Chemplast Sanmar Limited

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

May 13, 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 Sirs/Madam,

Subject: Notification under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Ratings

Pursuant to the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we would like to inform you that CRISIL Ratings have downgraded the Long Term Ratings and reaffirmed the Short Term Ratings for both Chemplast Sanmar Limited and its wholly-owned subsidiary, Chemplast Cuddalore Vinyls Limited. Long Term Rating Outlook for both the companies have been revised from Negative to Stable. The details are as mentioned below:

1) **Chemplast Sanmar Limited**: Long Term Ratings have been downgraded with Stable outlook, while the Short Term Ratings have been re-affirmed. The quantum of Bank loan facilities remains unaltered at Rs. 1,801 Cr.

S. No.	Type / Facility	Present Rating	Remarks
1	Long Term - Bank Facilities (Fund Based)	**CRISIL A+ / Stable**	Downgraded from CRISIL AA- /Negative
2	Short Term - Bank Facilities (Non-Fund Based)	**CRISIL A1+**	Re-affirmed

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2) **Chemplast Cuddalore Vinyls Limited**: Long Term Ratings have been downgraded with Stable outlook and the Short Term Ratings have been re-affirmed. The quantum of Bank loan facilities remains unaltered at Rs. 2,550 Cr.

S. No.	Type / Facility	Present Rating	Remarks
1	Long Term - Bank Facilities (Fund Based)	**CRISIL A+ / Stable**	Downgraded from CRISIL AA-/Negative
2	Short Term - Bank Facilities (Non-Fund Based)	**CRISIL A1+**	Re-affirmed

This is for your information and records.

The rating rationale dated 12th May 2025 published by CRISIL Ratings Ltd. are enclosed herewith.

Date & Time of occurrence of the event/information: May 12, 2025; 9:17 PM (IST)

Yours faithfully,

For CHEMPLAST SANMAR LIMITED

RAMAN MAHADEVAN

Digitally signed by RAMAN MAHADEVAN
Date: 2025.05.13 18:59:01 +05'30'

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

Crisil Ratings

Rating Rationale

May 12, 2025 | Mumbai

Chemplast Sanmar Limited

Long-term rating downgraded to 'Crisil A+/Stable'; Short-term rating reaffirmed

Rating Action

Total Bank Loan Facilities Rated	**Rs.1801 Crore**
Long Term Rating	**Crisil A+/Stable (Downgraded from 'Crisil AA-/Negative')**
Short Term Rating	**Crisil A1+ (Reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has downgraded its rating on the long-term bank facilities of Chemplast Sanmar Limited (CSL) to **'Crisil A+/Stable'** from 'Crisil AA-/Negative', while reaffirming its short term rating at 'Crisil A1+'.

The rating action follows slower than expected recovery in CSL's performance in fiscal 2025 due to continuing modest but stable realizations, and lower than expected spreads on suspension polyvinyl chloride (S-PVC, 60% of CSL's revenues) and paste PVC, even though paste PVC volumes registered a strong growth. Further, while final anti-dumping duty (ADD) for 5 years was announced on paste PVC in March 2025 (provisional ADD imposed between July-December 2024), imports from Europe and Japan continue to be excluded, though imports from these nations are at much higher rate than Chinese imports.Ergo, CSL did not benefit entirely from the provisional and final ADD, which impacted its operating profits in fiscal 2025. Further, the ADD on suspension PVC has also not yet been announced, resulting in continuing cheaper imports, impacting product prices, at subsidiary, Chemplast Cuddalore Vinyls Limited (CCVL, rated 'Crisil A+/Stable/Crisil A1+'). Crisil Ratings expect that the recovery in performance of CSL would be gradual with operating profitability expected to improve in fiscal 2026, due to benefit of ADD on paste PVC for the entire year, stable SPVC prices, and better contribution from the customs manufacturing chemicals division (CMCD). The operating profits will further benefit in fiscal 2026, if ADD on paste PVC including Europe and Japan and ADD on suspension PVC are implemented in the near term.

Due to lower-than-expected operating profits, continuing capex, especially at the CMCD and moderately higher than normal inventory, debt levels are estimated to have risen to ~Rs 1750-1800 crores at March 31, 2025, (~Rs 1400-1500 crores expected earlier) limiting improvement in debt metrics. For instance, the ratio of net debt to earnings before interest, tax, depreciation and amortization (net debt/EBITDA) is estimated at ~4.5-5 times in fiscal 2025 (~2 times expected earlier) and is expected to remain between 2.5-2.7 times in fiscal 2026 as well. Besides, interest cover is estimated at a modest 1.2 times in fiscal 2025 and while improving, still remain modest at ~1.8-2 times in fiscal 2026.

CSL's revenues are expected to grow 12-15% in fiscal 2025 driven by better paste-PVC volumes, including from expanded capacity, healthy revenue improvement at the CMCD with recovery in agrochemical demand, and demand recovery for caustic soda and other chemicals. The revenue growth in fiscal 2025 is achieved despite the moderation in S-PVC revenues owing to sluggish sale volumes, and pressure from imports. While operating profitability is expected to be improved in fiscal 2025 (0.6% in fiscal 2024) due to better volumes and drop in feedstock prices, a bulk of the improvement was in the first quarter of fiscal 2025 owing to higher container freight rates contributing to better domestic realisations of paste PVC and S-PVC and with levy of provisional ADD on paste PVC for 6 months from June 2024. However, increased imports from Europe and Japan offset the benefit of provisional ADD on paste PVC while the normalization of freight rates led to moderation in product prices subsequently. Crisil Ratings expects CSL's revenues will register a significant growth in fiscal 2026 driven by offtake in CMCD, full benefit of enhanced paste PVC capacity, improvement in realizations of paste PVC as the final ADD has been levied in March 2025 and at higher rates, and with dilution of finished goods inventory at a higher price. Operating profits may benefit by ~Rs 100-150 crores this fiscal if the ADD on suspension PVC is implemented at the earliest.

CSL's financial risk profile remains adequate, despite average debt protection metrics, supported by ~ Rs.550-600 crore of unencumbered cash and cash equivalents estimated as on March 31, 2025, which is expected to be maintained, given volatile product prices. Debt protection metrics such as net debt/EBITDA and interest cover are at average levels, but expected to gradually improve in line with better operating profits, and controlled debt levels, with progressive debt repayment.

The ratings continue to factor CSL's established market presence in the PVC segment (both paste, and suspension PVC through CCVL, diversified revenue stream catering to multiple end user industries, long standing relationship with customers and healthy demand prospects for its products. The rating also factors in the long vintage and experience of the promoters in the PVC and chemicals sector and integrated nature of operations. However, these strengths are partially offset by commoditized nature of products (S-PVC) which lends variability to operating margins, and the company's average financial risk profile. Besides there is also high import dependence of key raw material for S-PVC business (Vinyl Chloride Monomer {VCM}), which exposes the company to risk in foreign exchange fluctuations. The same is nevertheless being managed through effective hedges.

Analytical Approach

For arriving at the ratings, Crisil Ratings has consolidated the business and financial profiles of CSL and its 100% subsidiary, CCVL. This is due to the strong business and financial linkages between the companies. Both companies (CSL and CCVL) adopted fair value method of accounting in fiscal 2019, in line with Ind AS accounting standards, and accordingly revalued their assets, and created a combined revaluation reserve of ~Rs.1500 crore. The same has been knocked off against the consolidated net worth. Depreciation has also been considered without the impact of revaluation of assets, and accordingly profit after tax has been adjusted from fiscal 2019 onwards.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Diverse revenue streams and healthy demand prospects: CSL's business risk profile benefits from its established market position in India in the PVC (paste and suspension) segment and in the chlor alkali business in South India. The company is the largest player in the domestic specialty paste PVC business (~80% market share basis production capacity and ~45% considering imports) and second largest player in the S-PVC business (~20% market share basis production capacity and ~10% considering imports). The company has also undertaken complex custom manufacturing chemicals of starting materials and intermediates for consumption by life sciences and fine chemical sectors, adding to its business diversity. In addition, CSL also manufactures caustic soda , chloro-methanes, refrigerant gases and hydrogen peroxide. .

Revenue visibility over the medium term will be driven by steady demand for both suspension and specialty paste PVC resin and offtake in CMCD businesses, while contribution from the chlor alkali segment is expected to remain stable. PVC realizations dipped in fiscal 2023 and fiscal 2024 post highs witnessed in fiscals 2021 and 2022 but largely stabilised in fiscal 2025. Demand will continue to benefit from the large demand supply mismatch in India and established market position of CSL in the domestic markets. The expansion in the specialty paste PVC resin segment has further strengthened CSL's market position in the domestic sector. Also, capex in the CMCD business will ensure further diversification in revenue streams as well as strengthen the overall business risk profile. The CMCD division is aiming to triple revenues in the next 3 years. This will lend further diversity to CSL's revenue streams and lower concentration on the PVC businesses. The company has also entered into a captive power arrangement with a third party power producer which is expected to reduce power costs by ~ Rs. 50 – 60 crores p.a. from fiscal 2027.

Integrated nature of operations: CSL's plant at Mettur for manufacturing of specialty paste PVC resin and chlor alkalis is highly integrated with captive salt mines (on lease) and captive power plant to meet requirements for its chlor alkali business. Chlorine derived from caustic soda manufacturing is then combined with ethylene to produce ethylene dichloride which is converted to specialty paste PVC resin. Imported methanol and chlorine are used to manufacture chloro-methanes, while hydrogen produced through the salt electrolysis route is used to produce hydrogen peroxide. CSL and CCVL have their own marine terminals at Karaikal and Cuddalore for importing ethylene and VCM (key raw material for suspension PVC) respectively. The integrated nature of operations enhances its operating efficiencies relative to its peers. Operating margin which was below 1% in fiscal 2024 due to lower PVC realizations is estimated to have improved to ~5.5-6% in fiscal 2025_and is expected to increase further in fiscal 2026 with better product prices, and higher CMCD revenues which offer healthy margins.

Experience of Sanmar Group in the chemicals and PVC business: The Sanmar group has been engaged in the manufacturing of chemicals and PVC sectors for over five decades. The group also has presence in shipping and engineering sectors through other entities. The promoters have scaled up the domestic PVC/chemicals business to over USD 500 million and is an established player in the domestic markets for its products. The Sanmar group also ventured in the international markets through an acquisition in Egypt (TCI Sanmar Chemicals S.A.E, TCIS, rated 'Crisil BB+/Stable/Crisil A4+) in 2007 and has expanded the entity to being a major PVC and chlor alkali player in the MENA region. The group's PVC/chemicals business has consolidated revenues of over USD 1.2 billion, making the group a major player in this space. This has also enabled the Group to attract investments from marquee investors like Fairfax Group and successful IPO of CSL wherein it raised Rs 3850 crore in August 2021.

Weaknesses:

Average financial risk profile: Financial risk profile of the company is average, and is expected to witness gradual improvement, with better profitability, which will aid cash generation. Unencumbered cash surplus of almost Rs. 550-600 crores also supports the financial risk profile.

CSL is incurring capex of Rs 160 crore towards for enhancing customs manufacturing capacity due to better order visibility. Phase-1 & 2 of the CMCD has been already completed. Due to better order visibility, CSL has decided to expand the custom manufacturing capacity further with phase 3 and phase 4. Phase 3 will be completed and commence operations by fiscal 2026. Civil and infra for phase 4 will also be ready by fiscal 2026. These projects will be funded by mix of debt and accruals/liquid surpluses. Due to expanded paste PVC capacity and continuing investment in expansion of CMCD capacity, total debt has been rising and is estimated at ~Rs 1750-1800 crore at end of fiscal 2025, from below Rs.1000 crore in fiscal 2022. Besides, inventory levels were also moderately higher in fiscal 2025, adding to higher working capital debt. Ergo, net debt/EBITDA and interest cover is expected at ~4.5-5 times and 1.2 times each for fiscal 2025, compared with 33.1 times and 0.57 times in fiscal 2024 respectively. Further gradual improvement in these metrics is expected over the medium term, with better contribution from CMCD and stablisation of PVC realisations.

Vulnerability to fluctuations in PVC prices and regulatory risk: Profitability of PVC manufacturing companies depends on the prevailing PVC and VCM prices. Cyclical downturns have resulted in variations in operating profitability for these players including CSL. Import of PVC currently attracts an import duty of 7.5% (earlier at 10%) while duties on import of key raw materials is negligible.. PVC prices are also significantly affected due to fluctuations in supply of PVC from China, which is the largest consumer and producer of PVC. The slowdown in their domestic economy has led to huge quantities being dumped in the global markets, especially India, resulting in considerable correction in PVC prices since fiscal 2023.

CSL is rationalizing other fixed costs and expanding its custom chemicals manufacturing business which will partially insulate the margins from fluctuating PVC prices. The PVC segment, supported by better product prices, will continue to contribute significant portion of the operating profits, with ADD being imposed on paste PVC (excluding Europe and Japan), and with ADD expected on suspension PVC.

High dependence on imports for key raw materials thereby exposing company to risk of forex fluctuations: CSL on a consolidated basis has high import requirements for procuring ethylene, methanol and VCM for paste PVC, chloro-methane and suspension PVC respectively. CSL imports close to 90% of its raw material requirements, which exposes its profitability to forex fluctuations. To mitigate the forex risk, CSL uses plain vanilla forwards to hedge 100% of its imports. Further, pricing of PVC products (paste and suspension resin) are generally dollar linked on import parity basis which provides additional natural hedge.

Liquidity: Strong

Liquidity is expected to remain strong supported by unencumbered cash and cash equivalents estimated at ~Rs 550-600 crores as on March 31, 2025, which Crisil Ratings expects will be sustained over the medium term. Cash accruals are expected to be improve to around Rs 250-350 crores (~Rs 90-100 crores estimated for fiscal 2025) over the medium term against annual debt repayment of Rs 190-210 crore. Any shortfall will be funded through cash surpluses. CSL has access to bank lines of Rs 725 crore which have some cushion, further supporting liquidity.

Outlook: Stable

Crisil Ratings expects that over the near to medium term, CSL's performance will witness a gradual recovery supported by steady sale volume across its businesses, anticipation of stabilisation in PVC prices and increased contribution from CMCD. This will also lead to better operating profitability and cash generation, which along with prudent capex spend, gradually improve financial risk profile and key debt protection metrics, from current average levels. No support is expected to be rendered to associate entities or to the holding company over the medium term.

Rating sensitivity factors

Upward Factors:

- Strong revenue growth, supported by better revenue diversity including contribution from CMCD, and sustenance of operating margins at ~8-10%, leading to higher cash generation
- Sustained improvement in financial risk profile supported by better cash generation, prudent capex spending, and better working capital management reflecting in healthy debt metrics; for instance net debt/EBITDA sustaining below 2.5 times

Downward Factors:

- Significant moderation in business performance with operating margins sustaining below 6%, also impacting cash generation
- Significant increase in debt levels due to capex, acquisitions, or elongation of working capital cycle impacting key debt metrics; for instance, net debt/EBIDTA in excess of 5 times
- Material support, direct or indirect, to promoter holding company or associate companies, especially TCIS
- Moderation in liquidity position including cash surpluses, compared with expectations

About the Company

CSL, part of the South India based Sanmar Group, is among the leading PVC and chemicals player in India. CSL completed its IPO on August 24, 2021 and post IPO promoter shareholding is ~55% and balance 45% is with the public.

CSL started operations in 1967 with manufacturing of PVC. CSL, on a standalone basis, has installed capacities for manufacturing 107,000 tonne per annum (tpa) of paste PVC resin, 119,000 tpa of caustic soda, 35,000 tpa of chloromethanes and 34,000 tpa of hydrogen peroxide and custom manufactured chemicals across 3 locations in Tamil Nadu. Additionally, CCVL has manufacturing capacity of 331,000 tpa of S-PVC at Cuddalore.

For the nine month period ended December 31, 2024, CSL (consolidated) reported a net loss of Rs.56.2 crore on net sales of Rs. 3195.2 crore, compared with net loss of Rs. 127.3 crore on net sales of Rs. 2872.3 crore during corresponding period of previous fiscal.

Key Financial Indicators*

Particulars	Unit	2024	2023
Revenue	Rs. Crore	3924	4942
Profit After Tax (PAT)	Rs. Crore	(115)	184
PAT Margin	%	(2.9)	3.7
Adjusted Debt/Adjusted net worth	Times	22.71	3.33
Interest Coverage	Times	0.57	3.48

Crisil Ratings Adjusted

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit	NA	NA	NA	1.00	NA	Crisil A+/Stable
NA	Working Capital Demand Loan[%%]	NA	NA	NA	1.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	30-Sep-30	20.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	31-Mar-30	160.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	31-Mar-30	250.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	30-Sep-30	100.00	NA	Crisil A+/Stable
NA	Term Loan^^	NA	NA	31-Mar-30	275.00	NA	Crisil A+/Stable
NA	Letter of Credit[&]	NA	NA	NA	174.00	NA	Crisil A1+
NA	Letter of Credit[^]	NA	NA	NA	150.00	NA	Crisil A1+
NA	Letter of Credit[%]	NA	NA	NA	160.00	NA	Crisil A1+
NA	Letter of Credit[$]	NA	NA	NA	100.00	NA	Crisil A1+
NA	Letter of Credit[@]	NA	NA	NA	110.00	NA	Crisil A1+
NA	Letter of Credit[~]	NA	NA	NA	150.00	NA	Crisil A1+
NA	Letter of Credit[>]	NA	NA	NA	100.00	NA	Crisil A1+
NA	Letter of Credit[&&]	NA	NA	NA	50.00	NA	Crisil A1+

& - Rs. 25 crore sublimit for BG, Rs 50 crore sublimit for SBLC for Buyer’s credit, Rs 35 crore sublimit for Capex LC, Rs 5 crore sublimit for Working capital demand Loan(WCDL) , Rs 120 crore sublimit for Packing credit/post shipment
^ - 100% one-way interchangeable between FB to NFB limits ,Rs. 20 crore sublimit for BG, Rs 100 crore sublimit for SBLC for Buyer’s credit , Rs 50 crore sublimit for Capex LC, Rs 20 crore sublimit for CC/OD
% - Rs. 30 crore sublimit for BG, Rs 160 crore sublimit for SBLC for Buyer’s credit , Rs 30 crore sublimit for Capex LC
$ - Rs. 10 crore sublimit for BG, Rs 100 crore sublimit for SBLC for Buyer’s credit , Rs 10 crore sublimit for CC/OD, Rs 10 crore sublimit for WCDL , Rs 100 crore sublimit for Packing credit/post shipment
@ - Rs. 25 crore sublimit for BG, Rs 50 crore sublimit for Capex LC, Rs 4 crore sublimit for CC/OD, Rs 10 crore sublimit for WCDL , Rs 60 crore sublimit for Packing credit/post shipment
~ - Rs 150 crore sublimit for SBLC for Buyer’s credit, Rs 25 crore sublimit for CC/OD, Rs 25 crore sublimit for WCDL , Rs 25 crore sublimit for Packing

credit/post shipment
> - Rs 100 crore sublimit for SBLC for Buyer’s credit , Rs 60 crore sublimit for Capex LC, Rs 30 crore sublimit for CC/OD, Rs 30 crore sublimit for WCDL , Rs 100 crore sublimit for Packing credit/post shipment
&& - Rs. 20 crore sublimit for Bank Guarantee(BG), Rs 50 crore sublimit for Standby Letter of Credit (SBLC) for Buyer’s credit, Rs 20 crore sublimit for Cash Credit(CC)/Overdraft(OD)
^^ - Capex LC as sub-limit of term loan is Rs. 90 crores
%% - Rs. 0.8 crore of Working capital Demand loan and Rs. 0.2 crore of Cash Credit facility

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Chemplast Cuddalore Vinyls Ltd	Full	100% Subsidiary; business linkages and common management

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	LT	807.0	Crisil A+/Stable		--	26-12-24	Crisil AA-/Negative	05-04-23	Crisil AA-/Stable		--	--
			--		--	02-12-24	Crisil AA-/Negative		--		--	--
			--		--	02-01-24	Crisil AA-/Negative		--		--	--
Non-Fund Based Facilities	ST	994.0	Crisil A1+		--	26-12-24	Crisil A1+	05-04-23	Crisil AA-/Stable / Crisil A1+	12-04-22	Crisil AA-/Stable / Crisil A1+	Crisil A+/Positive / Crisil A1+
			--		--	02-12-24	Crisil AA-/Negative / Crisil A1+		--		--	--
			--		--	02-01-24	Crisil AA-/Negative / Crisil A1+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	1	CTBC Bank Co Limited	Crisil A+/Stable
Letter of Credit[&]	36	IDBI Bank Limited	Crisil A1+
Letter of Credit[^]	14	CTBC Bank Co Limited	Crisil A1+
Letter of Credit[%]	20	State Bank of India	Crisil A1+
Letter of Credit[$]	100	YES Bank Limited	Crisil A1+
Letter of Credit[#]	50	Indian Overseas Bank	Crisil A1+
Letter of Credit[%]	130	State Bank of India	Crisil A1+
Letter of Credit[!]	110	DBS Bank India Limited	Crisil A1+
Letter of Credit[^]	160	CTBC Bank Co Limited	Crisil A1+
Letter of Credit[<]	150	ICICI Bank Limited	Crisil A1+
Letter of Credit[&]	124	IDBI Bank Limited	Crisil A1+
Letter of Credit[&&]	100	IndusInd Bank Limited	Crisil A1+
Term Loan[^^]	275	State Bank of India	Crisil A+/Stable
Term Loan	20	IDBI Bank Limited	Crisil A+/Stable
Term Loan	160	IndusInd Bank Limited	Crisil A+/Stable
Term Loan	100	YES Bank Limited	Crisil A+/Stable
Term Loan	250	ICICI Bank Limited	Crisil A+/Stable
Working Capital Demand Loan[%%]	1	IDBI Bank Limited	Crisil A+/Stable

& - Rs. 30 crore sublimit for BG, Rs 160 crore sublimit for SBLC for Buyer’s credit , Rs 30 crore sublimit for Capex LC

^ - Rs. 25 crore sublimit for BG, Rs 50 crore sublimit for SBLC for Buyer’s credit, Rs 35 crore sublimit for Capex LC, Rs 5 crore sublimit for Working capital demand Loan(WCDL) , Rs 120 crore sublimit for Packing credit/post shipment
% - 100% one-way interchangeable between FB to NFB limits ,Rs. 20 crore sublimit for BG, Rs 100 crore sublimit for SBLC for Buyer’s credit , Rs 50 crore sublimit for Capex LC, Rs 20 crore sublimit for CC/OD
$ - Rs. 10 crore sublimit for BG, Rs 100 crore sublimit for SBLC for Buyer’s credit , Rs 10 crore sublimit for CC/OD, Rs 10 crore sublimit for WCDL , Rs 100 crore sublimit for Packing credit/post shipment
 # - Rs. 20 crore sublimit for Bank Guarantee(BG), Rs 50 crore sublimit for Standby Letter of Credit (SBLC) for Buyer’s credit, Rs 20 crore sublimit for Cash Credit(CC)/Overdraft(OD)
! - Rs. 25 crore sublimit for BG, Rs 50 crore sublimit for Capex LC, Rs 4 crore sublimit for CC/OD, Rs 10 crore sublimit for WCDL , Rs 60 crore sublimit for Packing credit/post shipment
< - Rs 150 crore sublimit for SBLC for Buyer’s credit, Rs 25 crore sublimit for CC/OD, Rs 25 crore sublimit for WCDL , Rs 25 crore sublimit for Packing credit/post shipment
&& - Rs 100 crore sublimit for SBLC for Buyer’s credit , Rs 60 crore sublimit for Capex LC, Rs 30 crore sublimit for CC/OD, Rs 30 crore sublimit for WCDL , Rs 100 crore sublimit for Packing credit/post shipment
^^ - Capex LC as sub-limit of term loan is Rs. 90 crores
%% - Rs. 0.8 crore of Working capital Demand loan and Rs. 0.2 crore of Cash Credit facility

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for consolidation
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)

Crisil Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

Crisil Ratings Limited ('Crisil Ratings') is a wholly-owned subsidiary of Crisil Limited ('Crisil'). Crisil Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About Crisil Limited

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It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

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Rating Rationale

May 12, 2025 | Mumbai

Chemplast Cuddalore Vinyls Limited

Long-term rating downgraded to 'Crisil A+/Stable'; Short-term rating reaffirmed

Rating Action

Total Bank Loan Facilities Rated	**Rs.2550 Crore**
Long Term Rating	**Crisil A+/Stable (Downgraded from 'Crisil AA-/Negative')**
Short Term Rating	**Crisil A1+ (Reaffirmed)**

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1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has downgraded its rating on the long-term bank facilities of Chemplast Cuddalore Vinyls Limited (CCVL) to '**Crisil A+/Stable'** from 'Crisil AA-/Negative'. The rating on short-term bank facilities has been reaffirmed at 'Crisil A1+'.

The rating action follows similar action on the long term ratings of CCVL's parent, Chemplast Sanmar Ltd (CSL), whose long term ratings have been downgraded to 'Crisil A+/Stable' while the short term ratings have been reaffirmed at 'Crisil A1+'. Ratings on long-term debt facilities of CSL have been downgraded following slower than expected recovery in the company's performance in fiscal 2025 due to continuing modest but stable realizations, and lower than expected spreads on suspension polyvinyl chloride (S-PVC, 60% of CSL's revenues) and paste PVC.

CCVL's revenues are expected to marginally declined in fiscal 2025 owing to lower SPVC volumes, following pressure from imports, leading to build up of finished goods inventory, even though prices began to stabilize. This is on the back of steep moderation of S-PVC prices in fiscal 2023 and 2024 where the prices declined by 29% and 19% respectively owing to dumping of SPVC from China and other countries due to excess inventory amid subdued local Chinese demand which impacted domestic S-PVC prices. Despite over 50% of the domestic demand of PVC being imported due to limited domestic capacity, lower PVC realizations (compared to levels seen in fiscal 2022) impacted revenues growth. However, operating profitability is estimated to have improved to 5-6% in fiscal 2025 (3.5% in fiscal 2024) as prices of feedstock - Vinyl Chloride Monomer (VCM) also moderated. This translated to better PVC-VCM spreads and improvement in operating profitability with earnings before interest, tax, depreciation and amortization (EBITDA) estimated at ~Rs 4000-4200/MT compared to Rs 2674/MT registered in fiscal 2024. While the operating profitability has improved year-on-year, bulk of the improvement was in the first quarter of fiscal 2025 owing to higher container freight rates contributing to better domestic realizations of SPVC. However, normalization of freight rates led to moderation in SPVC prices, and this subsequently led to lower than expected recovery in profitability.

Crisil Ratings expects CCVL's revenues will register moderate growth in fiscal 2026 driven by steady demand, dilution of finished goods inventory and stable prices, and generate operating profitability of 6-7%. Operating profitability may, however, benefit materially, if the anti-dumping duty (ADD) on SPVC is implemented in the near term.

CCVL's financial risk profile remains modest, with limited improvement seen estimated fiscal 2025; interest cover is estimated at above 1 time (0.83 times in fiscal 2024) while net debt/EBITDA is estimated to have improved to ~4 times in fiscal 2025 (4.34 times in fiscal 2024) due to better operating profits. Crisil Ratings expects CCVL's financial profile to improve gradually over the near to medium term with better profitability, and progressive debt reduction with capex spend expected to be modest. Net debt/EBITDA is expected to be below 2 times over the medium term; improvement in key debt metrics will remain monitorable. Annual cash generation in fiscal 2026 may not suffice to entirely meet long term debt obligations of Rs 110 crore, necessitating dipping into the cash surpluses, Healthy cash reserves (estimated at around ~Rs.400 crores on March 31, 2025) continue to support CCVL's financial risk profile.

The ratings continue to reflect CCVL's established market presence in the SPVC segment by virtue of being the second largest domestic player, long standing relationship with customers and suppliers, strong brand recall and healthy demand prospects for its products. The rating also factors in the long vintage and experience of the promoters in the PVC and chemicals sector, and the strong support from and interlinkages with its parent, CSL. These strengths are partially offset by moderate financial risk profile, vulnerability of profitability to fluctuations in PVC prices and high dependence on raw material imports thereby exposing to risk of forex fluctuations.

Analytical Approach
For arriving at the ratings, Crisil Ratings applied its parent notch up framework and factored support from its parent, CSL. This is because CCVL is an integral part of CSL and contributes to ~60% of the consolidated revenues. Besides, there are strong operational and financial linkages.

CCVL revalued its assets in fiscal 2019 and created a revaluation reserve of Rs. 500 crores. The same has been adjusted against the net worth and fixed assets. Depreciation has also been considered without the impact of revaluation of assets and accordingly profit after tax has been adjusted from fiscal 2019 onwards.

Key Rating Drivers & Detailed Description
Strengths:

- **Healthy domestic market share and demand prospects:** CCVL is the second largest producer of suspension PVC in the domestic market, only behind Reliance Industries Limited. It increased its total capacity from 300,000 MT per annum to 331,000 MT per annum in fiscal 2023 through internal process improvement. Even though the revenues declined in fiscal 2024, volumes remained stable. With steady demand, utilization is expected to remain high at above 90% in the medium term. Total Indian consumption of PVC is estimated at over 4.0 MMT in 2025 out of which only 1.5 MMT capacity is available domestically. More than 50% of the domestic requirement is imported. As the construction activity continues to grow, the demand for PVC is expected to remain strong in the medium term, especially from the pipes sector.

  Imports are expected to continue to serve over ~50% of the domestic demand for SPVC market due to lower capacity addition by the PVC players which is due to high capex requirements and the need to import the key inputs. SPVC realizations dipped in fiscal 2023 and fiscal 2024 post highs witnessed in fiscals 2021 and 2022 but stabilized in fiscal 2025 and is expected to remain steady in the near term. However, the prices will improve materially if ADD on SPVC is levied. Demand will continue to benefit from the large demand supply mismatch in India and market leadership position in the domestic markets.

- **Experience of Sanmar Group in the chemicals and PVC business:** The Sanmar group has been engaged in the manufacturing of chemicals and PVC for over five decades. The group also has presence in shipping and engineering sectors through other entities. The promoters have scaled up the domestic PVC/chemicals business to over USD 500 million and is an established player in the domestic markets for its products. The Sanmar group also ventured in the international markets through an acquisition in Egypt (TCI Sanmar Chemicals S.A.E (TCI Sanmar), TCIS, rated 'Crisil BB+/Stable/Crisil A4+) in 2007 and has expanded the entity to being a major PVC and chlor alkali player in the MENA region. The group's PVC/chemicals business has consolidated revenues of over USD 1.2 billion, making the group a major player in this space. This has also enabled the Group to attract investments from marquee investors like Fairfax Group and successful IPO of CSL wherein it raised Rs 3850 crore in August 2021.

- **Parent support expected to be forthcoming:** CCVL is an integral part of CSL, and accounts for sizeable portion of consolidated revenues and profits. CSL and CCVL share common management, treasury and financial teams, reflecting CSL's continuing support. Crisil Ratings expects timely financial support from CSL will be forthcoming in the event of any financial distress.

Weaknesses:

- **Moderate financial risk profile:** Financial risk profile of the company remains moderate due to moderate cash generation, and modest profitability. Debt metrics such as interest cover and net debt/EBITDA are estimated at ~1 time and 4.3 times respectively in fiscal 2025. Expansion of SPV capacity happened in fiscal 2023, and no major expansion is anticipated in the near term. With only routine capex for modernization expected to be spent, further reliance on debt is not expected to be material. Debt metrics are expected to progressively improve in line with debt repayment and better profits; for instance net Debt/EBITDA is expected to improve to under 2 times over the medium term.

- **Vulnerability of profitability to fluctuations in PVC prices, and long credit period:** Profitability of PVC manufacturing companies depends on the prevailing PVC prices and PVC-VCM spreads. PVC-VCM spreads have been impacted since fiscal 2023 due to excess supply of cheaper Chinese PVC in the domestic market. Cyclical downturns have resulted in variations in operating profitability in the past for these players. Import of PVC currently attracts an import duty of 7.5% (earlier 10%) while duties on import of key raw materials is negligible. Any adverse change in duty structure will impact operating margins.

  CCVL is highly dependent on imports of VCM as raw material for its products. Due to long vintage and established relationship with suppliers, company receives a long credit period. On the sales side however, collection is quick as sales are almost on a cash and carry model. Inventory period is also low at 30-35 days due to high demand for end products. This results in a negative working capital cycle and no dependence on short term debt for meeting working capital requirements. However, since most of the imports are backed by Letter of Credit (LCs) on a hedged basis, company has to incur higher costs for the long credit period, which too impacts profitability.

- **High dependence on imports for key raw materials thereby exposing company to risk of forex fluctuations:** CCVL has high import requirements for procuring VCM and imports ~100% if its raw material requirements. This exposes the company to forex fluctuations as it has low exports. However, pricing of PVC products are generally dollar linked on import parity basis providing full natural hedge. Further, CCVL also uses plain vanilla forwards to hedge its imports to mitigate forex risk

Liquidity: Strong
Liquidity is strong marked by estimated healthy cash reserves of around Rs 400 crore as on March 31,2025. The company has only moderate capex plans of Rs 30-40 crore per annum and annual debt repayment of around Rs 110 crore in fiscal 2026 and around Rs 100 crore in fiscal 2027. However, due to improving though moderate profitability, cash accruals are expected to be modest and annual debt repayment will be partly supported by cash surpluses. The company also does not have any fund based working capital debt utilization in the past 12 months. However, as all of the raw material is purchased through letter of credit (LC), average utilization of non-fund based bank limits especially LC remained at ~70-75% in the past 12 months. CCVL has stable collection of Rs 200-250 crore per month which is sufficient for monthly letter of credit LC repayment of Rs 180-200 crore. While the inventory levels have gone up due to sluggish sales, the same is expected to normalize in fiscal 2026.

Outlook: Stable
Crisil Ratings expects CCVL will continue to remain an integral part of CSL and will continue to have strong operational and financial linkages with CSL. CCVL is also expected to maintain its strong market position in the domestic PVC segment. Crisil expects the PVC prices to gradually improve over the medium term, with better demand and regulatory support. Stable PVC prices and PVC-VCM spread will lead to better operating profitability and cash generation. CCVL's financial risk profile is moderate and expected to improve gradually driven by better cash generation and along with progressive debt reduction, benefit its debt metrics. The ratings on debt facilities of CCVL will continue to be linked to that of its parent, CSL.

Rating sensitivity factors
Upward Factors:
- Upgrade in rating of CSL by one notch or more or revision in outlook
- Improvement in operating performance with EBITDA sustaining above Rs. 6,000-7,000 per ton
- Sustained improvement in financial risk profile and debt metrics

Downward Factors:
- Downgrade in rating of CSL by 1 notch or more or revision in outlook, could result in a similar rating action on CCVL; change in stance of support to CCVL by CSL
- Significant moderation in business performance impacting cash generation
- High debt levels due to capex or elongation of working capital cycle leading to continued deterioration in key debt metrics ; for instance net-debt/EBIDTA in excess of 5 times
- Material support, direct or indirect, to CSL, promoter holding company or associate companies, especially TCIS

About the Company
CCVL, part of the South India based Sanmar Group, is among the leading PVC players in India. CCVL is a 100% subsidiary of CSL (acquired in fiscal 2021). CSL transferred its suspension PVC business to CCVL in fiscal 2018 and CCVL currently has an installed capacity of 331,000 MTPA at Cuddalore, Tamil Nadu.

For the nine-month period ended December 31,2024, CCVL reported a net loss of Rs 16 crore on net sales of Rs. 1533 crore, compared with net loss of Rs. 53 crores on net sales of Rs. 1733 crore during corresponding period of previous fiscal.

About CSL
CSL, part of the South India based Sanmar Group, is among the leading PVC and chemicals player in India. CSL completed its IPO on August 24, 2021 and post IPO promoter shareholding is ~55% and balance 45% is with the public.

CSL started operations in 1967 with manufacturing of PVC. CSL on a standalone basis has installed capacities for manufacturing 107,000 tonne per annum (tpa) of paste PVC resin, 119,000 tpa of caustic soda, 35,000 tpa of Chloromethanes and 34,000 tpa of Hydrogen Peroxide and custom manufactured chemicals across 3 locations in Tamil Nadu. Additionally, CCVL has manufacturing capacity of suspension PVC of 331,000 tpa at Cuddalore.

For the nine month period ended December 31, 2024, CSL (consolidated) reported a net loss of Rs.56.2 crore on net sales of Rs. 3195.2 crore, compared with net loss of Rs. 127.3 crore on net sales of Rs. 2872.3 crore during corresponding period of previous fiscal

Key Financial Indicators*

Particulars	Unit	2024	2023
Revenue	Rs. Crore	2448	3000
Profit After Tax (PAT)	Rs. Crore	(56)	11
PAT Margin	%	(2.3)	0.4
Adjusted Debt/Adjusted networth	Times	(0.88)	NM
Interest Coverage	Times	0.83	1.54

**Crisil Ratings Adjusted*

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable)

in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit[!]	NA	NA	NA	10.00	NA	Crisil A+/Stable
NA	Letter of Credit[!]	NA	NA	NA	195.00	NA	Crisil A+/Stable
NA	Letter of Credit[~]	NA	NA	NA	150.00	NA	Crisil A+/Stable
NA	Letter of Credit[&]	NA	NA	NA	200.00	NA	Crisil A+/Stable
NA	Letter of Credit[<]	NA	NA	NA	110.00	NA	Crisil A+/Stable
NA	Letter of Credit[$]	NA	NA	NA	450.00	NA	Crisil A+/Stable
NA	Letter of Credit[#]	NA	NA	NA	225.00	NA	Crisil A+/Stable
NA	Letter of Credit^	NA	NA	NA	45.00	NA	Crisil A+/Stable
NA	Letter of Credit[%]	NA	NA	NA	140.00	NA	Crisil A+/Stable
NA	Letter of Credit**	NA	NA	NA	150.00	NA	Crisil A+/Stable
NA	Proposed Non Fund based limits	NA	NA	NA	75.00	NA	Crisil A1+
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	56.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	31-May-30	80.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	31-May-30	80.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	30-Apr-33	108.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	30-Jun-29	33.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	31-May-30	443.00	NA	Crisil A+/Stable

! - Rs 6 crore WCDL as sublimit
~ - Rs 150 crore sub limit for SBLC for Buyers Credit; Rs 20 crore sublimit for WCDL/CC/OD
&- Rs 5 crore sublimit for CC
< - Rs 15 crore sublimit for BG; Rs 5 crore sub limit for OD/CC
$ - Rs 5 crore sub limit for bank guarantee (BG), Rs 450 crore sublimit for standby letter of credit (SBLC) for Buyers Credit; Rs 15 crore sub limit of overdraft (OD)/cash credit (CC); Rs 15 crore sub limit of WCDL
 # - Rs 150 crore sub limit for SBLC for Buyers Credit; Rs 20 crore sub limit of BG; Rs 30 crore sub limit of OD/CC
^ - Rs 5 crore sub limit for WCDL; Rs 20 crore sublimit for BG
% - Rs 50 crore sublimit for BG; Rs 75 crore sub limit for SBLC for Buyers Credit Rs 10 crore sub limit for OD/CC
*** - Rs 150 crore sub limit for SBLC for Buyers Credit; Rs 10 crore sub limit of OD/CC; Rs 25 crore sub limit of WCDL*

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	810.0	Crisil A+/Stable		--	02-12-24	Crisil AA-/Negative	05-04-23	Crisil AA-/Stable	12-04-22	Crisil AA-/Stable	Crisil A+/Positive
			--		--	02-01-24	Crisil AA-/Negative		--		--	--

Non-Fund Based Facilities	ST/LT	1740.0	Crisil A+/Stable / Crisil A1+		--	02-12-24	Crisil AA-/Negative / Crisil A1+	05-04-23	Crisil AA-/Stable / Crisil A1+	12-04-22	Crisil AA-/Stable / Crisil A1+	Crisil A+/Positive / Crisil A1+
			--		--	02-01-24	Crisil AA-/Negative / Crisil A1+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit[&]	10	ICICI Bank Limited	Crisil A+/Stable
Letter of Credit[^]	140	IDBI Bank Limited	Crisil A+/Stable
Letter of Credit[%]	200	IndusInd Bank Limited	Crisil A+/Stable
Letter of Credit[$]	150	The Hongkong and Shanghai Banking Corporation Limited	Crisil A+/Stable
Letter of Credit[#]	45	CTBC Bank Co Limited	Crisil A+/Stable
Letter of Credit[&]	195	ICICI Bank Limited	Crisil A+/Stable
Letter of Credit[!]	150	RBL Bank Limited	Crisil A+/Stable
Letter of Credit[~]	110	Indian Overseas Bank	Crisil A+/Stable
Letter of Credit[<]	450	YES Bank Limited	Crisil A+/Stable
Letter of Credit[>]	225	IDFC FIRST Bank Limited	Crisil A+/Stable
Proposed Long Term Bank Loan Facility	56	Not Applicable	Crisil A+/Stable
Proposed Non Fund based limits	75	Not Applicable	Crisil A1+
Term Loan	80	RBL Bank Limited	Crisil A+/Stable
Term Loan	80	IDFC FIRST Bank Limited	Crisil A+/Stable
Term Loan	108	State Industries Promotion Corporation of Tamil Nadu Limited	Crisil A+/Stable
Term Loan	33	ICICI Bank Limited	Crisil A+/Stable
Term Loan	443	IndusInd Bank Limited	Crisil A+/Stable

& - Rs 6 crore WCDL as sublimit
^ - Rs 50 crore sublimit for BG; Rs 75 crore sub limit for SBLC for Buyers Credit Rs 10 crore sub limit for OD/CC
% - Rs 5 crore sublimit for CC
$ - Rs 150 crore sub limit for SBLC for Buyers Credit; Rs 10 crore sub limit of OD/CC; Rs 25 crore sub limit of WCDL
 # - Rs 5 crore sub limit for WCDL; Rs 20 crore sublimit for BG
! - Rs 150 crore sub limit for SBLC for Buyers Credit; Rs 20 crore sublimit for WCDL/CC/OD
~ - Rs 15 crore sublimit for BG; Rs 5 crore sub limit for OD/CC
< - Rs 5 crore sub limit for bank guarantee (BG), Rs 450 crore sublimit for standby letter of credit (SBLC) for Buyers Credit; Rs 15 crore sub limit of overdraft (OD)/cash credit (CC); Rs 15 crore sub limit of WCDL
> - Rs 150 crore sub limit for SBLC for Buyers Credit; Rs 20 crore sub limit of BG; Rs 30 crore sub limit of OD/CC

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Criteria for factoring parent, group and government linkages

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