Khaitan CHEMICALS AND FERTILIZERS LIMITED
CIN : L24219MP1982PLC004937
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August 19, 2026

The Manager (Listing/Compliance) National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI- 400 001 NSE Symbol **: KHAICHEM**	The Manager (DCS/Compliance) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI- 400 001 BSE Scrip Code **: 507794**

Dear Sir/Madam,

Sub: Intimation of Credit Rating.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith Credit Rating issued by India Ratings and Research. The rating is IND BBB-/Stable/IND A3.

This is for your information and further dissemination.

Thanking you,

Yours faithfully,
For KHAITAN CHEMICALS AND FERTILIZERS LIMITED

Sejal Maheshwari
Digitally signed by Sejal Maheshwari
Date: 2026.08.19 13:26:07 +05'30'

Sejal Maheshwari
(Company Secretary & Compliance Officer)
Membership No- F13942

Title

India Ratings Affirms Khaitan Chemicals and Fertilizers' Bank Loan Facilities at 'IND BBB-'/Stable; Off Rating Watch with Developing Implications

Brief

India Ratings and Research (Ind-Ra) has affirmed Khaitan Chemicals and Fertilizers Limited's (KCFL) bank loan facilities' rating at 'IND BBB-'/Stable while resolving the Rating Watch with Developing Implications, as follows:

Details of Instruments

Instrument Description	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Bank loan facilities	RBI				5,363.1	IND BBB-/Stable/IND A3	Affirmed; Off Rating Watch

Analytical Approach

Ind-Ra continues to take a standalone view of KCFL to arrive at the rating

Detailed Rationale of the Rating Action

The affirmation and resolution of the Rating Watch with Developing Implications reflects: (i) generation of positive EBITDA from single super phosphate (SSP) sales despite high sulphur prices, owing to the use of spent sulphuric acid (SA) in SSP manufacturing, (ii) improved profitability in (SA) sales, driven by elevated prices and a healthy spread between the cost of spent SA and the price of 99% SA sold by KCFL, and (iii) enhanced liquidity, following the sanction of an additional INR400.7 million under the ECLGS 5.0 scheme in FY27.

The EBITDA per tonne from SSP sales is estimated to have remained positive but declined to INR993/tonne in 1QFY27 (FY26: INR1,563/tonne), primarily due to higher raw material costs. At the same time, profitability from SA sales improved significantly, with EBITDA per tonne increasing to INR5,280/tonne in 1QFY27 (FY26: INR3,395/tonne; FY25: INR1,977/tonne). Given the favourable economics of SA sales, the company increasingly relies on externally procured spent SA for SSP production. The rating action also considers the company's stable operating performance, with EBITDA of INR243 million in 1QFY27 (1QFY26: INR317 million; FY26: INR1,130 million; FY25: INR231 million), supported by higher-than-expected earnings from SA sales.

Ind-Ra understands that raw material price volatility may persist due to ongoing geopolitical uncertainties. Nevertheless, cash flows from SA sales, together with the use of spent SA in SSP manufacturing, are likely to provide additional financial support to KCFL. Furthermore, the contribution of the fertiliser segment to overall profitability decreased during 1QFY27, making the segment's earnings contribution a key monitorable. While profitability from SA sales is robust at present, it has historically been modest and remains susceptible to volatility in sulphur prices.

List of Key Rating Drivers

Strengths

Established operations and market presence in SSP segment

EBITDA Supported By SA Business Credit metrics improved during FY26

Weaknesses

Regulated nature of fertiliser industry

Profitability exposed to volatility in input prices on account of Middle East conflict

Detailed Description of Key Rating Drivers

Established Operations and Market Presence in SSP Segment: KCFL has an established market position in the SSP segment, with a market share of around 8.0% over FY23-FY26. The company operates six manufacturing plants, with a total manufacturing capacity of 1.13 million tonnes per annum (mtpa) across Gujarat, Rajasthan, Chhattisgarh, Uttar Pradesh and Madhya Pradesh, through which it caters to the markets of several states, with over 3,000 distributors and a strong dealership network. KCFL also has a diversified product mix of SSP fertilisers (1QFY27: 51% of operating revenue; FY26: 82%; FY25: 88%), SA and its derivatives (49%; 18%; 12%). KCFL has an in-house production capacity of 0.27mtpa for SA, which enables backward integration for SSP manufacturing. Furthermore, the company uses steam, a by-product of the manufacturing process, to operate a power unit of 4.32MW, leading to savings in power expenses.

EBITDA Supported By SA Business: Despite a sharp increase in raw material prices, particularly sulphur, KCFL's EBITDA remained healthy at INR243 million in 1QFY27 (1QFY26: INR317 million; FY26: INR1,130 million; FY25: INR231 million), supported by strong profitability from SA sales. The EBITDA from SA sales increased to INR190 million in 1QFY27 (FY26: INR435 million; FY25: INR248 million), largely offsetting the lower earnings generated from SSP sales during the quarter.

Profitability from SSP sales remained under pressure due to elevated sulphur prices and the inadequate pass-through of cost increases through revisions in nutrient-based subsidy (NBS) rates. Ind-Ra notes that sulphur prices have been on an upward trajectory since February-March 2025. Average sulphur prices increased to USD500-600/tonne during 4QFY26 from around USD150-160/tonne in FY25, and rose further to USD800-900/tonne during 1QFY27, following the escalation of geopolitical tensions in the Middle East. The increase in raw material costs was partially mitigated through higher NBS subsidy rates and improved market realisations.

The impact of sulphur price volatility and raw material availability on the profitability of SSP operations will remain a key monitorable. While the current profitability of SA sales has supported overall earnings, the sustainability of profitability across both the fertiliser and chemicals segments will be critical for maintaining stable credit metrics.

Improved Capacity Utilisation in FY26: KCFL's SSP sales volumes improved to 0.45mt during FY26 (FY25: 0.44mt; FY24: 0.34mt). The company's overall capacity utilisation increased to 39% in FY26 (FY25: 33%; FY24: 39%). Ind-Ra will continue to monitor sales volume for SSP, given the increase in retail prices to partially offset the rise in raw material prices. The company has stopped SSP production at its Jhansi, Malwan and Rajnandgoan production facilities due to increased sulphur prices and higher freight costs, which resulted in unfavourable landed prices of sulphur. However, Ind-Ra believes that closure of facilities will not impact KCFL's overall production volumes, as production at the remaining sites can be adequately ramped up to maintain production volumes.

Credit Metrics Improved during FY26: Despite an increase in the total debt (FYE26: INR3.7 billion; FYE25: INR3.6 billion; FYE24: INR3.3 billion), KCFL's credit metrics improved in FY26 due to the increase in the EBITDA. The net leverage improved to 3.3x during FY26 (FY25: 15.8x) and the interest coverage (operating EBIDTA/gross interest expense) improved to 3.44x (0.77x). In FY26, the total debt comprised long-term borrowings of INR83 million (FY25: INR167 million; FY24: INR243 million); working capital borrowings of INR2.7 billion (INR2.7 billion; INR2.8 billion) and letters of credit acceptances of INR0.6 billion (INR0.5 billion; INR0.2 billion). The total debt includes outstanding borrowings of INR0.22 billion from related parties. Ind-Ra believes the leverage during FY27 will remain dependent on the SSP segment's profitability in an environment of high sulphur prices. Ind-Ra will continue to monitor SSP business;s EBITDA contribution in overall EBITDA of the company

Regulated Nature of Fertiliser Industry: KCFL operates in a regulated industry, wherein the subsidy portion of the overall revenue is controlled by the government under the NBS scheme and the retail prices are market driven. Thus, KCFL's operations remain exposed to the timely fixation of subsidy by the government to factor in the volatility in raw material prices, along with the timely release of subsidy, which impact the short-term borrowings of the company.

Profitability Exposed to Volatility in Input Prices on account of Middle East Conflict: The EBITDA margins are susceptible to volatility in rock phosphate and SA prices, though SSP is a deregulated fertiliser. The company's profitability would remain dependent on the subsidy announcement under the NBS scheme and the company's ability to pass on increase in raw material that is not covered by increase in subsidy rates. The prices of sulphur, a key raw material in the manufacturing of SSP, increased substantially in FY26 and 1QFY27 due to the Middle East conflict. Ind-Ra expects SSP's profitability to remain under pressure in the near term on account of an increase in prices and uncertainty related to the availability of raw material on account of the ongoing Middle East conflict.

Liquidity

Adequate: KCFL's liquidity is supported by an additional sanction of INR400 million under the ECLGS 5.0 scheme, which was received by the company during 1QFY27, and healthy EBITDA generated from SA sales. Ind-Ra understands that KCFL has sanctioned fund-based limits of INR2.7 billion and non-fund-based limits of INR2.6 billion. The average utilisation of the fund-based limits was 84% during the 12 months ended June 2026, while that of the non-fund-based limits was 57% over the same period. The company has repayment obligations of INR71.6 million in FY27 and INR94.7 million during FY28. Ind-Ra expects KCFL's annual interest expense to remain around INR300 million for FY27; the agency believes the EBITDA earned during the year would be enough to meet the interest and loan repayments. Ind-Ra understands that the working capital cycle of the company is elongated (FY26: 244 days; FY25: 312; FY24: 404 days), given the seasonality of SSP consumption and dependence on subsidy for part realisation of revenue from the sales of SSP. The net working capital of the company increased to INR4,508 million at end-1QFY27 (FY26: INR3,888 million; FY25: INR3,597 million; FY24: INR3,782 million).

Rating Sensitivities

Positive: Higher-than-expected unit profitability on fertiliser business, an increase in the contribution of the fertiliser business to the overall profitability, and an improvement in the working capital cycle, leading to the interest coverage exceeding 3.5x, on a sustained basis, would be positive for the ratings.

Negative: Lower-than-expected unit profitability on fertiliser business and /or further decline in the contribution of the fertiliser business to the overall profitability and/or a continued stretch in the working capital cycle, leading to the interest coverage reducing below 2.0x and tightening of liquidity, all on a sustained basis, could be negative for the ratings.

ESG Issues

Any Other Information

Not applicable

About the Company

Incorporated in FY82, KCFL manufactures SSP and SA, with operations in Madhya Pradesh, Uttar Pradesh, Rajasthan, Chhattisgarh and Gujarat. The company has an installed capacity of 11,30,000mt of SSP and 2,70,600mt of SA.

Key Financial Indicators

Particulars (INR million)	**FY26**	**FY25**
Revenue	10,016	7,202
EBITDA	1,130	231
Total debt (including acceptances)	3,623	3,642
Interest coverage (x)	3.44	0.8
Net debt/EBITDA (x)	3.21	15.8
Source: KCFL, Ind-Ra		

Applicable Criteria

- Evaluating Corporate Governance
- Corporate Rating Methodology
- Short-Term Ratings Criteria for Non-Financial Corporates

- Policy for Placing Ratings on Rating Watch
- The Rating Process

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (million)	Current Rating	23 April 2026	24 January 2025	06 November 2023	22 September 2023
Bank loan facilities	Long-term/Short-term	INR5,363.1	IND BBB-/Stable/IND A3	IND BBB-/Rating Watch with Developing Implications/ IND A3/Rating Watch with Developing Implications	IND BBB/Stable/ IND A3+	IND BBB+/Stable/ IND A2	
Issuer Rating	Long-term	-					WD

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Annexure

NA

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