Khaitan CHEMICALS AND FERTILIZERS LIMITED
CIN : L24219MP1982PLC004937
The B Zone, 7th Floor, Pipliya Kumar, Nipania Main Road, Indore - 453771 (M.P.)
Phone : 0731-4753666, E-mail : secretarial@kcfl.in, Website : www.kcfl.co.in

April 24, 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 Press Release issued by India Ratings and Research (Ind-Ra).

This is for your information and further dissemination.

Thanking You,

Yours' faithfully,

Thanking you,

Yours faithfully,
for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

Sejal Maheshwari
Digitally signed by Sejal Maheshwari
Date: 2026.04.24 12:36:19 +05'30'

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

New Delhi Office:
4-B/3 Palm Drive, DLF Farms
Chattarpur Extension
New Delhi - 110074

Regd. Office :
A.B. Road, Village Nimrani,
Dist. - Khargone - 451 660 (M.P.)
Phone : 07285-265448, 265447

India Ratings & Research
A Fitch Group Company

Title

India Ratings Downgrades Khaitan Chemicals and Fertilizers' Bank Facilities to 'IND BBB-'; Places on rating watch with developing implications

Brief

India Ratings and Research (Ind-Ra) has taken the following rating actions on Khaitan Chemicals and Fertilizers Limited's (KCFL)debt instruments:

Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating Assigned along with Watch/Outlook	Rating Action
Bank Loan Facilities				4,913.10	IND BBB-/Rating watch with developing implications/IND A3/ Rating watch with developing implications	Downgraded; Placed on rating watch with developing implications
Bank loan facilities				450	IND BBB-/Rating watch with developing implications/IND A3/ Rating watch with developing implications	Assigned

Analytical Approach

Ind-Ra continues to follow a standalone approach to arrive at the ratings for KCFL's debt facilities.

Detailed Rationale of the Rating Action

The downgrade reflects constrained financial flexibility available to KCFL and subdued unit profitability on sale of SSP in view of current ongoing conflict in West Asia. Raw material cost per ton for SSP is expected to be INR 12,500 – 13,000/ton(at current Sulphur price of USD 500-600/ton and rock phosphate price of USD 130/ton) along with other manufacturing cost of INR 3000-3500/ton leaving profitability of SSP thin with current subsidy rate of INR 8,149/ton and Market Price of INR 8,500/ton. IND-Ra, expects the company will need to increase market price of SSP to completely pass on the increase in raw material cost. Given that the price of substitute fertilizer DAP is capped at INR 1,350/bag, KCFL's ability increase prices while maintaining the volumes sold in the market shall remain a key monitorable for the rating agency.

IND-Ra notes that on account of higher sulphur prices and increased freight costs resulting in unfavourable landed prices of sulphur the company has stopped SSP production at its Jhansi, Malwan and Rajnandgoan production facilities. IND-Ra also notes the increase in price of Sulphur from an average price of USD 150-160/ton during FY25 to USD 500-600/ton after the start of the conflict.

Liquidity of the company is expected to be adversely impacted by thin expected profitability on sale of SSP; high fund based working capital utilization at 84% for the last 12 months ended March 2026 leaving little room for additional borrowing and low free cash balance of INR 0.8 million as on end of Dec 2025(Fy25: INR 0.8 million; FY24: INR 0.5 million). IND-Ra expects annual interest expense of the company to remain at ~ INR 300 million for the year FY27 along with repayment obligation of INR 71.6 million for the year FY27. Against which Cash flow from operations of the company is expected to be adversely impacted by low unit profitability of SSP. However, near term liquidity of the company is supported to subsidy receivable of INR 1,492 million as on end of December 31, 2025(FY25: INR 1,127 million; FY24: INR 987 million). Any delay in release on subsidy and/or non availability of raw material at reasonable prices may lead to requirement of additional borrowing for the company.

The Rating watch with developing implications takes into account possibility of successful increase in retail prices while maintaining sale volumes and profitability of SSP along with enough availability of raw material at reasonable prices leading to continued healthy EBITDA earning. While inability to pass on the increase in raw material along with continued uncertainty availability of raw material will adversely impact the business and financial risk profiles of KCFL. IND-Ra will continue to monitor liquidity and profitability of SSP sale.

IND-Ra notes the improved profitability on sale of Sulphuric acid currently being earned by KCFL. EBIT from sale of SA acid increased to INR 356 million during 9mFY26 (Fy25: INR 231 million; Fy24: INR -ve 26). IND-Ra estimates that KCFL's EBITDA/ton sale of SA increased to INR 3,852/ton during 9MFY26 (FY25: INR 2,068/ton; FY24: -ve 81/ton)

List of Key Rating Drivers

Strength

Established Operations and Market Presence in SSP Segment:

Improvement in profitability during FY25 and 9MFY26:

Capacity Utilisation improve:

Improvement Credit Metrics

Weakness

Regulated Nature of Fertiliser Industry:

SSP profitability to be impacted due to 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 around 9% market share over FY17-FY25. 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. The company also has a diversified product mix of SSP fertilisers (FY25:88%; FY24: accounted for 87.02% of the operating revenue; FY23: 89.29%; FY22: 87.82%; FY21: 83.08%), sulphuric acid and its derivatives (11.1%; 9.79%; 10.73%; 10.62%; 12.13%; 13.71%). KCFL has a in-house production capacity of 0.27 million mtpa for sulphuric acid, which enables backward integration for SSP manufacturing. Furthermore, the company uses by-product steam of the manufacturing process to run up to 4.32MW power unit, leading to savings in power expenses.

Improvement in profitability during FY25 and 9MFY26: KCFL's EBITDA increased to INR 954 million during 9MFY26 (FY25; INR 231 million; FY24 -ve 302 million). Improvement in EBITDA was on account of increase in NBS based subsidy rates for SSP from INR 5,122/ton during H2FY25 to INR 7,263 during H1Fy26. NBS rates was further increased to INR 7,408 /ton during H2FY26. EBITDA of the company also improved during 9mFy26 on account of higher profitability earned on sale of Sulphuric Acid. EBIT earned from sale of SSP was INR 531 million during 9MFY26 (FY25: INR -ve 98 million; FY24: INR -ve 376 million) while EBTIDA earned from SA was INR 356 million during 9MFY26 (FY25: INR 231 million ; FY24; INR -ve 26 million).

However, IND-Ra notes that prices of Sulphur have been on an increasing trend starting from Feb-March 2025. Sulphur prices that averaged USD 150-160/ton during FY25 has increased USD 500-USD 600/ton after the start of Middle east conflict. Increase in Sulphur prices were on account of increased demand from metal extraction industry and further driven by disruptions led by middle east conflict. IND-Ra understands from the management of the company that three SSP manufacturing units has been under shut down on account of high cost of delivered raw material at the plant that are situated away from port. The impact of the prices of raw material along with its availability on the profitability on sale of SSP shall remain a key monitorable for the rating agency.

Capacity Utilisation improve: KCFL's SSP sales volumes improved to 0.38 mt during 9MFY26 (FY25: 0.44 mt; FY24: 0.34mt; FY23: 0.47mt; FY22: 0.53mt; FY21: 0.46mt). KCFL's overall capacity utilisation also increased to 44% in 9mFY26 (FY25: 33%; FY24: 39%; FY23: 44%; FY22: 47%; FY21: 40%). Further, on account of improvement in NBS rates profitability of SSP improved leading to higher sale of SSP during the 9MFY26. Sulphuric acid production also increased during the year 9mFy26 on account of higher profitability of SA during the year 9mFy26.

Credit Metrics Improve during 9MFY26: KCFL's net leverage declined to 3.5x during 9MFY26(Fy25: INR 15.8x). Improvement in Leverage was on account of increase in EBITDA witnessed during 9mFY26. Going forward leverage shall remain dependent on profitability of SSP in an environment of high Sulphur prices. Interest coverage (operating EBIDTA/gross interest expense) of the company also increased to 3.75x (FY25: 0.77x; FY24: NM). Total debt of the company increased to INR3.7 billion as on end of 9mFY26 (Fy25: INR3.6 billion; FYE24: INR3.3 billion), comprising long-term borrowings of INR0.1 billion (INR0.17 billion; INR0.24 billion); working capital borrowings of INR2.6 billion (INR 2.7 billion; INR2.8 billion) and letter of credit acceptances of INR0.8 billion (INR 0.5 billion; INR0.2 billion). The total debt includes INR0.22 billion borrowed from related parties outstanding.

Profitability Exposed to Volatility in Input Prices on account of Middle east conflict: The EBITDA margins are susceptible to volatility in rock phosphate and sulphuric acid 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. Prices of sulphur a key raw material in manufacturing on SSP has increased to USD 500-600 /ton from an average price of USD 150-160/ton during FY25. Further, availability of sulphur given the conflict in west asia is also uncertain. IND-Ra expects profitability of SSP to remain under pressure on account of increase in prices and uncertain availability of raw material on account of middle east conflict.

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.

Liquidity

Stretched: IND-Ra expects liquidity for the company to be stretched on account of expected decline in profitability on sale of SSP given the increase in raw material prices and its uncertain availability; high fund based working capital utilization at 84% for the last 12 months ended March 2026 and low free cash balance of INR 0.8 million as on end of Dec 2025(Fy25: INR 0.8 million; FY24: INR 0.5 million). IND-Ra expects annual interest expense of the company to remain at ~ INR 300 million for the year FY27 along with term loan repayment obligation of INR 71.6 million. Cash flow from operations of the company is expected to be adversely impacted on account of low profitability on sale of SSP. Raw material cost per ton for SSP is expected to be INR 12,500 – 13,000/ton along with other manufacturing cost of INR 3000-3500/ton leaving profitability of SSP thin with current subsidy rate of INR 8,149/ton and Market Price of INR 8,500/ton.

IND-Ra understands that working capital cycle of the company is long given the seasonality of SSP consumption and dependence of subsidy for part realisation of revenue from sale of SSP. Net working capital of the company increase to INR 3,659 million as on end of 9mFy26 (Fy25: INR 3,597 million; FY24: INR 3,782 million). Although near term liquidity of the company may be supported by timely subsidy disbursement on sale of SSP. The company may require additional borrowing to fund increase in working capital on account increase in prices. The company has total fund based limits of INR 2500 million and non fund based limits of INR 2614 million. The average use of the fund-based and non-fund-based limits was 84% and 59%, respectively, during the 12 months ended March 2026. KCFL's liquidity was supported by debt provided by related parties o/s at INR 220 million as on end of 9mFY26 (FYE25: INR 220 million FYE24: IN221 million).

Rating Sensitivities

The Rating Watch with Developing Implications indicates that the ratings may be upgraded or affirmed or downgraded upon resolution. Ind Ra will resolve the Rating Watch basis better visibility on raw material prices and availability along with the company's ability to pass on the increase raw material cost while maintaining sale volumes and profitability amidst uncertainty stemming from conflict in middle east. IND-Ra will resolve the rating watch upon receiving clarity/visibility on raw material prices and realization of price hike at the retail level or in 6 months which ever is earlier.

Disclosures for CE Rating

NA

Disclosures for Provisional Rating

NA

ESG Issues

Any Other Information

About the Company

KCFL manufactures SSP and sulphuric acid 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 sulphuric acid. It also has 1,400 tonnes per day of soya bean crushing capacity and 100TDP soya bean edible oil refinery located at Ratlam (Madhya Pradesh).

Key Financial Indicators

Particulars (INR million)	FY25	FY24	**FY23**	**FY22**
Revenue	7,202	5,358	8,878	8,237
EBITDA	231	-ve 302	779	1,216
Total debt (including acceptances)	3,642	3,301	2,626	2,048
Interest coverage (x)	0.8	NM	4.03	9.63
Net debt/EBITDA (x)	15.8	NM	3.37	1.30
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

NA

India Ratings & Research
A Fitch Group Company

Rating History

InstrumentType	Current Rating/Outlook			Historical Rating/Outlook		
	RatingType	Rated Limits (million)	CurrentRating	24 January 2025	06 November 2023	22 September 2023
Bank loan facilities	Long-term/Short-term	INR450.00	IND BBB-/Rating watch with developing implications/IND A3/ Rating watch with developing implications	IND BBB/Stable/ IND A3+	IND BBB+/Stable/ IND A2	

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

Contact

Paras Pal

Senior Analyst

+91 12 46687241

Rushabh Shah

Senior Analyst

+91 22 40001775

Media Relations

Ameya Bodkhe
Marketing Manager
+91 22 40356121

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has six branch offices located at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad and Kolkata. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

DISCLAIMER