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IPO Note
08th Sept, 2026

# Prasol Chemicals Ltd

**Neutral**

## Rating: Neutral

### Issue Offer

**Total issue size:**
**Fresh - INR 800 Mn (1.18 Mn shares)**
**OFS – INR 4,200 Mn (6.21 Mn shares)**

| Issue Summary | |
|---|---|
| Price Band (INR) | 643-676 |
| Face Value (INR) | 2 |
| Implied Market Cap (INR Mn) | 40,007.9 |
| Market Lot | 22 |
| Issue Opens on | 08th Sept, 26 |
| Issue Close on | 10th Sept, 26 |
| No. of share pre-issue | 5,80,00,000 |
| No. of share post issue | 5,91,83,431 |
| Listing | NSE, BSE |

| Issue Break-up (% of Total Issue) | |
|---|---|
| QIB Portion | 50 |
| Retail Portion | 35 |
| NII Portion | 15 |

**Book Running Lead Managers**
DAM Capital Advisors Limited

**Registrar**
KFin Technologies Limited

| Shareholding Pattern | Pre-Issue | Post-Issue |
|---|---|---|
| Promoters | 89.20% | 76.92% |
| Public & Others | 10.20% | 23.08% |

| Objects of the Issue | |
|---|---|
| Repayment or pre-payment, in full or in part, of certain of our outstanding borrowings availed by our Company | 600.00 |
| General corporate purposes | - |

**Prasol Chemicals Limited is an Indian speciality chemicals manufacturer engaged in the production of acetone-based, phosphorus-based and other customised speciality chemicals serving performance chemicals, paints and coatings, construction and adhesives, pharmaceuticals, agrochemicals, and home and personal care industries. The Company offers over 150 speciality chemical products to more than 1,600 customers across 69 countries and operates two manufacturing facilities at Khopoli and Mahad in Maharashtra, with aggregate installed capacity of 98,644 tonnes per annum in FY26. Prasol was the largest importer of acetone in India and the only domestic manufacturer of isophorone during CY2022–25, providing differentiated positioning in select acetone derivatives. With an in-house R&D team supporting new product development and 13 products commercialised since April 2023, the Company is well positioned to benefit from increasing demand for specialised and value-added chemicals and India's growing role in global speciality chemical supply chains.**

### Investment Rationale:

**Diversified Specialty Chemical Portfolio:** Prasol offers over 150 specialty chemical products across acetone-based, phosphorus-based and other customised chemistries, serving multiple downstream industries. Its diversified product portfolio and forward-integrated manufacturing capabilities reduce dependence on individual products while supporting higher-value applications and customer stickiness.

**Differentiated Positioning & Global Footprint:** The Company was the largest importer of acetone in India and the only domestic manufacturer of isophorone during CY2022–25, while its products are exported across 69 countries. Its two manufacturing facilities provide aggregate capacity of 98,644 tonnes per annum, with the Khopoli facility operating at 80.29% utilisation in FY26, providing scope for incremental volume growth without immediate large-scale capex.

**R&D-Led Expansion & Industry Tailwinds:** Prasol's in-house R&D capabilities support the development of differentiated speciality chemicals, with 13 products commercialised since April 2023. Rising demand from pharmaceuticals, agrochemicals, performance chemicals, paints and coatings and personal care, alongside India's increasing participation in global speciality chemical supply chains, provides a favourable long-term demand environment.

**Improving Profitability & Balance Sheet:** Profitability has strengthened materially, with PAT increasing more than fourfold between FY24 and FY26 and RoCE reaching 22.43% in FY26. The Company's debt-to-equity ratio remained relatively low at 0.25x, providing financial flexibility to support future growth and product development.

### Valuation & Outlook:

Prasol Chemicals offers good long-term growth potential, supported by its diversified specialty chemical portfolio, differentiated acetone-based products, export presence and R&D-led product pipeline. PAT grew more than fourfold over FY24–FY26, while RoCE improved to 22.43% and debt-to-equity remained low at 0.25x. The Company's 98,644 TPA installed capacity and 80.29% utilisation at Khopoli provide near-term volume headroom, while new product commercialisation offers additional growth opportunities. However, the current 11.30% EBITDA margin remains moderate, and sustaining the sharp earnings growth will depend on successful scale-up of new products, margin expansion and efficient capacity utilisation. At the upper price band of INR 676, the issue is valued at a P/E of 48.13x, based on FY26 EPS of INR 14.05. While the business outlook remains favourable, the premium valuation limits upside potential and provides limited margin of safety if earnings growth or margin expansion moderates. **We therefore recommend a "Neutral" rating for the issue.**

| Particulars (INR Mn) | FY24 | FY25 | FY26 |
|---|---|---|---|
| Revenue | 8,765.65 | 10124.94 | 12325.93 |
| *Growth (% YoY)* | | *15.51%* | *21.74%* |
| EBITDA | 605.4 | 877.66 | 1393.2 |
| *Margins* | *6.91%* | *8.67%* | *11.30%* |
| PAT | 181.31 | 435.69 | 831.24 |
| *Margins* | *2.07%* | *4.30%* | *6.74%* |

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| Stock Rating Scale | Absolute Return |
|---|---|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

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