SANMAR

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August 5, 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

Dear Sir/Madam,

Sub: Transcripts of the Earnings Conference Call held on July 29, 2025

In continuation to our letter dated July 24, 2025 please find enclosed the transcripts of the Earnings Conference Call held on July 29, 2025.

Date & Time of receipt of the information: August 5, 2025, 5.28 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

RAMAN MAHADEVAN

Digitally signed by RAMAN MAHADEVAN
Date: 2025.08.05 17:50:53 +05'30'

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

“Chemplast Sanmar Limited

Q1 FY '26 Earnings Conference Call”

July 29, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on July 29, 2025, will prevail.”

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 Q1 FY '26 Earnings Conference Call. As a reminder, this conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not guarantee of the future performance and involves risks and uncertainties that are difficult to predict.

As a reminder, all participants lined will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

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

Ramkumar Shankar: Thank you, 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, I am joined by our CFO, N. Muralidharan; Dr. Krishna Kumar Rangachari, who heads our Custom Manufactured Chemicals Division; and SGA, our Investor Relations Advisor.

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

In a very challenging market environment during the previous quarter, the company achieved a revenue of INR1,100 crores and an EBITDA of INR17 crores. The industry continued to face pricing pressures due to persistent dumping of Paste PVC primarily from Europe and Suspension PVC from China and other countries.

While the anti-dumping duties on Paste PVC are already in place for countries like China, Korea, Malaysia, Norway, Taiwan and Thailand, India witnessed a shift in dumping with significant flow of material from EU and Japan. DGTR has since initiated an ADD investigation on these countries and the process is ongoing. We are confident that there will be action on this in the near future.

Regarding the anti-dumping duty on Suspension PVC, the Honorable Supreme Court, in May, stayed the Honorable Gujarat High Court's order dated 25th April 2025, which had excluded certain grades from the ambit of ADD. Consequently, the disclosure statement has been issued by the DGTR and the final findings are expected soon. The demand outlook for both PVC products remains robust. However, price volatility was observed during the quarter due to anticipated policy actions on trade remedies.

Focusing on the business-specific performance. On the Paste PVC side, we are pleased to share that our new Paste PVC plant in Cuddalore has been successfully ramped up to full operating capacity and is delivering consistent operating performance. The demand for Paste PVC remains steady in India at approximately 40,000 to 45,000 metric tons during the quarter and encouraging signs are emerging from the automobile sector.

On our Custom Manufactured Chemicals business, in Q1, we delivered as per schedule and dispatches remained on track. The agro-chemical sector is showing signs of recovery from the recent slowdown. While the overall business trajectory and pipeline remains strong, sales volumes may reflect timing differences due to prevailing global conditions.

As part of our plan to drive long-term growth, we are focused on broadening our customer base. We are seeing good progress on this front, especially in light of the strategy adopted by global agro-chem majors to diversify their supply chains away from China.

Construction activities for MPB 3 Phase 3 and civil works for MPB 4 are progressing as planned with completion expected by Q3 of the current financial year. We remain firmly committed to this segment and are confident in its potential to generate long-term value for the company. On Refrigerant gases, we have received environmental clearance for the R32 project. The final decision on sizing and siting of the project will be taken shortly.

Our value-added chemicals business portfolio includes Caustic Soda, Chloromethanes and Hydrogen Peroxide. Volumes for our value-added chemicals fell by 16% on a sequential basis. This was due to lower Caustic Soda production at Mettur on account of temporary plant operational issues. This resulted in lower availability of hydrogen, impacting the sale quantity of Hydrogen Peroxide as well. Prices of Caustic Soda were firm, though we expect some volatility going forward. Chloromethanes prices were steady, and this trend is likely to continue.

The domestic demand for Suspension PVC registered a growth of 4% during the quarter. The outlook for pipe demand remains positive, supported by a strong pipeline of infrastructure projects. Government procurement activity is expected to gain momentum in the coming quarters.

We sold 92,849 tons during the quarter, representing a growth of 17% on a quarter-on-quarter basis. This is driven by the destocking of excess inventory that had been built up towards the end of last year. Meanwhile, traders and processors continue to import low-priced PVC from China, capitalizing on the uncertainty surrounding ADD. This led to an estimated increase of approximately 50,000 tons in imports compared to Q4 of last year.

There has been some positive movements on the ADD front. With the disclosure statement having been issued, it is now expected that the final finding on Suspension PVC will be released soon. We are hopeful that we should see the ADD in place by Q3 of this year.

There are other green shoots that are emerging. Anti-involution measures in China directed towards addressing disruptive price competition by reducing overcapacity in that country augurs well for various chemical sectors, including PVC. If these measures are taken through to their logical conclusion, the overcapacity in China in PVC would finally be addressed with favorable consequential benefits for the PVC industry worldwide.

We believe that we are nearing the end of a long winter in PVC. While the last few quarters have indeed been very tough, we have used this period effectively to build capacity in our Specialty businesses, which would act as a springboard for future growth.

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

N. Muralidharan: Thank you, Ramkumar, and a very good morning to all the participants on the call. Talking about the performance in Q1 FY '26 on a consolidated basis, the revenue for the quarter stood at INR1,100 crores as against INR1,145 crores, representing a drop of 4% on a year-on-year basis, mainly due to lower realization in PVC businesses, coupled with lower volumes in Caustic Soda. This was partly offset by the higher Suspension PVC volumes.

The company reported an EBITDA of INR17 crores for the quarter and the net loss for the quarter was at INR64 crores. Now coming to the quarterly segment-wise performance. Specialty Chemical revenue stood at INR355 crores, a flat trend on a year-on-year basis. Dispatches from Custom Manufacturing division were as per plan. Revenue from the value-added chemicals saw a small 3% drop on a year-on-year basis at INR140 crores.

Suspension PVC posted INR646 crores revenues, implying a growth of 12% on a sequential basis and remained flat on a year-on-year basis. Remediation of unfair trade practices is key to the performance of the company. With the impending announcement of the ADD levy, we anticipate improvement in the performance going forward. As Ramkumar highlighted, we remain optimistic about a positive outcome.

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

Moderator: The first question is from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: So first question is on the likelihood of the ADD on Suspension PVC. So in terms of spreads, what are the spreads that we are currently making? And once the ADD is in place based on the initial spending and initial rates, what is the likelihood of the spreads post ADD? So just a broader number, I know that it's very difficult to give a specific number, but on a broader basis.

Ramkumar Shankar: Rohit, thanks for your interest in the company. As you rightly said, it is very difficult to give a specific number on the ADD. That would be clearer when the final findings come out. The disclosure statement has been issued. The comments on the disclosure statement are expected. The last date for the comments are on the 30th of July. And we hope that by early August, we should have the final finding.

And maybe the preliminary duties that were announced sometime last year, towards the end of last year, may give you an idea about what the final findings could be, though that is only an indication and that is not really what will actually come. In the preliminary findings, we had duties ranging from \$82 to \$167 on China and around \$104 to \$339 on the US And on other countries, it ranged anywhere from \$50 to \$200. So this was on the preliminary duties.

The final findings or the final duties will be known only from around -- by around the first week of August, like I said. The current margins, again, would also be impacted by the stocks that we have, etcetera. The variable contribution margin would be anywhere from INR5,000 to around INR7,000. And obviously, anti-dumping duty should positively impact this.

Rohit Nagraj: That is helpful, sir. Sir, second question on the CMCD division. In terms of the project completions and our target of FY '27, are we completely on track? And just on a broader basis, given that incrementally, the large part of investments will be directed towards the CMCD part of the business, what are we looking at from a 5-year perspective?

Maybe by FY '30, we want to have this division significant ramp-up beyond FY '27 as well. So any such target that we are looking at? And in terms of investments also, what is the kind of investments which is envisaged over the next 5 years beyond the ones that are currently ongoing?

Krishna Rangachari: This is Krishna here. I'll take the first part of the question. Yes, the project completion is going as per plan. We committed to expansion of the multipurpose block, which we commissioned 2 years back in August '23. That Phase 3 is on track to get completed over the next 2 to 3 months. And similarly, we have triggered an investment on a civil structure for the next production block, which is also coming towards the completion in similar time line.

And so both were triggered based on the health of our pipeline, which continues to be strong and our engagement with all our customers, we have very active engagement over the past 12 months with number of visits, audits as well as inquiries that we are working on. So, FY 27, mostly on track is what I would say.

With respect to future investments, Murali, you want to add?

N. Muralidharan: Like we had indicated earlier, whenever we see visibility for 60% of the current block that we have, we will trigger the next investment. And we have also indicated clearly that our first preference for capital deployment is in the CMCD business. So that guidance still holds.

Moderator: The next question is from the line of Harsh Shah from Axis Capital.

Harsh Shah: Sir, my first question was on the PVC side. So what is the current demand-supply outlook globally? So has China seen any recovery or maybe Europe has seen any recovery, which can restrict low price imports to India? And the second question was on the CSM bit. So you mentioned ag-chem is seeing a sign of recovery. So have we signed any new LOIs there? Or have you seen any increase in inquiries there?

Ramkumar Shankar: Harsh, this is Ramkumar here. I'll take the question on PVC. As far as the demand-supply globally is concerned, it is still at the same level. There's no great improvement in the demand front in China. But there are some movements on the supply side in China. There has been some recent action by the government there to address overcapacity across multiple sectors.

They have identified the disruptive price wars arising out of overcapacity as a big problem for their own economy. And therefore, their government bodies have started looking at these overcapacities and studying them. So this is likely to -- if they take it through to completion, as

I mentioned in my opening remarks, this could rationalize the excess capacity, especially in China, and that could have an impact here in India. But we have to wait and see.

As far as demand is concerned, in China, it really hasn't improved by much. The rest of the world also, there is stable demand. There's no great improvement. Europe is actually going the other way. Europe recently saw one announcement of a plant closure as well -- of a PVC plant closure with a capacity of around 225,000 tons. India demand is strong. And India will continue to be strong given that the potential here is much, much higher.

Harsh Shah: And sir, you expect more plant closure announcements to come in India. So there has been a lot of news flows that chemical industry in Europe is -- been going through a tough time. So are there any other players which are likely to shut shops in Europe?

Ramkumar Shankar: Possible. That is what everybody expects, but we can only wait and see. There are -- over the last 1.5 years, there have been 3 plants for PVC that have been shut down or at least the announcements have come. And one chlorovinyl plant, which is Caustic Soda to VCM, which has also been -- they've said that they have a plan for shutdown by end of '27. So Europe closures are likely -- you would like me to see more announcements going forward. At least this is my view.

Harsh Shah: And sir, on the CSM bit, so since ag-chem -- you mentioned that ag-chem is witnessing recovery. So have you seen any increase in inquiries there or any new LOIs we have signed during the quarter?

Krishna Rangachari: So on the -- this is Krishna here again. So the inquiries, the pipeline continues to be healthy. We are actively engaging with the innovators, and we do see a lot of traction. While the recovery is the turnaround in the ag-chem is happening, we believe sometime next year onwards, again, the speed of the inquiries and the number of inquiries in general will start accelerating and increasing further. But overall, our engagement continues to be on traction.

Moderator: The next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited.

Bharat Sheth: Sir, you have given color on this SPVC. Can you give a little more color on Paste PVC, what is happening? Because I understand last year some anti-dumping was already introduced from certain countries and rest were under, again, investigation. So what is happening over there? And how do we see Paste PVC demand-supply and our positioning?

Ramkumar Shankar: So that's a good question. In fact, the total market for Paste PVC in the country is around 170,000 tons. And as you know, we are, by far, the largest producer of Paste PVC in India. We have a capacity of around 110,000 tons, including our latest expansion at Cuddalore. And there is one other producer with -- who makes around 10,000 tons or so. So that is where -- that is the demand-supply in the country and the demand is expected to continue to grow at around 7%, 8% a year as far as India is concerned.

On the imports coming into India, you are right, last year there was anti-dumping duty that was announced on a clutch of countries, China, Taiwan, Thailand and Norway and the numbers ranged from anywhere from USD 247 to USD 707 per metric ton. Unfortunately, when this was done, the dumping shifted to European Union, to producers from the European Union. And the imports that were coming in from the European Union, which in FY '23-24 were only around 20,000 tons, in FY '24-25 jumped to 36,000 tons. So that is really what has resulted in that earlier set of anti-dumping duties not really giving the full benefit that they should otherwise have given.

So we have -- as an industry, we have filed a petition for anti-dumping on producers in European Union and Japan. This was initiated in January this year, and the investigation is ongoing. And we are confident that before the end of this calendar year, we will see some action on that front.

Bharat Sheth: So sir, can you give some color on what is the currently our capacity utilization and our spread in Paste PVC as well as Suspension PVC? And with the expectation of how do we see anti-dumping coming in, it can play out?

Ramkumar Shankar: Yes. Our current capacity utilization is at 100%, very close to 100%. In both of these products we do operate fully. As far as the spreads are concerned, like I mentioned earlier on Suspension PVC, the variable margin that we have is somewhere depending on the level of stock of the earlier inventory that we have.

It would be between INR5,000 to INR7,000 right now because of the pressure from imports. And how much this will go up to really depends on what is the level of anti-dumping duty. And I think those are matters that we'll have to wait and see. When we see the final finding and when that gets finally notified, then we will start seeing the benefit of that.

As far as Paste PVC is concerned, today, the variable margin would be around INR24,000, INR25,000 per ton. And that, again, depending on the level of anti-dumping duty that comes in, we should see the benefit. It would be difficult to hazard a guess at this point in time.

Bharat Sheth: Okay. And last question, sir, how is the pricing of the input cost and how that is playing out availability as well as pricing of input VCM --

Ramkumar Shankar: Sorry, can you repeat that last bit, please?

Bharat Sheth: I mean how is the pricing of ethylene and VCM?

Ramkumar Shankar: Okay. All right. So the pricing -- the VCM always tends to follow the prices of PVC. Therefore, the margin between PVC and VCM usually holds good. There could be a lag of maybe a few weeks. But other than that, they would normally follow closely together. Therefore, that is not really a concern for us. Availability is not an issue. We are -- our requirements are tied up.

Bharat Sheth: And ethylene prices?

Ramkumar Shankar: Ethylene prices have been reasonably soft. They are continuing where they are. We are not a very large buyer of ethylene, but ethylene prices are not too strong, let me put it that way.

Bharat Sheth: And now coming with, I mean, plant commissioning the Caustic Soda outlook and Caustic Soda outlook and its output -- I mean, derivatives pricing and spread?

Ramkumar Shankar: Caustic Soda in India is already -- it's a long market because the capacity for caustic in India is around 6.3 million tons, and the demand is a little under 5 million tons. But then the operating rates of people who are not the caustic producers who are not integrated on the chlorine side would be less than 100%. It will possibly be around 75% to 80%. Therefore, the country is balanced with around 0.5 million tons of exports from India.

So over the last couple of years, India has moved from being a net importer to being a net exporter. And this length in the market is likely to increase with 2 large projects coming in between FY '26 and FY '27. And with that, and while the demand will also increase, obviously, for a period of 2 years, there could be excessive length in the Indian caustic market.

And that will have to be addressed by increased exports from the country. But caustic is a regional product and most of this new capacity is coming in the Western region. In the southern region, it is a little better balanced, I would say. And we are able to sell all the products that we make.

Moderator: The next question is from the line of Dhruv Muchhal from HDFC AMC.

Dhruv Muchhal: Sir, a question on the European based PVC market structure. So if you can share any thought -- any insights on what their capacity is, what their demand is, are these players integrated from the ethylene or I don't know from PVC to Paste PVC?

And as you mentioned, there are some closures that you see from Europe. Are they also likely in the Paste PVC segment? Because I'm assuming they would also be under pressure in the Paste PVC.

Ramkumar Shankar: You had asked a question about how much does Europe have as a Paste capacity. Just give me a second, I'll pull out that number.…

Dhruv Muchhal: Sir, your voice is -- I don't know it's my end or your voice is going a bit low.

Ramkumar Shankar: Paste capacity in Europe is around 1 million tons. And this is largely across 3, maybe 4 producers who have the capacity. The difficulty that European producers face are likely to be there [inaudible 0:27:10] as well because the difficulties are around the cost structure, etcetera, the energy cost and so on.

And also the demand is also muted there because one of the large market is Ukraine and Russia and after the hostilities rolled out there, that market is not stable which is the reason why they're looking to export into India [inaudible 0:27:36]. The closures that have been announced so far are not in the Paste side, they are particularly in the Suspension side. And therefore, we do not know whether there are any closures that are on the cards on the Paste side?

Dhruv Muchhal: One million ton is the capacity on paper…

Ramkumar Shankar: On paper, that's right. A little less than that, but around that.

Dhruv Muchhal: Okay. Around that number. And what leading to that change in supply chain. Got it.

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

Sanjesh Jain: I got a few of them. First on the R32, one of your peers said on the call that the new capacity which is coming in will unlikely qualify for the quota. We are among the last to announce the capacity. How do we make sure that we get the quota allocation and this capex is safeguarded from a long-term value creation perspective?

Ramkumar Shankar: This would not be fit in my part to comment on somebody -- some other company in our call, so I will refrain from doing that. But the question that you raised is valid. We have taken enabling approvals right now. We have the environmental clearance. We have the investment approval.

But the actual sizing and the siting of the project, the decisions on those have not been taken yet. We will take it very soon, and we'll let you know. Obviously, we are as much sensitized to the fact that we should put capital to the extent that we can get the quota approval. So we will keep that in mind definitely.

Sanjesh Jain: But your thought on the quota allocation because last quarter, we were confident of a larger quantity. How do we see this? As in, how do we ensure that whatever we put, we get the quota? So can you help us understand the quota regime itself?

Ramkumar Shankar: So the quota regime is dependent on 2 things. One is, first, 65% of the HCFCs production that was there in the period 2009 - 10, the total carbon emissions during -- that will be calculated based on the production, we all know the -- in carbon dioxide units. And then based on the actual HFC production between 2024 -26. So these are the 2 components based on which the quota will be allotted.

And obviously, those who were producing HCFC-22 back in 2009 - 10 will qualify. Therefore, there is some claim that we also have on that basis. And those who produce HFCs between 2024 and 2026 will have the balance entitlement to quota.

Sanjesh Jain: In that sense, then the capacity what we can get is not very big, right? We had only 1,700 metric tons of R-22.

Ramkumar Shankar: But the carbon dioxide equivalents are very different. There is a multiple. HCFC-22 has a higher carbon dioxide equivalent as compared to --

Sanjesh Jain: I mean, the multiple is 3, if I remember it right, even if I take 65% and 3x, that doesn't cross 5,000 metric ton.

Ramkumar Shankar: Right. And therefore, the quotas also for the country, that is -- it's not for companies. So it is for the country. And obviously, if the country's need is going to be higher than the available capacity, there could be space. Like I said, these are all the factors that we are looking at, and we will consider all this while deciding on the appropriate sizing commensurate to the capital that we are planning

Sanjesh Jain: Sir, the second question was on the SPVC side. It appears that there is an additional hit this time because we have taken an inventory destocking, which we held last quarter, probably in anticipation of ADD, and the prices have only fallen from those levels. Is it fair to assume that the underlying spreads were better than what we have reported for this quarter in SPVC because of the inventory destocking?

Ramkumar Shankar: Yes. First of all, we didn't take additional inventory because we wanted to keep it back. We generally don't do that, because these kind of commodities you don't try to add risk by trying to anticipate these things. It so happened that last quarter, because of all the uncertainty on pricing, there was -- the offtake itself was muted and therefore inventory built up.

Then this year, during the peak period just before the monsoons, there was good demand. And again, because of the uncertainty on QCO and all of that, there was some lull in the arrival of imports, and therefore, we were able to liquidate most of the inventory that we built up. And that, of course, because of the higher cost of the inventory that we carried our margins dropped -- variable margins did drop.

That observation of yours is right. Without that, if you look at the current margins between VCM and PVC, that is coming to somewhere around $180, $190 right now. So that margins are healthy. We just need to ensure that the volatility comes down.

Sanjesh Jain: Yes. One question on the Specialty side. Sequentially, there is a INR200 crores of drop in the revenue, what explains such a sharp decline in the revenue on a sequential basis?

N. Muralidharan: Primarily bunched of dispatches in the CMCD last quarter, that's what accounted of it. In the last quarter, we had significant dispatches in CMC.

Sanjesh Jain: To the tune of INR200 crores?

N. Muralidharan: It is skewed towards that. And of course, there has been some changes in Paste PVC price, which also impacted the overall Speciality sales.

Sanjesh Jain: Got it. And just one last on the Paste PVC, this quarter, I think there was a problem you said initially in your remarks, Ram, that there was a problem with the caustic plant. That means we imported a lot more EDC than what we produced, right? Was that the scenario? And hence, even the stand-alone Speciality spreads were much lower than what was aspired?

Ramkumar Shankar: I wouldn't say that. Actually, if you look at the last quarter of last year and the first quarter of this year, our spreads on Paste PVC were actually slightly better. The EDC prices actually also fell towards the end of the first quarter. So it wasn't a bad time to import feedstock. So that wasn't the reason.

Moderator: The next question is from the line of Dhara from ValueQuest.

Dhara: Sir, in your opening remarks you have mentioned about anti-involution in China. Sir, if you can please elaborate on what are the regulatory steps or the steps taken by the Chinese government that is directed towards maybe consolidation on capacities on the chemical front, including PVC or other chemicals, if you can throw some more light on that?

Ramkumar Shankar: Sure. Thanks, Dhara, for joining the call. See, what -- involution is actually a pretty new term that -- it was new to me, at least. And this is something that is being spoken about a lot, especially with reference to China. And it refers to destructive price wars caused because of overcapacity.

And therefore, to address this, this came about in the electric vehicles category, came about in photovoltaics. And then they have looked at various other sectors and realized that in petrochemicals and chemicals as well this is something that there is a problem. And therefore, there is a new anti-involution campaign that has started in China from the government.

The Ministry of Industry and Information Technology in China is the nodal ministry. And they have recently issued a draft policy where they have said that they would look at plants that are over 20 years old. Earlier, they used to say that 30 years age is when they will start looking at these plants.

Now they have reduced it to 20 years and said that any plant over 20 years of age, they will look at it, take a hard look based on energy efficiency, based on carbon footprint and then decide whether -- especially in areas where there is overcapacity -- and then decide whether there needs to be some rationalization or some other form of integration or improvement of the plants itself. So I think that is where they are right now. They have announced this. They have come out with some target industries as well, and that was what I was referring to.

Dhara: There are no specific regulations, guidelines that they have mentioned for the chemical sector per se?

Ramkumar Shankar: They have come out with a draft policy where they have said that these are the points that they will be looking at, and this is what they will be studying while taking the decision on rationalization of capacity. So that needs to now be taken through to its logical conclusion. We'll have to wait and watch.

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

Kiran Gadge: So for BIS, it was supposed to be implemented in August '24 and then it got delayed to December '24 and then June '25, and now December '25. So it has been delayed a lot of time. So one of the pipe manufacturers is anticipating further delay of 6 months. So are you anticipating the same?

Ramkumar Shankar: It's a billion-dollar question. I would have no idea. But all I can say is this. The delay was largely to ensure that there is enough capacity available to meet the requirements of the downstream industry in India. And even in June, we did have around 11 million- 11.5 million tons of capacity that had been certified against the Indian demand of around 4 million tons- 4.3 million tons.

So there was enough coverage. But in -- by way of abundant caution, I guess, the authorities decided to give 6 more months of time for other capacities worldwide who were in the queue to get their plants certified. And since that extension, there are a couple of large producers, one in the US and one in the MENA region have got certified.

And one more large US player, I believe, has had their plants audited and therefore, they are on track to get certification. So by the time December comes around, I think that we should have at least 14 million, 15 million tons of certified capacities worldwide. And given that our demand is around 4 million tons, that should give enough comfort for the authorities to enforce the QCO from then. But of course, we'll have to wait and see what happens.

Moderator: The next question is from Abhijit Akella from Kotak Securities.

Abhijit Akella: Just a couple from my side. One on the R32 expansion. If you could please just help me understand, in the event that we decide to enter into, let's say, long-term supply contracts with global customers in that business, say, I mean, just people based in US or Europe or something like that. Would we still require to have consumption quota allotted to us or even a production quota? Or would that not be necessary in such a construct?

Ramkumar Shankar: For you to produce, you need to have the production quota. So that is a fundamental starting point.

Abhijit Akella: Yes. And on the consumption quota?

Ramkumar Shankar: The consumption quota for the country. So that is not for the individual company.

Abhijit Akella: Okay. So I mean, is it -- is there a way for us to produce sizably more than we would otherwise be entitled to just on the basis of what we are entitled to, given our historical track record of HCFC, et cetera? Is there a way to maximize that quota allotment?

Ramkumar Shankar: The fact that we are exporting is not going to drive the quota. We will have to get us -- like I said, the starting point is getting the production quota.

Abhijit Akella: Okay. Fair enough. And then just on the China anti-involution drive, in your assessment, does it apply primarily only to bulk commodity chemicals? Or could it also apply to Specialty Chemicals such as, say, agro-chemical intermediates, et cetera?

Ramkumar Shankar: It's a good question. I am not very sure which is the full list of chemicals it is working on. I saw definitely that they are looking at polymers, they're looking at caustic soda. I saw that they are looking at resources like coal and steel, of course. But on specialty agro-chemicals, I'll have to see. I really don't have information. No.

Moderator: The next question is from the line of Bharat Sheth from Quest Investment Advisors.

Bharat Sheth: Sir, only one question. Earlier, we were looking that on Paste PVC, carbide-based capacity may be discontinue from, say, by 2030, so what is the -- in the China? So what is the progress on that, if you can give some color?

Ramkumar Shankar: Welcome back, Bharat. So this entire thing about carbide PVC is -- the question, I guess, relates to the Minamata Convention to which China is also a signatory. As per the Minamata Convention, the usage of mercury in industries is to be phased out. Where it comes to PVC, mercury is used as a catalyst in the manufacture of VCM in the carbide process.

And while they have not given a specific hard date for stop, what they have said is that it will stop within 5 years of an economically viable alternative being identified. However, while these protocols start like that, usually, the phase-out dates are advanced, even without -- sometimes they will try to accelerate the phase out.

The mining of mercury, however, there is a hard stop. And the mining of mercury hard stop is end of 2031. And since China accounts for around 90% of the total mercury mined in the world, you will have very little mercury available after 2031. So that could be a date that we could keep monitoring.

Meanwhile, the carbide PVC producers are trying to find other alternatives. One alternative that they've come up with is gold, but not everybody may be able to use that. It's not a drop-in substitute to all of the existing plants. So a new plant may be built using gold as a catalyst, but not all the existing plants that are there in China can use gold as a drop-in substitute for mercury. Therefore, that could become an issue for them. There is no hard date yet, but we'll have to watch what happens after 2031.

Moderator: The next question is from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, I wanted to understand regarding our renewable power projects, sir, what kind of cost savings can we expect from that? And what would be -- what portion of our power requirements will be met through this PPA?

N. Muralidharan: I think your question was slightly feeble, but what I understand is you want to understand more about the green power initiative that we have signed. Is that correct?

Madhur Rathi: Yes, sir, on the cost savings we can expect from that.

N. Muralidharan: That's right. Actually, we have -- currently it covers roughly around 40% of our total power equipment, between 35% to 40% of our power requirement. And I don't want to get into the specific tariffs, but it will give us a significant saving compared to the grid cost of power. And I think the -- on the company as a whole, the estimated saving is somewhere between INR50 crores to INR60 crores by the contract.

Madhur Rathi: So INR50 - INR60 crores, right?

N. Muralidharan: Yes.

Madhur Rathi: Sir, if I compare our competitors, Finolex and their PVC segment, sir, they have captive power plant. So can we expect our margins to become much more stable and similar to what Finolex does? I'm not comparing, but is that one of the reasons why our margins are much more volatile than them?

N. Muralidharan: Our margins are -- currently, they are volatile basically mainly because of the pricing pressure. It's not because of the power cost. Power cost, we are currently using the grid power and coal-based power, and those have been reasonably stable.

As you would see, coal power has been -- prices have been reasonably stable and grid power has been reasonably stable, though there have been some increases. So I think it's more to do with the pricing pressure and its nothing -- it's not because of the power cost per se.

Moderator: The next question is from Archit Pandit from Green Portfolio Private Limited.

Archit Pandit: So I wanted to ask for the upcoming R32 project, could you share how the capex is being funded between internal accruals and debt? Also, how much of the planned spend for this year has already been incurred by the end of Q1?

Ramkumar Shankar: See, on R32, like I mentioned, the exact sizing of the project is yet to be decided by us. Therefore, the total capex on that will be decided when we decide the sizing. So right now, whatever we have taken is only an enabling approval. On the actual capex for the year…

N. Muralidharan: Yes, there's only one project which is ongoing, which is the multipurpose block Phase 3 of Custom Manufacturing, and that is going as per plan and as per approved capex limits.

Archit Pandit: And one more question. Yes, yes.

Ramkumar Shankar: No, go ahead, please.

Archit Pandit: With the ADD implemented from March for 6 countries, are you now seeing a price floor in the domestic market? Or are any new routes or circumvention tactics emerging that may dilute this protection? Like have you seen any price lowering related to this?

Ramkumar Shankar: Which product, please?

Archit Pandit: For the -- in which the ADD was implemented, which was basically your -- one second.

N. Muralidharan: Paste.

Ramkumar Shankar: Yes, Paste PVC. Okay.

Archit Pandit: Yes, yes.

Ramkumar Shankar: Paste PVC, the anti-dumping duty was implemented on a few countries. There is no circumvention as such. It is not like producers in those countries routing their production through the other countries. It is more that the producers in those other countries, which were not covered by the anti-dumping duty and their markets suddenly fell off because of geopolitical tensions between Russia and Ukraine. And therefore, they grabbed this opportunity to dump their product in India at unfair prices. So it was not a rerouting, but it was a shifting.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments.

Ramkumar Shankar: Thank you, everyone, for joining us today on this earnings call. We, as always, appreciate your interest in Chemplast Sanmar Limited. And if you have any further queries, please do contact SGA, our Investor Relations Advisor. Good day.

Moderator: Thank you. On behalf of Chemplast Sanmar concludes this conference. Thank you for joining us, and you may now disconnect your lines.