

## Transcript of 43rd Annual General Meeting of Khaitan Chemicals & Fertilizers Limited

Good Morning Ladies & Gentlemen!

On behalf of Khaitan Chemicals & Fertilizers Limited, I, Sejal Maheshwari, Company Secretary & Compliance Officer of the Company, heartily welcome all the shareholders to the 43rd Annual General Meeting of the Company.

The meeting is held through Video Conferencing/ Other Audio Visual Means, without the physical presence of members at a common venue in accordance with the circular issued by Ministry of Corporate Affairs & Securities and Exchange Board of India (SEBI). In accordance with the referred circular, the members attending the General Meeting through Video Conferencing or Other Audio Visual Means shall be considered for the purposes of Quorum under section 103 of the Companies Act, 2013.

It is for Sixth Year running that we have had to meet virtually. Hope all of you are safe and in good health.

At the outset, I will take you through certain points regarding the participation and voting at this meeting.

To avoid any disturbance from background noise and ensure smooth and seamless conduct of the meeting, all the members who have joined this meeting are by default placed on mute.

Members who have not voted through remote e-voting can cast their votes through e-voting facility during the AGM.

Before we commence the proceedings, may I introduce my colleagues on the Board and other senior officials of your Company. We have with us here today-

1 Mr. Shailesh Khaitan	Chairman of the Company and Managing Director
2 Mr. Utsav Khaitan	Joint Managing Director
3 Mr. Praveen Uniyal	Whole Time Director
4 Mr. Inder Jit Singh	Independent Director
5 Mr. Deepak Kumar Khemkha	Independent Director
6 Ms. Payal Gupta	Independent Women Director
7 Mr. Harsh Vardhan Agnihotri	President & Chief Financial Officer
8 CA Ram Niwas Jalan	Representing M/s NSBP & Co. Statutory Auditors.

The Company has received request from a member to register them as a speaker at the meeting. Accordingly, the floor will be open for this member to ask questions or express his views or questions.

The members who have registered as speakers Shareholder shall be able to express their views during this session. Apart from this, chat box option is also provided by the Company for raising the queries or comments.

Once the name of Speaker shareholder is called, the person will be unmuted by the host to enable him/her to speak. Before speaking the shareholder is requested to click on the video as well as the audio icon appearing on the screen to switch it on and if for some reason the shareholder is not able to join through video mode he/she can still speak by using the audio mode.

While speaking, we request shareholders to use earphones with microphones so that they are clearly audible. If there is any connectivity problem at speakers end the host will mute such speaker and the next speaker will be invited to speak.

It may be noted that the Company reserves the right to limit the number of members asking questions depending on the availability of time at the AGM.

I now request Chairman and Managing Director of the Company to deliver his address to the meeting.

Thank you so much. Welcome all of you to the AGM of the company. It's good to see you all. We have got good rain falls, there are some hitches going with America as we all know, but knowing India's resilience and knowing our prime minister Mr. Modi, I'm sure will come up as winners.

And ultimately we are going to go ahead as this country has gone forth, as we have seen during the tenure of our honourable prime minister. To give our company's background and a basic idea about where we are, I will request the joint MD of the company Mr. Utsav khaitan, to take this forward. It's on you now.

Hi, thank you. Am I audible to everyone? Yes. Yeah. Okay. So I'll just take you through what the company did in 2025. That's where I'm gonna start. So our total income, which means our total turnover increased from 537 crores rupees from the previous year to 721 crores that year, about a 34 % rise. The good part is the current assets, though, have also still decreased.

Very marginally from 4801 to 4704 crores. So this shows that even though, you know, our turnover increased, our current assets decreased slightly. It shows that we've managed our working capital very well.

So, you know, kudos to the kudos to everyone at chemicals for doing this. So you know we've experienced strong growth in core operational revenues. Our finance cost also.

As decreased from 31.69 crores to 29.8 crores. Although turnover's increased by a 185 crores. So, again, this boards very, very, well for our company.

Then in terms of profitability, obviously FY24 was a very hard year for the company where we showed a PBT of a loss of 71.85 crores as our PBT. This has decreased to only 16.5 crores.

Lost this year. Although the pack we've shown a profit of 1.4 crores as compared to a loss of 70.48 crores last year. So the pack because of our tax benefit that we got, we had carried forward losses.

So because of that, you know, we had some tax benefits and we've been able to show, a profit in the company. So basically the company has turned around from a huge loss in FY 24 to a small net profit in FY 25.

Since the inception of the company in 1987, KCFL has always been a profitable company. The years 2024, and 2025, they've been outliers because of certain government policies.

And a substantial decrease in NBS rates. So 2024, obviously the, as we mentioned earlier in our last meeting, the NBS rates said almost half, which caused great turmoil in the market.

That carried forward the carry forward I would say, effects of that year have carried forward to 24-25, but, we've managed to wade through these really tough times.

And the Q1 results for 25-26, they are the they show complete turnaround for the company. Good thing is the earnings per share. FY 25 is slightly positive at, about 4th share.

But compared to a negative of 7.27 per share before. So you know the shareholders' value has moved back into positive territory indicating recovery. So overall my comparative insight would be that the revenue growth is strong.

Long at 34 % driven by operations. Our cost control measures worked well in raw materials, interests, and employee costs. The company obviously turned profitable in FY 25 after a huge loss in FY 24. EPS has moved to positive, showing better results of shareholders.

The turnaround is substantial, suggesting recovery momentum, the margins that remain tight that year. Now, starting this year, the margins have eased out and we are expecting to do better going forward.

You know, that was a little bit about our FY 25. I'd like to just mention a basic insight into how the company is performing now.

Pretty good for the company. We our turnover's increased from a 130 to 235 crores. PBT has increased by 37.88 crores. The company went from a loss of 14 point 17 crores to a profit of 23.7 crores. That is also increased by about 38 and a half crores.

Company has gone from a loss of 16.7 crores to a profit of 21.72 crores. That's the pack figures. Tax liability also has been very limited due to carry forward losses from the previous year. I'd like to mention that you know our dispatch figures.

For the Q1, I've gone up for the for SSP, a dispatch has gone up from about 103000 tons last year to 300000 tonnes this year, which is a growth of about 18.4 %.

Sales have also increased from, about 84000 tons to 103300 tons. Again sales have grown by about 23.2 %. Best part was the production.

A production in Q1 24 was 43904 tons. That's increased to 104405 tons. That's up by a 138 %. Same thing with sulphuric acid.

Our sales last year were 24000 for Q1. This time it's gone up to approximately 37000 tons, which is a growth of about 51 % in terms of sales. Production has also gone up by 56 %. Finance got still gone up marginally.

Due to the large increase in turnover, but we expect this finance cost to decrease substantially in the next couple of quarters. The scarcity of BAP in the market has helped the company, you know, the increase of price of VAP in international markets.

And low availability for the same area has helped SSP and we expect KCFL to be at the forefront of gaining financially. You know the rainfall has been good this year. Ravi is predicted to be good for the company also.

So we think this year we'll show real really positive turn around for the company. I think that is a basic outlay, so we've covered the last year and what's happening this year. So hopefully, you know, this year should be very good for us in all our shareholders.

So I think he's given a very good, good picture about the company. We have been very open about it. And now if there are any questions, I think we can take them.

Okay, we'll take the questions 1st. I shall now invite one by one our speakers to speak. I'll request moderator to please unmute Mr. Atul Gadodia.

Okay.

Yeah greetings, everyone, is my voice audible?

Yes yes yes.

I thank the Secretary Department for giving me an opportunity to speak and I'm very happy that the company is getting back on its foot, and I'm sure as Mr. Khaitan covered in his speech that the company will grow strengths from strength to strengthen their years to come.

Now I have just got just two requests to make. Firstly, like even I think last time I put this request, like Mr. Khaitan and I, we all are from same native place so I'm taking donations from our natives

And I also requested Mr. Khaitan to step in. So I also request Mr. Shailesh Khaitan to take an interest and contribute to our team. If he wants I can send a write up along with everything. It's all covered under CSR and ATG. We are having a great 600 700 cows. Most of them are non-mills old cows. So we need support.

I think this is not the form to solicit donations. I think you are on a wrong track. You can send it.

Send a mail to the secretary. It's available on the website and I may inform you with respect to CSR this year because of the continuing losses for the last two years. There there's NO CSR obligation of the company as in the current year.

Not obligation.

Let me answer.

So what we have done is in you would be aware that a school and a fully air cool school was started by my father, Mr. Khaitan, we've got more than 500 students over there. So giving back to society, not as a part of chemicals.

But as a corporate drew has largely been done, rest as Mr. Khaitan has told you, send a small letter to the company. We'll have a look at it. It will not be given from the company in case I want to do something personally, I'll have a look at it. Next, please.

Yeah ok thank you so much. Thank you so much.

Thankyou sir. Now I request moderator to please unmute Mr. Praveen Kumar.

It seems not present.

Our 3rd speaker is Mr. Keshav Garg.

Yes yes.

Hello? Am I audible? Yes. Yes, you are. Yeah, so following our list of my questions, what is the outlook for FY 26 in terms of top line and bottom line? And what is the sustainable steady state a bitter margin for a bitter per ton we can expect going forward?

Can we maintain the 14 % margin we did in Q1 FY 26 going forward? And what is the sales volume expectations for FY 26 and FY 27? What percentage of raw material is backward integrated for us?

What has led to increase in sulphuric acid prices and our current prices sustainable? How can this help our margins? How are current rock phosphate prices and outlook for FY 26?

What is the current pricing differential between SSP and DAP prices? At what price gap do we see decline in demand for SSP in favour of DAP? What is current subsidy per turn per metric turn expected during FY 26 and does current subsidy reflect increased self urges.

What is the maximum volume and revenue that we can generate at full capacity utilization? What are the CapEx plans over the next two to three years? Who are our main competitors?

Are you a shareholder or an analyst? These are questions more of an analyst kind of a shareholder anyway.

Let. Yeah, so I'll give you a brief on have you completed questions or anything else.

Three more questions.

They're going so.

The expected IRR we aim for before embarking on any CapEx or additional investment. And what is the expected volume and CAGR revenue CAGR over the next five years? And lastly, what is the USP of a company? So those are all my questions I had sent across as well. So I would really appreciate if you answer point by point which is the only forum we can discuss.

Okay, let me give you your answers to you. 1st, we do not give any financial figures about the companies or what we expect to do in future. The reason is that there are so many factors which affected the government subsidy, the availability of DIAP, the rainfall. There are too many variances, so we do not earmark on giving any figures.

I can only explain to you basically where the position stands. The position is currently availability of DAP is tight. International prices are high and SSP is a great replacement, a great product when we look at.

DAP, so we expect the company to do well as we go forward. Regarding the raw material prices and availability, see in this kind of market, the prices vary.

Usually, so to make any forecast of what the price in the future will be is neither possible nor do we make these kind of guesses, but what happens is this? That the selling price of the fertilizer does get linked up.

To the price that we pay for the raw material. Giving a small example, say up to the month of September in the 1st six months, there were a certain price. Going forward in the next six months, the prices of the raw materials or of the imported DAP change.

So government takes that into consideration and they also increase or decrease the subsidy based upon the prices running currently. So that is how this company goes forward. All we can say is that seeing the current scenario.

The company should do well as we go ahead in future. Second, you spoke about the Capex. So, our capacity in the company is very high. We have a capacity of around 1100000 tonnes, and the production is about five and a half lakh tonnes.

So what we do is that we do not want to spend on the Capex too much of money by balancing the equipment's, whatever Capex is required, we do that so that the production capacity is maintained.

So we do that. Of course, we are looking at certain addition of products and we are working on it. It is too early to comment. In case the working is proper and we feel that yes, we should do that, we will go into that Capex question.



But that in the study, so I cannot tell you now about the what we will be doing in that case. About the self unique as in margins, see seller prices vary again hugely.

It is nearly impossible to know in the market demand supply situation, what is going to happen in future. Many times the acid price can be high or lower, but the margins depend upon the demand and how much of.

Premium you can command at that particular point of time. So on a monthly basis, again, the profitability figures can change very much. So this is not something we want to make an estimation on. It'll be completely an estimate.

So that's not done. As USP is concerned, see this company has got a brand since 1980. We have nearly been leaders in the company.

The name of Khaitan is absolutely excellent in the market and our USP is nothing but good quality. When a farmer wants to buy SSP, they know you buy Cathon and you bought the best. So that is the USP of the company. I think I have covered your answers in case any point remains, please let me know.

Sir so you said the prices are linked to the raw materials. So I mean, I just would like to understand what went wrong or what was the scenario in FY 24 that margins were, I mean NO non profitable. Okay.

Yeah, please go ahead.

Secondly, what is the revenue potential from our current capacity? I mean you can give a broad figure, I mean, not it's fine if you don't want to be specific.

So, 1st question about FY24. See, as I explained to you, SSP is given subsidy by the government, which we all know, and this subsidy is based upon the NBS rates, which means there are four factors. One is.

Your nitrogen, phosphate, sulphur, and potash. So they fix the rate that depending on the, of the, on the content in the product, if you have X amount of n, you'll be given so much of.

Amount, and that is how they calculate the subsidy applicable to all the products. There are about 30 products on which subsidy is given by the government of India. Now, as per that calculation, the subsidy on SSP worked out.

You about repeat 12500 per ton, ok? That's a set formula used for all the products. While the government followed this formula for all the other approximately 29 products, only in the case of SSP.

They put a lump sum subsidy of ₹7500 against 12500, which as per calculation, you should have got the subsidy. Now, when you get this lower subsidy, what happens is.

That the price in the market will have to go up. E.g., if we are selling SSP at 9000, and if the government has not given the speeds 5000 to us, how do we cover it up? So we had to sell the materials against 9000.

By rupees this 5000 more at rupees 14000. Of course the will not buy it. So your entire sales go down. You have to carry forward with your huge amount of heavy stocks with you and the whole industry went into a turmoil.

The total sale, I think fell by about 25 % or so because you could not sell. And what you also sold had to be at a lower price because the market won't absorb, you have to manage your cash flow. So this was a completely.

What do you say? The entire industry, not only chemicals, the entire SSP sector went through huge problems because of these reasons. Subsequently after that six-month period, the government collected it and we got our subsidy as per the NBS rates.

But the damage that was done with so much of carry forward stock, NO sales and all those things, that took one more year to come back into the right position. So this was the impact of your subsidy in FY24 and why the why the company lost. In these kinds of circumstances, you cannot, I think do anything but have losses.

So after this there are other speakers.

Yeah, so and coming to your potential, it is very simple. We have produced approximately say five lacs tons when the turnover was 700 crores. So our capacity is eleven lac tons, that answers your question. What is the value turnover going to be at full production, ok?

Thank you very much sir. Thank you. Next speaker.

Thank you. Krishna sir, do we have Mr. Praveen Kumar with us? Yes.

Okay.

No ma'am. No.

Okay, then I think all our speakers reply has been done. Thank you so much chairman sir for replying in detail to all the questions and queries which was raised by the shareholders and I'm hopeful that all the queries have been adequately replied.

We have tried to give answers to all the questions which has been raised by the members. It maybe noted that the members who are yet to cast their vote may cast their vote within next 15 min after which the voting facilities will be disabled by the CDSL to allow scrutinizer to process his report.

As the requisite quorum was present since the start of the meeting, I declared this meeting to be in the to be in order. The company has emailed the notice of the annual general meeting and the annual report for the financial year 24-25 in the soft copy to those shareholders whose email IDs was registered with the company.

Also, as per recent SEBI circular, company has also dispatched physical letters to all the shareholders whose email IDs were not registered with us, providing the web link from which they can scan the integrated annual report and look after it.

I hope you have Notice of Annual General Meeting with you. If, you do not have it, you can download it from websites of the Stock Exchanges' i.e. BSE Limited & National Stock Exchange of India Limited and on the website of CDSL (agency for providing the Remote E-Voting facility) and from the Company's website.

As the Notice is already circulated to all the members, I take the Notice convening the meeting as read.

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide facility to its members to exercise their right to vote at Annual General Meeting (AGM) by remote e-voting and e-voting during the AGM through E-Voting Services provided by CDSL.

Members who have not casted their vote through remote e-voting during 26<sup>th</sup> to 28<sup>th</sup> September, 2025 can cast their vote during the course of meeting through the e-voting facility provided by the CDSL.

CS Ritesh Gupta, Practicing Company Secretary has been appointed as the scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

During the AGM, if any member facing technical issue he/she may contact the helpline No. mentioned in the notice of AGM.

Your Company has maintained all the statutory register as required under the various provisions of the Companies Act, 2013 and remain open for inspection during the AGM.

As the AGM held through VC/OAVM the facility for appointment of proxy is not applicable hence the proxy register is not available for inspection.

#### **Item of notice**

Details of above items are mentioned in Notice of Annual General Meeting which was already circulated to you & I sure you must have gone through it. The following resolutions are proposed to be passed at this meeting i.e.

#### **Ordinary Business**

- 1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31,2025, including the Audited Balance Sheet as at March 31, 2025, and the statement of profit and loss for the financial year ended on that date, the Cash Flow Statement for the**

**financial year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.**

- 2. To appoint a Director in place of Mr. Utsav Khaitan (DIN 03021454), who retires by rotation and being eligible offers himself for re-appointment**

**Special Business**

- 1. To Ratify the Remuneration of Cost Auditors for the Financial Year ended March 31, 2026.**
- 2. To appoint M/s Ritesh Gupta, Practicing Company Secretaries as Secretarial Auditor for an audit period of 5 years commencing from FY 2025-26 till FY 2029-2030.**

I would like to take this opportunity to thank all those who have supported and guided us during the year. I also thank all my colleagues on the Board for their continued support and guidance. Last, but not the least, I would like to thank all employees for their high level of motivation, commitment and hard work. I proposed formal vote of thanks to all the members, Chairman Sir, Board members, President & CFO, Statutory Auditors, Secretarial Auditors, CDSL and Staff members of the Company. On this very encouraging note and with your permission, may I, on behalf of the Directors, conclude the meeting, as all items of the Notice have been duly transacted and there is no other business outstanding.

The Results will be declared within 2 working days from the conclusion of this AGM, along with the Scrutinizer's Report which shall be placed on the Company's website at [www.kcfl.co.in](http://www.kcfl.co.in) and also available on the Websites of CDSL, BSE Ltd. and NSE.

I thank you all for participating in the meeting Please stay safe and healthy and hopefully this time next year, we'll be able to meet in person.

**!! Thank you, have a Good Day !!**