it's not that we have fixed the PVC price. PVC price was also dependent on the market price. And VCM is also linked to the market price. So they are contracts, they are always linked to the market price. This was a particular situation when in March, the PVC prices were quite high.

And at that point of time, because of the war situation, the availability of material became a question mark. So we had booked certain parcels at that point in time, keeping in mind the prices -- PVC prices prevalent at that when we booked the parcels. But subsequently, PVC prices -- market prices dropped.

That is the reason we are sort of seeing this negative impact in Q1. So in general, PVC prices is floating and VCM prices are also market driven and they are floating. We don't lock one side and keep the other side open.

Rajakumar Vaidyanathan: I was thinking it was a fixed price. Okay. Thanks for the clarification.

Moderator: Due to time constraints, we take that as the last question. I now hand the conference over to management for closing comments.

S. Ganeshkumar: Okay. Thank you so much for joining us on this earnings call. We appreciate your interest in Chemplast Sanmar Limited. In case you have further queries, please do contact SGA, our Investor Relations adviser. And have a great day. Thank you.

Moderator: That concludes this conference. Thank you for joining us, and you may now disconnect your lines.