Retail Research	IPO Note
Sector: Specialty Chemicals	Price Band (Rs): 643 – 676
07th September 2026	Recommendation: SUBSCRIBE for Long term

Prasol Chemicals Ltd.

Company Overview:

Prasol Chemicals Ltd. (PCL) is a forward integrated manufacturer of acetone-based and phosphorus-based specialty chemicals, and other specialty chemicals. With more than 3 decades of experience, PCL is a 3 Star Export House certified company with over 150 specialty chemical products and 1,600+ customers, with exports to 69 countries as of Jul'26. The company's products find diversified applications across numerous industries with key segments being: **(a) Performance chemicals (including lubricant additives and mining chemicals)**; **(b) PICA (paints, inks construction, & adhesives)**; **(c) Pharmaceuticals**; **(d) Agrochemicals**; and **(e) Home and Personal care**.

Key Highlights:

1. **Comprehensive specialty chemicals product portfolio:** As of Jun'26, the company's product portfolio encompassed over 150 specialty chemical products, comprising 21 acetone-based, 53 phosphorous-based, and 76 other specialty products. The company has 40 products in pipeline at various stages of development, out of which 9 have cleared pilot stage. PCL competes with global manufacturers such as Arkema, Evonik, TASCO, Solvay in acetone based specialty chemicals market and Hubei Xingfa, Liaoning Ruixing, Excel industries in phosphorous derivatives, whereas in the domestic market it faces limited competition due to the presence of few acetone specialty chemicals manufacturers.

2. **Manufacturing capabilities:** PCL operates 2 manufacturing facilities in Maharashtra at Khopoli & Mahad. The company's aggregate installed capacity stands at 98,644 MTPA (Khopoli – 78,784 MTPA & Mahad – 19,860 MTPA). Both the facilities house pilot plants where the company undertakes synthesis of specialty chemicals in small batches to test, develop and augment the efficacy of its products. Additionally, PCL has a facility in Dheku, Khopoli which is used for repacking, storage and dispatch of products. The facility can be re-purposed for carrying out manufacturing activities as it carries the required certifications. Further, the company undertakes contract manufacturing for customers globally on the basis of purchase orders which helps it to achieve economies of scale in production process.

3. **Recovery in operations at Mahad facility:** PCL's Mahad facility was set up in 2020, post which the agrochemical industry experienced COVID related disruptions and de-stocking in the global markets resulting in demand fluctuation. The facility was also shut down from 27th Oct'23 to 3rd May'24 pursuant to closure directions issued by the MPCB following a gas leakage incident. The facility was granted approval to resume operations on 3rd May'24. The combination of all these factors led to a delay in stabilizing operations at the facility and low capacity utilization (12.7% in FY24 and 25.2% in FY25), resulting in losses. In FY26, capacity utilization recovered to 44.1%, with losses before exceptional items and tax narrowing to Rs 12.2 cr as compared to Rs 22.8 cr/Rs 15.8 cr during FY24/FY25, respectively.

4. **Expansion plans:** PCL plans to debottleneck its manufacturing capacities for diacetone alcohol (used in coatings); 3,5-Xylenol (used in disinfectants); phosphorous pentasulphide (used in agro-intermediates and lubricant additives), amongst other products. The company has access to ~1,04,533 square meters of additional aggregate land at its Khopoli and Mahad facilities which provides significant headroom for future growth. Additionally, the company has recently entered into a non-binding MoU with IPICOL Odisha and the Government of Odisha for setting up a specialty chemicals unit in the state.

View & Valuation: **Prasol Chemicals is a highly diversified specialty chemical player and the only manufacturer of isophorone in India. Historically, the company has recorded Revenue/EBITDA/Adj. PAT CAGR of 18.6%/51.7%/97.8% respectively over the FY24-FY26 period. Going ahead, the company intends to utilize Rs 60 cr of the fresh proceeds to repay its borrowings, which shall further de-leverage its already lean balance sheet (D/E ratio of 0.1x post-repayment versus FY26 D/E of 0.2x). Additionally, potential recovery in losses at the Mahad unit alongside future expansion plans, set a strong investment case for the company. At the upper price band of Rs 676, the issue is valued at FY26 P/E multiple of 48.1x based on post-issue capital. Upon comparing with peers, the issue appears to be reasonably valued alongside relatively better return ratios. We recommend investors to SUBSCRIBE to the issue for long-term investment horizon.**

Issue Details	
Date of Opening	08th September 2026
Date of Closing	10th September 2026
Price Band (Rs)	643 – 676
Offer for sale (Rs cr)	420
Fresh Issue (Rs cr)	80
Issue Size (Rs cr)	500
Total issue size	73,96,450 shares @UB
Face Value (Rs)	2
Post Issue Market Cap (Rs cr)	4,001 @upper price band
BRLMs	DAM Capital Advisors Ltd
Registrar	KFin Technologies Ltd
Bid Lot	22 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Objects of Issue	
Particulars	**Estimated utilization from net proceeds (Rs cr)**
Repayment or pre-payment, in full or in part, of certain outstanding borrowings availed by the company	60
General corporate purposes*	-
Net proceeds from fresh issue*	-

**The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern		
Pre-Issue	**No. of Shares**	**%**
Promoter & Promoter Group	5,17,35,560	89.2
Public & Others	62,64,440	10.8
Total	**5,80,00,000**	**100.0**

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	4,58,72,054	77.5
Public & Others	1,33,11,378	22.5
Total	**5,91,83,432**	**100.0**

Source: RHP, SBICAP Securities Research

Selling Shareholders via OFS

Name of Shareholder	Classification	Rs cr
Usha Rajnikant Shah	Promoter	120.0
Tushar Natverlal Dharia (HUF)	Promoter	51.5
Bhisham Kumar Gupta	Promoter	39.0
Gaurang Natwarlal Parikh	Promoter	35.4
Sonal Nishith Dharia	Promoter	35.2
Nishith Rasiklal Dharia	Promoter	32.0
Sachin Jatin Parikh	Promoter	32.0
Gaurang Natwarlal Parikh HUF	Promoter	18.5
Shruti Sachin Parikh	Promoter	7.9
Suketu Navinchandra Parikh	Promoter	6.0
Pushpa Navinchandra Parikh	Promoter	5.5
Kinjal Pankil Dharia	Promoter	4.8
Jignasha Jay Kantawala	Promoter	4.0
Sundeep Navinchandra Parikh	Promoter	3.5
Tushar Natverlal Dharia	Promoter	0.5
Lina Suketu Parikh	Promoter	0.5
Dipak Amarshi	Public	9.0
Heta T Parikh	Public	6.5
Namita Tushar Parikh	Public	7.6
Sheetal Sandeep Parikh	Public	0.5
Total		**420.0**

Source: RHP, SBICAP Securities Research

Key Financials & KPIs

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	877	1,012	1,233
EBITDA	61	88	139
EBITDA Margin (%)	6.9	8.7	11.3
PAT	18	44	83
PAT Margin (%)	2.1	4.3	6.7
EPS	3.1	7.5	14.3
Adj. PAT	21	44	83
Adj. PAT Margin (%)	2.4	4.3	6.7
Adj. EPS	3.7	7.5	14.3
RoE (%)	6.5	11.9	18.5
RoCE (%)	12.3	14.4	21.5
P/E (x)*	184.5	90.0	47.2

Note: Pre-issue P/E based on upper price band
RoE and P/E ratios are calculated on Adj. PAT
Source: RHP, SBICAP Securities Research

Risk Factors

- **Contingent liabilities:** As of FY26, the company's aggregate contingent liabilities and commitments were Rs 109.1 cr constituting 24.3% of its net worth. If a significant portion of these liabilities materialize, it could have an effect on operations.
- **Regulatory risk:** The company requires a number of approvals, licences, registrations and permits to operate its business and the failure to obtain or renew these licences in a timely manner may have an adverse effect on its operations.
- **Raw material risk:** The major raw materials required by the company are acetone and yellow phosphorous. The prices of these materials have witnessed heightened volatility in prices. Additionally, supply can be volatile due to a number of factors beyond the company's control. PCL also typically does not enter into long-term agreements with its suppliers.
- **Operational risk:** Certain raw materials, byproducts, as well as finished products used/manufactured by the company are hazardous, corrosive and flammable, and thus, require expert handling and storage. Any accidents may result in loss of life or property and disrupt operations which may have an adverse effect on the company's financial condition.

Growth Strategies

- Debottleneck and expand production capacities for existing product portfolio.
- Increased focus on R&D to support complex chemistries, product innovation, import substitution, and forward and backward integration of existing products.
- Inorganic growth through strategic acquisitions, technology acquisition/licensing or joint ventures.
- Increase geographic reach and global footprint and increase wallet share with existing customers.
- Continue to focus on turnaround of greenfield investment in Mahad Manufacturing Facility.

Revenue Split – Product Categories

Products	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Acetone based specialty chemicals	412	47.0%	483	47.7%	527	42.7%
Phosphorous based specialty chemicals	279	31.8%	349	34.5%	472	38.3%
Other specialty chemicals*	183	20.8%	175	17.2%	226	18.3%
Other operating and service revenue**	3	0.4%	6	0.6%	8	0.6%
Total Revenue (TR)	**877**	**100.0%**	**1,012**	**100.0%**	**1,233**	**100.0%**

****Includes non-acetone and non-phosphorous based customized specialty chemicals such as surfactants, performance additives, ethers, esters, polymers, and acids.***
*****Comprises job work sales, commissions, scrap sales and other operating income.***
Source: RHP, SBICAP Securities Research

Revenue Split – Domestic vs Exports

Products	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Domestic	655	74.7%	726	71.7%	896	72.7%
Exports	222	25.3%	287	28.3%	336	27.3%
Total Revenue (TR)	**877**	**100.0%**	**1,012**	**100.0%**	**1,233**	**100.0%**

Source: RHP, SBICAP Securities Research

Key Acetone-based Specialty Chemicals Manufactured by PCL

Acetone based Specialty Chemicals	Key Applications
Diacetone alcohol	Agrochemicals, home & personal care, and performance chemicals
Isophorone	Agrochemical formulation, performance chemicals, Disinfectant and Pharmaceutical API
Hexylene glycol	Pharma intermediate, aroma chemicals, cosmetic formulations, chemical intermediate, additive for metalworking fluid, cement additives
3,3,5 Cyclohexanone	
3,3,5 Cyclohexanol	
Mesityl oxide	Used in fine chemistry in the synthesis of Pharmaceutical API
2-MPD	Fragrance intermediate
4-MPOL	
MIBC	Used as a frothier in mineral flotation and in the production of lubricant oil additives
3,5 Dimethyl Phenol	Disinfectants, performance chemicals, pharmaceuticals, insecticides, fungicides

Source: RHP, SBICAP Securities Research

Key Phosphorous-based Specialty Chemicals Manufactured by PCL

Acetone based Specialty Chemicals	Key Applications
Phosphorus Pentasulphide	Intermediate for manufacturing technical grade pesticides, lubricant oil additives, mining flotation agents and specialty chemicals
Phosphorus Pentoxide	Manufacturing of phosphoric acid, as an intermediate for phosphate esters, which are used as surfactants, hydraulic fluids, and plasticizers
ZincDialkyl Dithiophosphates (ZDDP)	Formulation of hydraulic fluids industrial gear oils, metalworking fluids and greases
Specialty Phosphates	Lubricants, metal working fluids, emulsifiers, intermediate for surfactants
Diethyl Thiophosphoric Acid (DETA)	Pesticide intermediates
Diethyl Thiophosphoryl Chloride (DETC)	Pesticide intermediates
Dimethyl Thiophosphoryl Chloride (DMTC)	Pesticide intermediates
Dimethyl Phosphoramidothioate (DMPAT)	Pesticide intermediates
Poly Phosphoric Acid (PPA)	Pharma intermediate, Metal treatment
Dithiophosphates for Mining	Mineral Processing to extract precious metals from ores

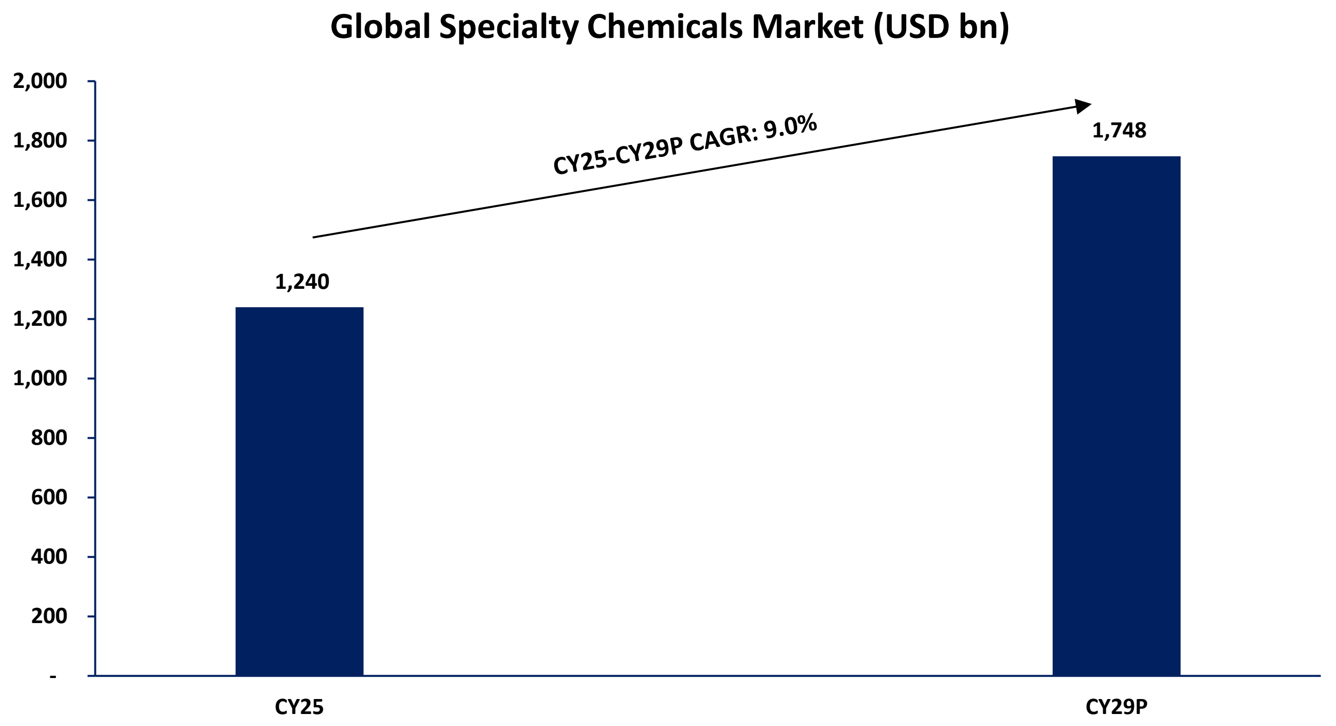
Source: RHP, SBICAP Securities Research

Manufacturing Capabilities

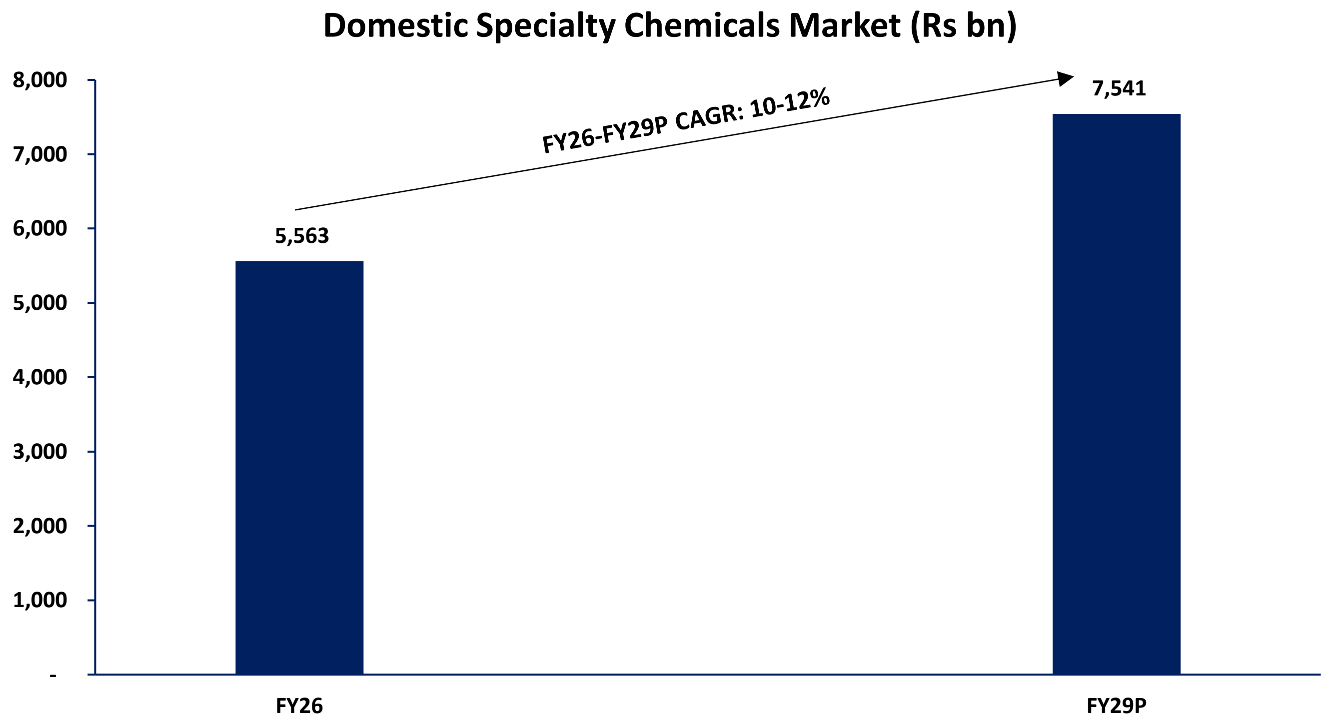
Particulars	FY24		FY25		FY26	
	Installed Capacity (MTPA)	Utilization (%)	Installed Capacity (MTPA)	Utilization (%)	Installed Capacity (MTPA)	Utilization (%)
Khopoli	61,214	71.7%	70,914	68.6%	78,784	80.3%
Mahad*	15,000	12.7%	17,000	25.2%	19,860	44.1%
Total	**76,214**	**60.1%**	**87,914**	**60.2%**	**98,644**	**73.0%**

****Mahad Manufacturing Facility was non-operational from 27th Oct'23 to 3rd May'24.***
Source: RHP, SBICAP Securities Research

Industry Overview



Source: RHP, SBICAP Securities Research



Source: RHP, SBICAP Securities Research

Peer Comparison – FY26

Particulars (Rs cr)	Prasol Chemicals	Aarti Industries	Atul	Laxmi Organic Industries	Vinati Organics	Privi Specialty Chemicals	Yasho Industries	Excel Industries
CMP (Rs)	676	502	6,424	174	1,329	3,387	4,024	1,039
Mkt Cap.	4,001	18,214	18,915	4,837	13,780	13,230	4,852	1,306
Enterprise Value	4,007	22,527	18,999	5,317	13,774	14,170	5,375	1,288
Revenue	1,233	8,286	6,274	2,847	2,227	2,564	830	1,095
EBITDA	139	1,168	1,034	172	655	651	143	110
EBITDA Margin (%)	11.3	14.1	16.5	6.0	29.4	25.4	17.2	10.0
Adj. PAT	83	412	679	80	444	327	25	76
Adj. PAT Margin (%)	6.7	5.0	10.8	2.8	19.9	12.8	3.0	6.9
RoE (%)	18.5	6.9	10.9	4.0	14.0	23.2	5.6	4.5
RoCE (%)	21.5	6.4	14.4	4.4	18.9	21.7	9.1	5.9
P/E (x)	48.1	44.2	27.9	60.5	31.0	40.5	194.1	17.2
EV/EBITDA (x)	28.8	19.3	18.4	30.9	21.0	21.8	37.6	11.7
EV/Sales (x)	3.3	2.7	3.0	1.9	6.2	5.5	6.5	1.2

For Prasol Chemicals Limited, the Market Cap, P/E(x), EV/EBITDA (x), and EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

RoE and P/E ratios are calculated on Adj. PAT

CMP for peer companies is live price as of 04th September, 2026

Source: RHP, Exchange Filings, SSL Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Revenue from Operations	**877**	**1,012**	**1,233**
YoY growth (%)	-	*15.5%*	*21.7%*
COGS (incl Stock Adj)	648	724	854
Gross Profit	**229**	**288**	**379**
Gross margin (%)	***26.1%***	***28.5%***	***30.7%***
Employee Cost	33	42	50
Other Operating Expenses	135	159	189
EBITDA	**61**	**88**	**139**
EBITDA margins (%)	***6.9%***	***8.7%***	***11.3%***
Other Income	11	3	5
Interest Exp.	11	8	8
Depreciation	21	23	25
PBT	**39**	**59**	**112**
Exceptional item	(6)	-	-
Tax	15	16	29
Share of profit of associates and JVs	(0)	-	-
PAT	**18**	**44**	**83**
PAT margin (%)	***2.1%***	***4.3%***	***6.7%***
EPS (Rs)	**3.1**	**7.5**	**14.3**
Adj. PAT	**21**	**44**	**83**
Adj. PAT margin (%)	***2.4%***	***4.3%***	***6.7%***
Adj. EPS	**3.7**	**7.5**	**14.3**

BALANCE SHEET			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Assets			
Net Block	324	324	311
Capital WIP	22	21	47
Intangible Assets	2	2	3
Other Non current Assets	3	3	4
Current Assets			
Inventories	100	152	153
Current Investment	-	-	-
Trade receivables	160	197	279
Cash and Bank Balances	10	17	24
Other Current Assets	5	7	18
Total Current Assets	**276**	**373**	**474**
Current Liabilities & Provisions			
Trade payables	171	197	208
Other current liabilities	19	23	34
Short-term provisions	1	1	2
Total Current Liabilities	**192**	**221**	**245**
Net Current Assets	**84**	**152**	**230**
Total Assets	**435**	**502**	**595**
Liabilities			
Share Capital	12	12	12
Reserves and Surplus	314	356	437
Total Shareholders Funds	**326**	**367**	**449**
Total Debt	82	101	110
Long Term Provisions	1	8	10
Lease Liabilities	1	1	0
Net Deferred Tax Liability	26	25	26
Total Liabilities	**435**	**502**	**595**

Cash Flow Statement (Rs cr)	FY24	FY25	FY26
Cash flow from Operating Activities	116	22	49
Cash flow from Investing Activities	(18)	(22)	(38)
Cash flow from Financing Activities	(115)	10	0
Free Cash Flow	97	(0)	11

RATIOS			
Particulars	**FY24**	**FY25**	**FY26**
Profitability			
Return on Capital Employed	12.3%	14.4%	21.5%
Return on Equity*	6.5%	11.9%	18.5%
Margin Analysis			
Gross Margin	26.1%	28.5%	30.7%
EBITDA Margin	6.9%	8.7%	11.3%
Net Profit Margin	2.4%	4.3%	6.7%
Short-Term Liquidity			
Current Ratio (x)	1.2	1.3	1.5
Quick Ratio (x)	0.8	0.8	1.0
Avg. Days Sales Outstanding	67	71	83
Avg. Days Inventory Outstanding	42	55	45
Avg. Days Payables	71	71	62
Fixed asset turnover (x)	2.7	3.1	4.0
Debt-service coverage (x)	0.5	0.6	1.0
Long-Term Solvency			
Total Debt / Equity (x)	0.3	0.3	0.2
Interest Coverage Ratio (x)	4.6	8.2	15.0
Valuation Ratios**			
EV/EBITDA (x)	66.0	45.6	28.8
P/E (x)*	184.5	90.0	47.2
P/B (x)	12.0	10.7	8.7
EV/Sales (x)	4.6	4.0	3.3
Market Cap/Sales (x)	4.5	3.9	3.2

RoE and P/E ratios are calculated on Adj. PAT

*****Valuation ratios are based on pre-issue capital at the upper price band***

Source: RHP, SBICAP Securities Research

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