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PRASOL CHEMICALS LIMITED

September 4, 2026

Issue Highlights

Industry	Chemicals
Offer for sale (Shares)	62,13,006
Fresh Issue (Shares)	11,83,431
Net Offer to the Public	7,396,437
Issue Size (Rs. Cr.)	475-500
Price Band (Rs.)	643-676
Offer Date	8-Sep-26
Close Date	10-Sep-26
Face Value	10
Lot Size	107

Issue Composition

	In shares
Total Issue for Sale	7,396,437
QIB	3,698,219
NIB	1,109,466
Retail	2,588,753

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	89.20%	77.52%
QIB	10.80%	16.23%
NIB	0.00%	1.87%
Retail	0.00%	4.37%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Repayment and/ or pre-payment, in full or part, of certain borrowings availed by the company
2. General Corporate Purposes

Book Running Lead Manager

- DAM Capital Advisors Limited

Name of the registrar

- KFin Technologies Limited

About the company

Prasol Chemicals Limited, incorporated in 1992 and based in Navi Mumbai, is a forward-integrated manufacturer of acetone-based, phosphorous-based and other specialty chemicals used in performance additives, paints and adhesives, pharmaceuticals, agrochemicals and home care. As of mid-2026 it sold more than 150 products to over 1,600 customers and exported to 69 countries from two Maharashtra plants at Khopoli and Mahad with combined installed capacity of 98,644 tonnes a year. Fiscal 2026 standalone revenue was Rs.1,232.59 crore, operating EBITDA Rs.139.32 crore (11.30%) and profit after tax Rs.83.12 crore (6.74%). India supplied 72.71% of sales and exports 27.29%. Acetone, phosphorous and other specialties contributed 42.75%, 38.30% and 18.33%. Repeat customers delivered 93.28% of sales.

Strengths

Highly diversified product portfolio used across various Application Industries: Prasol is a forward-integrated maker of acetone and phosphorous specialties and of other custom molecules. CARE describes it as a diversified specialty player with more than 150 products, over 1,600 customers and exports to 69 countries as of 15 July 2026. In calendar years 2022–2025 it was India's largest acetone importer for downstream specialties and the only Indian maker of isophorone, and among the top five users of yellow phosphorous. Fiscal 2026 sales were Rs.526.89 crore of acetone specialties (42.75%), Rs.472.03 crore of phosphorous specialties (38.30%) and Rs.225.90 crore of other specialties (18.33%). End uses span lubricant and mining additives, paints, inks, construction and adhesives, pharmaceuticals, agrochemicals and home care, which spreads cycle risk across industries.

Well established R&D capabilities driving innovation with strong pipeline of products: Specialty molecules have to be approved by each customer, so the ability to design and pilot new grades is a real barrier. Prasol runs a dedicated laboratory at Khopoli with a fluidised-bed reactor, distillation column and centrifuge, plus pilot plants at both sites. As of 30 June 2026 the in-house team had 37 people, including four doctorates and 25 chemists, and the pipeline held 40 products, nine of which had cleared pilot. Since 1 April 2023 the company has commercialised 13 new products in mining chemicals, agro intermediates, lubricant additives, aroma intermediates and construction emulsifiers. Research spend was Rs.3.34 crore in Fiscal 2026 (0.27% of total income), up from Rs.1.98 crore the year before.

Long standing relationships with a diversified customer base and strong global presence: The company served 1,618 customers in Fiscal 2026, 1,586 in Fiscal 2025 and 1,560 in Fiscal 2024. Named accounts include Alembic, Bharat Rasayan, Clean Science, Coromandel, Croda, Gharda, Lubrizol, MSN Laboratories, Rossari and Yasho. Several relationships are

10–16 years old and have grown from one product to four–nine products. Top-ten customers were only 23.68% of Fiscal 2026 revenue; repeat customers were 93.28%. It is a Government of India 3 Star Export House and an Authorised Economic Operator, with REACH and K-REACH registrations on some products, sales staff in Shanghai and London, and consignment stockists in Houston and Rotterdam. Exports were Rs.336.38 crore, or 27.29% of Fiscal 2026 sales, across Europe, Asia-Pacific and the Americas.

Experienced, qualified and professional leadership team with a focus on business sustainability: The operating bench is promoter-led and long-tenured. Nishith Shah chairs strategy, Gaurang Parikh runs business development and research, Dhaval Parikh runs international sales and plants, Pankil Dharia runs supply chain and technology, and Rahul Shroff is finance director. Independent directors include a research chemist, a Galaxy Surfactants co-promoter, and specialists in banking, operations and procurement. The company converted to a public company in February 2022 and already follows listed-company governance. Plants are designed as zero-liquid-discharge units and recycle process water. EcoVadis awarded a silver medal and a Together for Sustainability audit scored 93%. Acuité rates long-term debt A+ / Stable and short-term debt A1+.

Robust financial performance: Over three decades in acetone and phosphorous specialties, scale and profitability have both risen. Revenue moved from Rs.876.57 crore in Fiscal 2024 to Rs.1,012.49 crore in Fiscal 2025 and Rs.1,232.59 crore in Fiscal 2026. Operating EBITDA rose from Rs.60.53 crore (6.91%) to Rs.87.77 crore (8.67%) to Rs.139.32 crore (11.30%). Profit after tax rose from Rs.18.13 crore (2.07%) to Rs.43.57 crore (4.30%) to Rs.83.12 crore (6.74%). Adjusted return on average equity reached 20.37% and adjusted return on capital employed 22.43%. Net debt to equity was 0.19 times. Equity on the Fiscal 2026 balance sheet was Rs.448.51 crore against total assets of Rs.839.28 crore.

Strategy

Debottleneck and expand production capacities for the existing portfolio: CARE puts the global chemicals industry at USD 6.2 trillion in calendar 2025, heading for USD 7.8 trillion by 2029, with specialty chemicals rising from USD 1,240 billion to USD 1,748 billion at a 9% compound rate. Prasol plans to lift output at Khopoli and Mahad rather than build a third plant first, targeting more diacetone alcohol, 3,5-xylenol and phosphorous pentasulphide. Spare land already in hand — 30,110 square metres at Dheku (Khopoli) and 74,423 square metres across two Mahad five-star plots — gives room to grow. A non-binding memorandum with the Odisha industrial corporation flags a possible new specialty unit in that state. Combined utilisation was about 73% in Fiscal 2026 (Khopoli 80.29%, Mahad 44.09%), so near-term volume can still come from existing assets.

Increased focus on R&D for complex chemistries, import substitution and integration: Research is aimed at molecules that use the same raw materials and customer industries the company already knows: hydrogenation of ketones, zinc complexes, chlorination, condensation and vapour-phase rearrangements. Separate labs work on process development and process intensification, including heterogeneous catalysts. A new application-testing laboratory is being built for lubricant additives, construction chemicals and mining chemicals so that performance can be shown in the customer's end product. Forward integration — making the next molecule from an existing intermediate — is meant to raise captive use and plant load. Thirteen products commercialised since April 2023 sit in mining, agro, lubricants, fragrance and construction, which is the same path the company wants to keep walking.

Inorganic growth through acquisitions, technology licences or joint ventures: Management of the company says organic research will not be the only route to new chemistry. The stated plan is to buy companies or assets that add capability, or to license technology and form joint ventures with international chemical firms so that new specialties can be made in India. No live target, ticket size or timetable is disclosed in the RHP, and the Fresh Issue is only Rs.80 crore, of which Rs.60 crore is earmarked for debt repayment. Any sizeable deal would therefore need internal accruals, extra debt or a later capital raise. The logic is still clear: buy time and know-how instead of waiting for every molecule to emerge from the Khopoli laboratory.

Increase geographic reach and wallet share with existing customers: The commercial plan is to become the preferred supplier to accounts that already buy one product, then cross-sell the rest of the book. Sales staff in Shanghai and London and stockists in Houston and Rotterdam are meant to serve smaller overseas customers on short lead times. CARE notes India's daily manufacturing wage at about USD 2.27 against USD 9.8–10.0 in China in 2025, and the "China Plus One" shift in global sourcing. Prasol wants to use that gap. Exports were 27.29% of Fiscal 2026 revenue (Rs.336.38 crore), with Europe the largest region at 12.10%. Domestic volume is still the core: Maharashtra and Gujarat together were about two-thirds of India sales.

Turn around the Mahad greenfield plant and lift operating efficiency: Mahad, opened in 2020, was hit by agrochemical destocking and then by an MPCB closure from 27 October 2023 to 3 May 2024 after a gas leak. Utilisation rose only from 12.72% in Fiscal 2024 to 44.09% in Fiscal 2026. The site still lost Rs.12.17 crore before tax in Fiscal 2026, though that was better than the Rs.15.77 crore and Rs.22.77 crore losses of the two prior years. Revenue at Mahad did double to Rs.134.82 crore. The rest of the business, excluding Mahad, earned Rs.1,097.77 crore of revenue and Rs.143.26 crore of EBITDA in Fiscal 2026. Filling unused Mahad capacity is the clearest near-term margin lever. Debottlenecking, higher local raw-material sourcing and a planned renewable power contract at Mahad are the efficiency tools named in the RHP.

Key Risk Factors

- The business depends on two Maharashtra plants, and the Maharashtra Pollution Control Board has previously ordered shutdowns at both Khopoli and Mahad, including a closure at Mahad from October 2023 to May 2024 after a gas leak.
- Raw materials, by-products and finished goods are hazardous, corrosive or flammable, and past incidents at both plants have caused fatalities, fires and regulatory action.
- The company, promoters and directors face pending criminal, tax and regulatory cases, with quantified claims of about Rs.6.18 crore against the company and Rs.2.80 crore against promoters.

- Net cash from operations has swung sharply — Rs.115.61 crore in Fiscal 2024, Rs.22.26 crore in Fiscal 2025 and Rs.49.47 crore in Fiscal 2026 — so further working-capital spikes could constrain growth.
- About 65.96% of Fiscal 2026 raw-material cost was imported, so shocks in acetone and yellow phosphorous prices or freight can cut margins quickly.

Peer Comparison

Company	Total Sales	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Atul	6643.49	795.43	270.17	24	3.07	2113.31	10	6484.4	19091.21
Aarti Industries	9010	531	14.4	35.1	3.08	164.18	5	505.45	18334.02
Vinati Organics	2380.83	448.43	43.26	30.36	4.31	304.99	1	1313.2	13613.37
Privi Speci.	2671.09	349.81	89.55	37.22	9.22	361.58	10	3332.95	13019.4
Yasho Industries	939.13	57.67	47.83	86.54	11.24	368.18	10	4139.25	4990.73
Laxmi Organic	3122.08	125.7	4.52	37.57	2.38	71.45	2	169.8	4718.99
Excel Industries	1078.84	71.38	56.78	18.14	0.76	1354.74	5	1030	1294.78
Prasol Chemicals Limited	1232.59	83.12	14.05	48.13	7.57	89.30	10	676.00	4000.80

*Peer companies financials are TTM based

***Prasol Chemicals Limited financials are based on FY26

Valuation:

Considering the P/E valuation, on the upper end of the price band of Rs. 676, the stock is priced at pre issue P/E of 47.17x on FY2026 EPS of Rs. 14.33. Post issue, the stock is priced at a P/E of 48.13x on its EPS of Rs. 14.05. Looking at the P/B ratio at Rs. 676 pre issue, book value of Rs. 77.33 gives P/BV of 8.74x. Post issue, book value of Rs. 89.30 of P/BV of 7.57x.

Considering the P/E valuation, on the lower end of the price band of Rs. 643, the stock is priced at pre issue P/E of 44.87x on FY2026 EPS of Rs. 14.33. Post issue, the stock is priced at a P/E of 45.78x on its EPS of Rs. 14.05. Looking at the P/B ratio at Rs. 643 pre issue, book value of Rs. 77.33 gives P/BV of 8.32x. Post issue, book value of Rs. 89.30 of P/BV of 7.20x.

Industry Overview

CARE sizes the global chemicals industry at USD 6.2 trillion in calendar 2025, up from USD 4.3 trillion in 2019, and projects USD 7.8 trillion by 2029. Specialty chemicals, the tailored high-performance slice, were USD 1,240 billion in 2025 and are forecast at USD 1,748 billion by 2029, a 9.0% compound rate, taking their share of world chemicals to 21–23%. Asia-Pacific already holds 52% of the specialty market. India's specialty market grew from Rs.2,24,000 crore in Fiscal 2019 to Rs.5,56,300 crore in Fiscal 2026 and is projected at Rs.7,54,100 crore by Fiscal 2029, a 10–12% compound rate, helped by agrochemicals, APIs, dyes and polymer additives, lower Indian wages versus China, and "China Plus One" sourcing. Entry barriers include 1–4 year customer approvals, complex chemistry and environmental rules. Challenges are imported feedstock, plant-safety regulation and Chinese overcapacity in some chains.

Outlook

Prasol Chemicals is well positioned to benefit from rising specialty-chemical demand, import substitution and the China+1 opportunity. Growth should be supported by R&D-led product additions, customer cross-selling, exports and higher utilisation of existing capacities, particularly Mahad. Improving Mahad utilisation could provide a meaningful margin upside. However, imported raw materials, environmental and operational risks, volatile cash flows and limited fresh-issue proceeds remain key concerns. Overall, the outlook is positive but execution-dependent.

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An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Tue, Sep 8, 2026
IPO Close Date	Thu, Sep 10, 2026
Tentative Allotment	Fri, Sep 11, 2026
Initiation of Refunds	Tue, Sep 15, 2026
Credit of Shares to Demat	Tue, Sep 15, 2026
Tentative Listing Date	Wed, Sep 16, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-26 (12 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	1232.59	1012.49	876.57
Total expenditure	1093.27	924.73	816.03
Operating Profit	**139.32**	**87.77**	**60.54**
OPM%	11.30	8.67	6.91
Other Income	5.25	3.05	11.00
Total Net Income	**144.57**	**90.81**	**71.54**
Interest	7.98	8.25	10.89
PBDT	**136.60**	**82.56**	**60.65**
Depreciation	24.70	23.28	21.36
PBT	**111.90**	**59.29**	**39.29**
Exceptional items	0.00	0.00	5.76
PBT	**111.90**	**59.29**	**33.52**
Tax	28.78	15.72	15.38
Profit & Loss	**83.12**	**43.57**	**18.14**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-26	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, plant and equipment	311.01	324.44	324.48
Capital work-in-progress	47.08	21.22	21.67
Other intangible assets	3.10	1.64	1.85
Investments	0.00	0.00	0.04
Other financial assets	2.52	2.44	1.61
Other non-current assets	1.35	0.24	1.00
Other tax assets (net)	0.00	0.14	0.19
Total non-current assets	**365.06**	**350.11**	**350.83**
Current assets			
Financial Assets			
Inventories	153.24	151.70	99.83
Trade receivables	278.69	197.27	160.34
Cash and cash equivalents	24.07	16.65	9.97
Bank balances other than cash	0.13	0.07	0.07
Other financial assets	0.69	1.10	1.04
Other current assets	17.40	6.19	4.28
Total current assets	**474.21**	**372.98**	**275.53**
Total Assets	**839.28**	**723.09**	**626.36**
LIABILITIES			
Non-current liabilities			
Borrowings	47.00	43.58	42.84
Lease liabilities	0.43	0.48	0.53
Deferred tax liabilities (net)	26.00	25.45	25.76
Provisions	9.62	7.56	0.62
Total non-current liabilities	**83.06**	**77.07**	**69.74**
Current liabilities			
Financial liabilities			
Borrowings	63.06	57.47	39.23
Lease liabilities	0.05	0.05	0.05
Trade payables — MSME	3.50	3.03	1.50
Trade payables — others	204.73	193.84	169.76
Other financial liabilities	3.56	3.25	3.44
Other current liabilities	30.58	17.17	14.40
Provisions	1.92	1.18	0.94
Current tax liabilities (net)	0.30	2.57	1.47
Total current liabilities	**307.71**	**278.55**	**230.78**
Total liabilities	**390.77**	**355.62**	**300.52**
Net worth represented by:			
Equity share capital	11.60	11.60	11.60
Other equity	436.91	355.87	314.24
Total Equity	**448.51**	**367.47**	**325.84**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★ ★
FAIR	★ ★ ★
GOOD	★ ★ ★ ★
EXCELLENT	★ ★ ★ ★ ★

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