IPO NOTE

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Prasol Chemicals, is a diversified specialty chemical manufacturer with **150+ products** and **1,600+ customers**, serving multiple end-use industries. Its portfolio spans **acetone-based, phosphorus-based and other specialty chemicals**, catering to performance chemicals, PICA, pharma, agrochemicals, and home & personal care segments. The company has a strong export footprint, supplying to **69 countries**, backed by a 3-Star Export House status and a global distribution network. **Long-standing customer relationships** with leading chemical, pharma and agrochemical companies provide diversification and support its growth prospects.

PRASOL
PRASOL CHEMICALS LIMITED

PRASOL CHEMIALS LIMITED

Mahesh M. Ojha || Vice President Research & Business Development ||

Kantilal Chhaganlal Securities Pvt Ltd
SEBI Reg. Nos.:INZ000216538(Stock Broker), INH000001428(Research Analyst)
601/602 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri East, Mumbai
research@kcsecurities.com www.kcsecurities.com

PRASOL CHEMICALS LIMITED

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ONE Page Summary

PRASOL CHEMIALS LIMITED

IPO Details

Issue Opens	Tuesday, 8th Sep 2026
Issue Close	Thursday 10th Sep 2026
Total Size	₹ 500Cr
Price Band	₹ 643-676
Face Value	₹ 2/- Per Eq. Shares
Implied Market cap at Lower Band	₹ 3,809 Crs
Implied Market cap at Upper Band	₹ 4,001 Crs

Recommendation:

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Company Background

PRASOL CHEMICALS LIMITED incorporated in 1992 and with over 33 years of experience in the specialty chemicals industry, they are a forward integrated manufacturer of acetone and phosphorous based specialty chemicals and other specialty chemicals involving complex and differentiated chemistries. According to the CARE Report they are a highly diversified specialty chemical player with **over 150 specialty chemical products** and **over 1,600 customers and exports to 69 countries,** as of July 15, 2026. Their products find diversified applications across numerous industries with **5 key segments being: (a) performance chemicals** (including lubricant additives and mining chemicals); **(b) PICA** viz., paints, inks construction, & adhesives; **(c) pharmaceuticals; (d) agrochemicals;** and **(e) home and personal care** (Application Industries). As of June 30, 2026 their comprehensive product portfolio comprised over 150 specialty chemical products comprising: - 21 acetone-based specialty chemicals. Acetone is a colourless, highly volatile and flammable organic chemical compound with a pungent odour; - 53 phosphorous-based specialty chemicals. Phosphorous is a highly reactive chemical element; and - 76 other specialty products including non-acetone and non-phosphorous based customised specialty chemicals such as surfactants, performance additives, ethers, esters, polymers, and acids. They are a 3 Star Export House company as certified by the Government of India certified with a robust global distribution network spread across 63 countries in Asia-Pacific (APAC), North America, South America and Europe as on June 30, 2026 They benefit from their experience in the industry and long-standing relationships with customers such as Alembic Pharmaceuticals Limited, Auchtel Products Limited, Bharat Rasayan Limited, Carl Bechem Lubricants (India) Private Limited, CentiChem b.v., Clean Science and Technology Limited, Croda India Company Private Limited, Coromandel International Limited, DutCH2 B.V., Everest Organics Limited, Gharda Chemicals Limited, GreenChem Industries LLC, GSP Crop Science Limited, Hari Orgochem Private Limited, Indian Additives Limited, Jalnidhi Bitumen Specialities Private Limited, Kalium Chemical Comercio Importação e Exportação Ltda., Lubrizol India Private Limited, MSN Laboratories Private Limited, NGL Fine-Chem Limited, Rossari Boitech Limited, Special Materials Company, dba SMC Global, Superform Chemistries Limited, Supriya Lifescience Limited, TJS Pte. Ltd., PT WWRC Indonesia and Yasho Industries Limited.

Investment Rationale & Recommendation

Prasol Chemicals is a forward-integrated manufacturer of acetone and phosphorus-based specialty chemicals, with a diversified product portfolio serving multiple end-use industries. Strong customer relationships, global expansion and high entry barriers—supported by 1–4 year approval cycles, complex chemistry, R&D intensity and stringent regulations—provide customer stickiness and long-term revenue visibility.However, the business remains dependent on manufacturing facilities, where unplanned shutdowns could disrupt operations. At **48x FY26 P/E** and a post-issue market capitalisation of **~₹4,001 crore**, the issue appears **fully priced**. Overall, its strong product portfolio, R&D capabilities and diversified global customer base support long-term growth. **Hence, we assign a Subscribe for Long Term rating to the issue.**

Mahesh M. Ojha ||Vice President – Research & Business Development ||Email – mahesh.ojha@kcsecurities.com 022-6723 6126

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DETAILED NOTE

Anchor Bid on : Monday,7Th Sep , 2026
Issue Opens on : Tuesday,8Th Sep , 2026
Issue closes on : Thursday, 10th Sep'2026

Fresh Issue of Up to 11,83,431 equity shares amounting to Rs. 80.00/- crs. @ upper price band. & Offer for sale of Up to 62,13,006 equity shares amounting to Rs. 420.00/- crs. @ upper price band.
Total Issue size Rs. 500.00/- crs. @ upper price band.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	11-09-2026
Refunds/Unblocking ASBA Fund	15-09-2026
Credit of equity shares to DP A/c	15-09-2026
Trading commences	16-09-2026

Issue - Break up

Issue Break Up category wise	No. Of Eq. Shares	Issue Size In Crs.	
		@Lower	@Upper
QIB - (50%)	3,698,218	238	250.00
NIB - (15%)	1,109,466	71	75.00
NIB 2	739,644	48	50.00
NIB 1	369,822	24	25.00
RET - (35%)	2,588,753	166	175.00
Total	7,396,437	476	500

NIB -2 = NII Bid Above ₹ 10 Lakhs ||\ NIB – 1 + NII Bid Between ₹ 2 tio 10 Lakhs

Issue Details

Issue Size - ₹ 500 Cr
Face Value - ₹ 2 /-
Price Band - ₹ 643-676
Bid Lot - 22 and in multiples
Post Issue Implied Mkt. Cap - ₹ 3,809 Crs -4,001 Crs

Shareholding (No. of Shares)

Pre-issue	Post-issue*
5,80,00,000	5,91,83,431

*@Lower price Band ^@ Upper Price Band

BRLM's - DAM Capital Advisors
Registrar – Kfin Technologies Ltd

Category	Retail Category	Small HNI 2 -10 Lakhs	Big HNI > ₹ 10 Lakhs
Min. Bid Lot	22 Shares	308 Shares	1,496 Shares
Min. Bid	₹14,872^	₹ 2,08,208^	₹10,11,296^
Appl for 1x	1,00,349 Applications	1,024 Applications	2,048 Applications

Shareholding (%)

Shareholder	Pre Issue	Post Issue
Promoters	89.2%	76.9%
Public	10.8%	23.1%
Total	100.00%	100.00%

Issue highlights

IPO Funds Utilization Repayment and/ or pre-payment, in full or part, of certain borrowings availed by the company ₹ 60

Offer Details

S. No.	Selling Shareholder	Category	OFS Amount (₹ Cr)	WACA (₹/Share)
1	Usha Rajnikant Shah	Promoter	120	9.77
2	Tushar Natverlal Dharia (HUF)	Promoter Group	51.52	4.68
3	Gaurang Natwarlal Parikh HUF	Promoter Group	18.54	15.23
4	Bhisham Kumar Gupta	Promoter Group	39.03	5.64
5	Nishith Rasiklal Dharia	Promoter	32	6.16
6	Sonal Nishith Dharia	Promoter Group	35.2	3.28
7	Sachin Jatin Parikh	Promoter	32	50.13
8	Suketu Navinchandra Parikh	Promoter	6	2.54
9	Gaurang Natwarlal Parikh	Promoter	35.36	4.81
10	Jignasha Jay Kantawala	Promoter Group	4	21.25
11	Kinjal Pankil Dharia	Promoter Group	4.8	15.85
12	Lina Suketu Parikh	Promoter Group	0.51	2.23
13	Pushpa Navinchandra Parikh	Promoter Group	5.5	2.78
14	Shruti Sachin Parikh	Promoter Group	7.9	62.5
15	Sundeep Navinchandra Parikh	Promoter Group	3.5	2.47
16	Tushar Natverlal Dharia	Promoter Group	0.52	3.13
17	Dipak Amarshi	Other	9	18.97
18	Heta T Parikh	Other	6.48	0.09
19	Namita Tushar Parikh	Other	7.65	0.88
20	Sheetal Sandeep Parikh	Other	0.5	2.54
	Total		₹420.01 Cr	

Key Strength

Diversified Specialty Chemical Portfolio

Prasol Chemicals has a well-diversified portfolio of **150+ specialty chemicals**, serving **1,600+ customers across 69 countries** and catering to performance chemicals, PICA, pharmaceuticals, agrochemicals, and home & personal care. Its leadership in niche products, including being the **largest acetone importer and only domestic manufacturer of isophorone**, provides a competitive advantage and limits dependence on any single end-use industry.

Strong R&D and Product Development Pipeline

The company has established **in-house R&D capabilities**, supported by a 37-member team and dedicated pilot infrastructure. With **40 products under development**, including 9 that have cleared the pilot stage, Prasol is focused on developing customised and differentiated products, supporting innovation, customer stickiness and opportunities for higher-value growth.

Established Customer Relationships & Global Presence

Prasol has built a diversified customer base of **1,618 customers**, including leading pharma, agrochemical, lubricant and specialty chemical players. Long-standing relationships of up to **16 years**, along with increasing product penetration among existing customers, provide revenue visibility and cross-selling opportunities while reducing customer, industry and geographic concentration risks.

The Company has established a broad international presence as a Government of India-certified 3 Star Export House, with a distribution network covering 69 countries across six continents. Its global reach is supported by registrations under EU REACH and K-REACH, membership of CHEMEXCIL and certification as an Authorised Economic Operator by Indian Customs. Sales channel personnel in Shanghai and London strengthen customer engagement and market understanding, while consignment stockists in Houston and Rotterdam enable just-in-time deliveries to smaller customers. The Company is further supported by a 36-member sales team as of June 30, 2026, facilitating market penetration and customer servicing across domestic and international markets

Their export markets and diversified geographical presence

Source: RHP

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Key Strategy

Capacity expansion: Plans to debottleneck and expand Khopoli and Mahad facilities to meet rising demand, with additional land providing significant scope for future expansion.

R&D-led growth: Increasing focus on complex chemistries, new product development, import substitution and forward/backward integration to improve product value-addition and margins.

Inorganic growth: Exploring **strategic acquisitions, technology licensing and JVs** with global chemical players to strengthen capabilities and expand the product portfolio.

Global expansion & customer wallet share: Expanding international presence through direct marketing and distributors while increasing cross-selling and customised offerings to existing customers, benefiting from the **China+1 opportunity**.

Mahad turnaround: Focused on improving utilisation, product mix and profitability at the Mahad facility; the sharp FY26 improvement in revenue and EBITDA indicates progress in the turnaround.

Operational efficiency: Targeting better yields, lower energy and procurement costs, automation, working-capital optimization and renewable power sourcing to support **margin expansion and sustainable profitability**.

Industry Snapshot

Global chemicals industry: Expanded from **US$4.3tn in CY19 to US$6.2tn in CY25** and is expected to reach **US$7.8tn by CY29**, driven by industrialisation and demand from automotive, construction, healthcare and agriculture.

Specialty chemicals outpace the broader industry: The global specialty chemicals market grew at **9.5% CAGR during CY19–25** and is projected to grow at **9.0% CAGR through CY29**, led by demand for customised, high-performance and sustainable solutions.

India gaining global relevance: India was the **7th-largest chemical exporter in 2025**, with ~US$69bn exports, while its growing manufacturing capabilities, cost advantage and skilled workforce strengthen its position as a global sourcing hub.

Strong India specialty chemicals opportunity: The Indian specialty chemicals market is expected to grow at **10–12% CAGR**, reaching **₹7,541bn by FY29**, supported by domestic demand, exports, import substitution, government initiatives and capacity expansion.

China+1 remains a key catalyst: Global supply-chain diversification, higher Chinese costs and environmental/regulatory pressures are encouraging companies to shift sourcing to India, supported by India's **lower labour costs, established chemical clusters and improving R&D capabilities**.

Key Risk

Manufacturing facility and operational disruption risk: Both facilities are in Maharashtra, with prior MPCB-directed shutdowns and Mahad losses of ₹122 million in FY2026, potentially disrupting production and financial performance. **End-market demand risk:** Demand is dependent on customers' end products, with acetone-based and phosphorous-based chemicals contributing 42.8% and 38.3% of FY2026 revenue, respectively.

Customer credit risk: Trade receivables increased to ₹2,787 million in FY2026, representing 22.5% of total income, while receivable days rose to 70 days, increasing collection risk. **Foreign exchange risk:** Significant income and expenditure are denominated in foreign currencies; forex fluctuations resulted in a ₹38 million loss in FY2026 despite hedging measures.

International market risk: The Company exports to 69 countries, with exports contributing 27.3% of FY2026 revenue, exposing it to regulatory, tariff, geopolitical and currency risks. **Raw material procurement risk:** Raw materials comprise 61.2% of FY2026 expenses; acetone and yellow phosphorus prices remain volatile, while 68.9% of material costs come from top 10 suppliers.

Working capital risk: Working capital requirements increased to ₹2,296 million in FY2026, with net working capital days rising to 87 days, increasing liquidity and funding risks.

Source: RHP

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Financials

Particulars (₹ Cr)	FY24	FY25	FY26
Revenue from Operations	876.6	1,012.50	1,232.60
EBITDA	60.5	87.8	139.3
EBITDA Margin	6.90%	8.70%	11.30%
EBIT	50.1	67.5	119.9
PAT	18.1	43.6	83.1
PAT Margin	2.10%	4.30%	6.70%
EPS (₹)	3.1	7.5	14.3
Sales Growth	—	15.50%	21.70%

KC Securities (Kantilal Chhaganlal Securities) Outlook

- **Rating - Subscribe Long Term Horizon Investor Can Apply**
- **Valuation:** . At **48x FY26 P/E** and a post-issue market capitalisation of **~₹4,001 crore**, the issue appears **fully priced**.
- Strong Portfolio and Customer base : its strong product portfolio, R&D capabilities and diversified global customer base support
- **Growth** : Revenue grew to **₹1,232.59 Cr in FY26**, with EBITDA rising to **₹139.32 Cr** and margin improving to **11.3%**, while PAT stood at **₹83.12 Cr**. Operating cash flow was **₹49.47 Cr**, with borrowings of **₹110.06 Cr** against a net worth of **₹ 448.51 Cr**, indicating a manageable leverage profile

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Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.:INZ000216538(Stock Broker), INH00001428(Research Analyst)

601/602 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri East, Mumbai

research@kcsecurities.com 02267236000 www.kcsecurities.com