ANNEXURE III

Date: October 14, 2025

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, India

Dear Madam/ Sir,

Re: Proposed initial public offering of equity shares of face value of ₹ 2 each ("Equity Shares") of Prasol Chemicals Limited (the "Company" or the "Issuer")

Dear Madam/ Sir,

We, DAM Capital Advisors Limited, as the book running lead manager to the Offer ("**BRLM**") state and confirms that:

(1) We have examined various documents including those relating to litigation, including commercial disputes, etc. and other material while finalizing the draft red herring prospectus dated October 14, 2025 ("**DRHP**") pertaining to the Offer. – **<u>Complied with to the extent applicable</u>**

(2) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies and independent verification of the statements concerning the objects of the Offer, price justification, contents of the documents and other papers furnished by the Company, we confirm that:

  (a) the DRHP filed with the Securities and Exchange Board of India ("**SEBI**") is in conformity with the documents, materials and papers which are material to the Offer;

  (b) all material legal requirements relating to the Offer as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and

  (c) the material disclosures made in the DRHP are true and adequate to enable the investors to make a well informed decision as to the investment in the proposed Offer and such disclosures are in accordance with the requirements of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**") and other applicable legal requirements.- **Complied with**

(3) Besides ourselves, all intermediaries named in the DRHP are registered with the SEBI and that till date, such registration is valid. – **<u>Complied with and noted for compliance.</u>**

(4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. **– <u>Noted for compliance</u>**

(5) Written consent from the Promoters has been obtained for inclusion of its specified securities as part of promoter's contribution subject to lock-in and the specified securities proposed to form part of promoters' contribution subject to lock-in, shall not be disposed or sold or transferred by the Promoters

during the period starting from the date of filing the DRHP with the SEBI until the date of commencement of lock-in period as stated in the DRHP. – **Complied with and noted for compliance**

(6) All applicable provisions of the SEBI ICDR Regulations, which relate to specified securities ineligible for computation of promoters' contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the DRHP. – **Complied with and noted for compliance**

(7) All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoters' contribution prior to opening of the Offer, shall be complied with. Arrangements have been made to ensure that the promoters' contribution shall be received at least one day before the opening of the Offer and that the auditors' certificate to this effect shall be duly submitted to SEBI. We further confirm that arrangements have been made to ensure that the promoters' contribution shall be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Offer. **– Not Applicable**

(8) Necessary arrangements shall be made to ensure that the monies received pursuant to the Offer are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank only after permission is obtained from all the Stock Exchanges, and that the agreement entered into between the bankers to the Offer, and the Company specifically contains this condition. **– Noted for compliance**

(9) The existing business as well as any new business of the Company for which the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other charter of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. **– Complied with to the extent applicable and noted for compliance.**

(10) Following disclosures have been made in the DRHP:

(a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company. - **Complied with to the extent applicable and noted for compliance. There are no SR equity shares issued by the Company**

(b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI. - **Complied with and noted for compliance**

(11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. **– Noted for compliance**

(12) If applicable, the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of the SEBI ICDR Regulations. **– Not Applicable**

We enclose in **Annexure III A**, a note explaining the process of due diligence that has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the Promoters and that the related party transactions entered into for the period disclosed in the DRHP have been entered into by the Company in accordance with applicable laws.

We have also enclosed in **Annexure III B**, a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the DRHP where the regulation has been complied with and our comments, if any.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to such terms in the DRHP.

Thanking you,

Sincerely,

[*Reminder of this page intentionally left blank*]

DAM Capital Advisors Limited
Altimus 2202, Level 22, Pandurang Budhkar Marg,
Worli, Mumbai – 400018
Tel: +91 22 4202 2500
E-mail: prasol.ipo@damcapital.in
Website: www.damcapital.in
Investor grievance e-mail: complaint@damcapital.in
SEBI Registration No: MB/INM000011336
CIN No: L99999MH1993PLC071865

This signature page forms an integral part of the letter submitted to SEBI, in relation to the initial public offering of Prasol Chemicals Limited

For DAM Capital Advisors Limited

Authorized Signatory
Name: Chandresh Sharma
Designation: Senior Vice President – Corporate Finance
Contact: +912242022682
E-mail: chandresh@damcapital.in

ANNEXURE III A

Due Diligence Process Note

In connection with the draft red herring prospectus of the Company dated October 14, 2025, we, the BRLM, has carried out a due diligence exercise on the Company for the purposes of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**") and other applicable laws, and to the extent customary for initial public offerings in India, along with other professionals and experts engaged in connection with the Offer. All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the draft red herring prospectus dated October 14, 2025 ("**DRHP**").

The due diligence process commenced with interactions with the few personnel of Promoters, certain Directors, KMPs and senior management of the Company to gain an understanding of, among other matters, the business of the Company, key risks involved and financial overview, and the background of the management of the Company, its Promoters and financial overview. In this regard, we provided the Company with a due diligence questionnaire(s) and information request list(s) prepared in consultation with Legal Counsels (as defined hereinafter). In response to the questionnaire and the information requisition list, the Company provided supporting documents for review and provided necessary clarifications and explanations for our queries. In order to facilitate such review, the Company set up a virtual data room where copies of such relevant documents were made available for undertaking the due diligence.

In connection with the Offer, Bharucha & Partners have acted as the legal counsel to the Company as to Indian law, and Chandhiok & Mahajan, Advocates and Solicitors acted as legal counsel to the BRLM as to Indian law, (collectively the "**Legal Counsels**"). The Legal Counsels have assisted us in carrying out legal due diligence, drafting of the DRHP in compliance with the SEBI ICDR Regulations and other applicable laws, and advising the Company and us on other legal matters, in connection with the Offer.

We were also assisted by the current statutory auditors of the Company, C N K & Associates LLP, Chartered Accountants ("**Statutory Auditor**"), in financial due diligence.

The Statutory Auditors have provided the Restated Financial Information of the Company (including their examination report on the Restated Financial Information), as at and for the period ended June 30, 2025 and the years ended March 31, 2025, March 31, 2024 and March 31, 2023 and verified certain matters relating to eligibility to undertake the Offer under Regulation 6(1) of the SEBI ICDR Regulations, and compliance with corporate governance requirements by the Company. C N K & Associates LLP, Chartered Accountants has provided a statement of possible special tax benefits available to the Company and its shareholders.

Further, we were also assisted by Shah Mulewa & Associates ("**Independent Chartered Accountant**"), who has also verified and provided certifications with respect to certain information included in the DRHP, including, *inter-alia*, average cost of acquisition of Equity Shares and weighted average cost of acquisition by the Promoters, Promoter Group, the Selling Shareholders, certain key performance indicators of the Company, Tax Litigation / proceedings involving the Company as well as directors/promoters involved in such litigation. The Independent Chartered Accountant also assisted us in verification of compliance with; (i) Securities and Exchange Board of India (Issuing Observations on Draft Offer Documents Pending Regulatory Actions) Order, 2020 and (ii) Securities and Exchange Board of India Prohibition on Raising Further Capital from Public and Transfer of Securities of Suspended Companies) Order, 2015, and operational and other parameters disclosed in the DRHP. As on the date of the DRHP, the Statutory Auditors and Independent Chartered Accountants for the Offer hold valid peer review certificates.

The Statutory Auditors and the Independent Chartered Accountant for the Offer have consented to be named as an "expert", in terms of the Companies Act, 2013, in the DRHP and such consents have not been withdrawn as at the date of filing of the DRHP with the SEBI.

In addition, we were also assisted by DVD & Associates acting in the capacity of practicing company secretary, ("**Practicing Company Secretary**" or "**PCS**") to retrieve missing documents and provide us with a list of secondary documents relied upon for issuances of Equity Shares undertaken by the Company and transfers of Equity Shares to the shareholders of the Company and other corporate actions, basis which, the Practicing Company Secretary has issued its report. We received the PCS consent on October 14, 2025 to be named as an expert, in terms of the Companies Act, 2013, in the DRHP and such consents have not been withdrawn as at the date of filing of the DRHP with the SEBI.

The Company & the BRLM have also placed reliance on the report titled "*Industry Report on Specialty Chemicals Sector'* dated October 7, 2025 issued by CARE Analytics and Advisory Private Limited ("**CARE Report**") for disclosures relating to the industry information in the DRHP. Further, the Company has received a written consent from CARE Analytics and Advisory Private Limited ("**CARE**" or "**Industry Consultant**") dated October 7, 2025, to include extracts of the CARE Report in the DRHP, Red Herring Prospectus and Prospectus. The CARE Report has been commissioned and paid for by the Company exclusively for the purposes of the Offer.

We have also placed reliance on the Dinesh Kumar Maheshwari, Independent Chartered Engineer for verifying various, *inter alia,* the production capacities and capacity utilization at the Company's Manufacturing Facilities, certain layouts and photographs of such Manufacturing Facilities as captured in the DRHP. We received its consents on October 14, 2025, to be named as experts, in terms of the Companies Act, 2013, in the DRHP and such consents have not been withdrawn as at the date of filing of the DRHP with the SEBI and include the extracts of their reports in the DRHP.

Further, the Company had acquired additional shareholding in its associate company viz., Prasol Aromatics Private Limited, from other shareholders pursuant to which this company became the wholly owned subsidiary of the Company with effect from January 24, 2025. Subsequently, Prasol Aromatics Private Limited applied to the Registrar of Companies, Gujarat at Ahmedabad for a voluntary strike-off from the records of Registrar of Companies, Gujarat at Ahmedabad, and on July 22, 2025, the name of this company was struck off by the Registrar of Companies, Gujarat at Ahmedabad. For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Developments after June 30, 2025*" on page 433 of the DRHP.

1. ***Business and Commercial Diligence***

The due diligence process in relation to general business and commercial matters included:

(a) Organizing and attending discussions with the management of the Company to develop an understanding of the business, history and other matters of the Company and the industry overview and the regulatory environment, which were attended by members of the Company team, the BRLM, and the Legal Counsels. A broad overview of the business of the Company, the industry in which they operate, the regulatory framework with respect to their businesses, the corporate structures, capital structure, financials and shareholding pattern of the Company were presented, followed by interactive discussions.

(b) Regularly interacting with the Company's senior management including the Chief Financial Officer, Company Secretary and Compliance Officer, other Key Managerial Personnel, and Senior Management Personnel as well as other individuals from the Company's business, secretarial, legal and finance departments, and the Statutory Auditors for the purpose of gaining an understanding about, among other matters, the business, the risks involved and the financial

overview of the Company. These interactions included (i) due diligence calls, virtual and physical drafting sessions and conference calls to discuss the draft disclosures in the DRHP; (ii) due diligence calls with the Statutory Auditors and the Industry Consultant (iii) bring down due diligence calls to receive updated information from the Company before filing the DRHP; (iv) seeking appropriate certifications and clarifications from the Company, Directors, Key Managerial Personnel, Senior Management Personnel, Promoters, members of the Promoter Group, Selling Shareholders, Statutory Auditors and the PCS. These interactions were conducted with the objective of assisting the Company to prepare the disclosures as required under the SEBI ICDR Regulations and other applicable laws with regard to the Offer. Accordingly, disclosures in respect of the business carried out by the Company as well as associated risks in relation thereto, have been made in the sections titled "*Our Business*" and "*Risk Factors*" respectively, in the DRHP. We shall continue to undertake these interactions and due diligence calls until the completion of the Offer. We also undertook physical site visit as part of our due diligence exercise which included visit to the Registered and Corporate office of the Company and following Manufacturing facilities:
(i) Prasol House, Plot No A - 17/2/3, T. T. C, Industrial Area, Khairne M.I.D.C., Navi Mumbai, Thane, Maharashtra – 400710, India
(ii) Prasol Chemicals Limited - Mahad Plant
(iii) Prasol Chemicals Limited – Khopoli Plant.

(c) Interacting with the Industry Consultant in relation to the CARE Report. Additionally, due diligence calls were conducted with the Industry Consultant. Responses to detailed diligence questionnaire were received from the Industry Consultant.

(d) Physical / Virtual / telephonic /in-person interactions with the Key Managerial Personnel and Senior Management Personnel of the Company to understand the Company's day-to-day operations, key business processes and to verify the disclosures being made in the DRHP.

(e) Requesting the Company to provide documents based on the requirements under the SEBI ICDR Regulations. Assisting the Company officials to make available due diligence documents in a virtual data room or share through e-mails and reviewing those documents along with the Legal Counsels, to conduct diligence as stipulated under the SEBI ICDR Regulations, and the other applicable laws, as is customary in such transactions.

(f) Obtaining certificates, confirmations, representations and undertakings from and on behalf of the Company, its Promoters, members of the Promoter Group, Directors, Key Managerial Personnel, Senior Management Personnel, the Statutory Auditors, the PCS, the ICE, the Independent Architect and other documents, including the CARE Report, in support of certain disclosures made in the DRHP.

(g) Further, we also interacted with the representatives of the Selling Shareholders to prepare disclosures in the DRHP in relation to them and the Equity Shares offered by them as part of Offer for Sale in the Offer and obtained certifications in this regard.

(h) Reviewed, together with the Legal Counsels, the shareholders' agreements and material agreements executed by, or in relation to, the Company and such other documents as we have deemed necessary and as have been provided to us by the Company, from time to time.

(i) Reviewing, together with the Legal Counsels, certain business-related documents pertaining to the Company, including engagement letters, deal reports and other key business-related agreements for services such as information technology, human resources and other such services (as applicable), each on a sample basis.

(j) Obtaining and relying on certificates and customary comfort letter along with circle-up confirmation from the Statutory Auditors on financial information as well as certifications and circle-ups from the Independent Chartered Accountant for the operational data and certain financial related information included in the DRHP, as on and for the periods specified therein.

(k) For certain information, relying on management certificates from the Company for compliance with the SEBI ICDR Regulations

(l) Reviewing such other documents as we have deemed necessary and as have been provided to us by the Company, from time to time.

(m) Obtaining and relying on formal representations and undertakings from the Company and the Selling Shareholders in the Offer Agreement.

2. ***Industry Information***

The Company has relied on the CARE Report, which has been commissioned and paid for by the Company for the purposes of confirming its understanding of the industry in connection with the Offer. The industry related information contained in the DRHP, including sections titled "*Industry Overview*", *"Summary of Offer Document",* "*Our Business*", "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Result of Operations*", has been included from the CARE Report. The CARE Report will be available on the website of the Company at www.prasolchem.com/investor-relations/ from the date of the DRHP. In accordance with applicable law and has been included as one of the documents that will be available as a material document for inspection.

3. ***Outstanding Litigation Proceedings and Material Creditors***

The Company has disclosed outstanding litigation involving the Company, its Directors, its Promoters, its Key Managerial Personnel and its Senior Management, Group Companies, as applicable, in accordance with the requirements under SEBI ICDR Regulations. Disclosures on outstanding litigation and material creditors have been made as per the materiality policy adopted by the Company's board of directors ("**Board**") pursuant to a resolution dated August 14, 2025, in the section titled "*Outstanding Litigation and Material Developments*" of the DRHP.

The Company has provided a list of outstanding litigation involving the Company, supporting documents for material proceedings involving the Company, all outstanding criminal proceedings and actions by statutory / regulatory authorities involving the Company. Further, we interacted with the relevant representatives of the Company to understand the status of various pending proceedings involving the Company. Further, outstanding legal proceedings in relation to direct and indirect taxes involving the Company, the Promoters, and the Directors have also been disclosed in a consolidated manner giving details of number of cases and total amount involved. With respect to such proceedings, we have relied on a list provided by the Company. For litigation involving the Promoters, the Directors, Key Managerial Personnel and Senior Management, the Company has provided certifications received from such persons, solely based on which appropriate disclosures in relation to litigation proceedings involving them have been included in the DRHP.

Pursuant to the SEBI ICDR Regulations and the materiality policy adopted by the Board on August 14, 2025, for the purposes of disclosure, all pending litigation involving the Company, its Promoters and its Directors, apart from (I) all outstanding criminal proceedings (including matters which are at an FIR stage even if no cognizance has been taken by any court); (II) all actions (including all penalties and show cause notices) by statutory and/ or regulatory authorities; and (III) all outstanding taxation proceedings, would be considered 'material' if (i) the monetary amount involved in such a proceeding exceeds, the lower of (a) 2% of the turnover of the Company as per the Restated Financial Information for the preceding financial year; or (b) 2% of the net worth of the Company as per the Restated Financial Information as at the end of the preceding financial year; or (c) 5% of the average absolute value of the profit/loss after tax as per the Restated Financial Information of the preceding three financial years disclosed in the relevant Offer Documents:

(a) For determining the threshold as per (i) above, 2% of turnover, as per the Restated Financial Information for Fiscal 2025 is ₹ 203.11 million, 2% of net worth, as per the Restated Financial Information as at March 31, 2024 is ₹ 73.49 million and 5% of the average of absolute value of profit or loss after tax, as per the Restated Financial Information for the last three Fiscals is ₹ 18.38 million. Accordingly, ₹ 18.38 million has been considered as the materiality threshold for the purpose of (i) above; or

(b) where monetary liability is not quantifiable or does not exceed the threshold mentioned in point (i) above, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, financial position or reputation of the Company.

Moreover, (a) first information reports (whether cognizance has been taken or not) initiated against the relevant parties shall also be disclosed in the Offer Documents; and pre-litigation notices (excluding statutory/regulatory/governmental/tax authorities or notices threatening criminal action) and matters in which summons have not been received, have not been considered material and/or have not been disclosed as pending matters until such time that the Company, Directors, Promoters, as the case may be, is impleaded as a defendant in litigation before any judicial or arbitral forum.

Further, pursuant to the SEBI ICDR Regulations and the materiality policy adopted by the Board on August 14, 2025, (a) all outstanding criminal proceedings (including matters which are at an FIR stage even if no cognizance has been taken by any court) involving its Key Managerial Personnel and its Senior Management; and (b) all actions (including all penalties and show cause notices) by statutory and/ or regulatory authorities involving its Key Managerial Personnel and its Senior Management have been included in the DRHP.

Pursuant to the SEBI ICDR Regulations and the materiality policy adopted by the Board on August 14, 2025, for the purposes of disclosures in the DRHP, a creditor of the Company has been considered to be material for the purpose of disclosure in DRHP if the amounts due to such creditor is equal to or exceeds 5% of total outstanding dues (trade payables) of the Company, based on the Restated Financial Information. Consolidated disclosure on the dues to (a) creditors that are micro, small and medium enterprises; and (b) other creditors, have been provided in a summary format (indicating the total number of, and aggregate outstanding amounts due to such creditors).

The review of supporting documents has been carried out for litigation involving the Company, and discussions were also held with the management of the Company on the status of various pending cases involving the Company, as applicable. With respect to the outstanding litigation involving the Promoters, Directors, Key Managerial Personnel and Senior Management, relevant certificates have been obtained from the Promoters, Directors, Key Managerial Personnel and Senior Management based on which appropriate disclosures, as the case may be, have been included in the DRHP.

4. ***Promoters, Promoter Group, Directors, Key Managerial Personnel and Senior Management Personnel and Selling Shareholders***

For the purposes of making certain disclosures with respect to the Promoters, members of the Promoter Group, Group Companies, Directors, Key Managerial Personnel and Senior Management Personnel, we have obtained consents and certifications from the relevant entities/ persons. We also interacted with the relevant parties to assist them to understand the requirements of law and disclosures.

For the purposes of disclosure of the educational qualifications and professional experience of Directors (including a Promoter who is a Director of the Company), Key Managerial Personnel and Senior Management Personnel of the Company, we have relied on relevant transcripts, degree certificates, experience certificates, Ministry of Corporate Affairs ("**MCA**") information for directorships and other supporting documents, including publicly available information.

In addition, we have received confirmation from the Company, the Promoters, members of the Promoter Group and the Directors stating that they have not been debarred or prohibited from accessing the capital markets or from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/ court. In addition, we have received confirmation from the Company, the Promoters, members of the Promoter Group and Directors stating that they have not been categorized as "wilful defaulters" or "fraudulent borrower" as per the definition in SEBI ICDR Regulations. Further, we have also carried out searches on websites such as 'Watchout Investors' and CIBIL for the Company, the Directors, the Promoters, the Key Managerial Personnel, the Senior Management and the members of the Promoter Group. We have also received confirmation from the Company, the Promoters and the Directors that none of the Directors are 'fugitive economic offenders' or 'fraudulent borrower' as per the definition in SEBI ICDR Regulations. We have also received confirmations from the Company, the Promoters, the members of the Promoter Group and the Selling Shareholders in respect of their compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, as on date of the DRHP, to the extent applicable. Further, except as disclosed in the DRHP, confirmations have been taken from Directors that (a) they are not or were not directors on the board of any listed companies whose shares have been/ were suspended from being traded on any stock exchange during the period of five years before the date of the DRHP; (b) that they are not currently or were previously on the board of a listed company whose shares have been or were delisted from being traded on any stock exchange during the term of their directorship in such company.

Furthermore, public domain searches including on the websites of TransUnion CIBIL Limited and Watchout Investors for Company, the Promoters, the Directors, the Key Managerial Personnel, the Senior Management and members of the Promoter Group were carried out and the results of such searches were analysed and written confirmations from the relevant parties regarding the results, if any, were obtained.

In relation to the Selling Shareholders, the Company has received consent letters, along with the relevant information and documents which include, authorization from each Selling Shareholder to participate in the Offer and various confirmations, covenants, representations and warranties, as required from each Selling Shareholder.

Moreover, in accordance with the provisions of SEBI ICDR Regulations, the Company has included in the DRHP, the link of the websites of its Group Companies, where certain financial information of such Group Companies has to be disclosed.

5. ***Financial information of the Company and Financial Indebtedness***

We conducted due diligence on financial matters, including meetings and a due diligence call with the Statutory Auditors, and the finance team of the Company, review of the reports and other related documents from the Statutory Auditors.

The Statutory Auditors has provided the Restated Financial Information of the Company (including their examination report), as at and for the period ended June 30, 2025 and the years ended March 31, 2025, March 31, 2024 and March 31, 2023 comprising the restated statement of assets and liabilities as at June 30, 2025 and the years ended March 31, 2025, March 31, 2024 and March 31, 2023, the restated statement of profit and loss (including other comprehensive income), the restated statement of changes in equity, the restated cash flow statement for the period ended June 30, 2025 and the years ended March 31, 2025, March 31, 2024 and March 31, 2023, the summary statement of material accounting policies and other explanatory information prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI the notes, comprising material accounting policies and other explanatory information for the purpose of inclusion in the DRHP. We reviewed the Restated Financial Information of the Company, and the examination report dated August 14, 2025, issued thereon by the Statutory Auditors and obtained certifications with respect to certain information included in the DRHP from the Statutory Auditors. We held discussions with the Statutory Auditors on the form and manner of the reports and certifications required for such financial information.

Further, the Statutory Auditors were also required to review the financial information relating to the Company in the DRHP for the relevant periods and have delivered customary comfort letter, along with circle-up confirmations, to the BRLM confirming the accuracy of such financial information contained in the DRHP. Such comfort letters will be re-issued or brought down at certain future dates, as the Offer progresses, by the Statutory Auditors, prior to the filing of the RHP, the Prospectus and the Allotment of Equity Shares in the Offer. We have relied on the statement of possible special tax benefits available to the Company and its Shareholders, issued by the Statutory Auditors.

In accordance with Schedule VI, Part A (11)(I)(A)(ii)(b) of the SEBI ICDR Regulations, the audited standalone financial statements of the Company for the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023 (i.e., the three financial years immediately preceding the date of filing of the DRHP) together with all annexures, schedules and notes thereto have been uploaded on its website (i.e., www.prasolchem.com/investor-relations/).

The DRHP includes the operational and financial key performance indicators (KPIs) in relation to the Company. The financial KPIs have been derived from the Restated Financial Information for the period ended June 30, 2025 and Fiscals 2025, 2024 and 2023.

The Company has also received consents from relevant lenders, granting consent to undertake the Offer and related corporate actions including inter alia material amendments in the memorandum and articles of association of the Company, any change in the capital structure of the Company and approaching the capital market for mobilizing additional resources either in the form of debt or equity. Together with the Legal Counsels and Independent Chartered Accountant, we have also conducted a due diligence on all outstanding financial indebtedness of the Company and such information (including principal terms of borrowings, as applicable) were reviewed and disclosed as of August 31, 2025 in summarised form in the section titled "*Financial Indebtedness*" of the DRHP. We have also relied on a certification from the Independent Chartered Accountant in connection with the financial indebtedness of the Company as of August 31, 2025, which is disclosed in the section titled "*Financial Indebtedness*" of the DRHP.

6. ***Statutory and/or Regulatory and Other Diligence***

In connection with due diligence of statutory and/ or regulatory matters, we have, along with the Legal Counsels, reviewed the relevant statutory and/ or regulatory records of the Company, including without limitation, relevant corporate records, filings made by the Company with various key statutory and/ or regulatory authorities, material licenses, approvals and registrations applied for and/ or received by the Company in relation to their respective business and such other documents as we have deemed necessary and as have been provided to us by the Company from time to time, were reviewed. We have also relied on representations and certifications provided by the Company in connection with such statutory and/or regulatory matters.

In relation to the build-up of the existing share capital of the Company, we have reviewed the minutes and/or resolutions filed with the RoC prepared and maintained by the Company. For the purposes of the review of the statutory records we have also relied on the certificate issued by the Practicing Company Secretary. Basis our review of records available with the Company further search conducted by the practicing Company Secretary, copies of certain corporate records of the Company and, form filings (including secondary transfer records) made with the relevant registrar of companies are not traceable. We have relied on other supporting documents available in the records of the Company, including allotment register and resolutions passed with respect to such allotments or transfers. A suitable risk factor titled "*Risk Factors - Our Company was incorporated in 1992 and some of our corporate records relating to changes in the share capital of our Company such as buy-back of equity shares and transfers, acquisitions of Equity Shares made by our Promoters, and appointment /re-appointment of Directors, are not traceable*" has been included in page 54 of the DRHP. Further, with regards to the missing corporate forms and records concerning secondary transactions undertaken by the Promoter, and for the inclusion of necessary details in the DRHP as required under the applicable laws, we have, in addition to the above stated procedure, obtained certificate from the Company and the Promoter, conforming the secondary transactions undertaken by each of them.

We, along with the Legal Counsels, have also regularly interacted with the officials of the Company to understand the material approvals that are required to be obtained by the Company to carry out their respective business, followed by a due diligence exercise of such approvals.

As part of the diligence exercise undertaken, the Legal Counsels and the BRLM have, reviewed the status of material approvals received.

The description of the material approvals required for the business operations has been disclosed in the DRHP. We have appropriately disclosed details of such approvals in the sections titled "*Government and Other Approvals*" of the DRHP.

7. **Objects of the Offer**

The Company proposes to utilise the Net Proceeds 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.

For the purposes of the repayment of loan objects of the Company, the Company has obtained a loan utilisation certificate from the Statutory Auditors, pursuant to their certificate dated October 14, 2025. For the purposes of the Offer, the Company have obtained the necessary consents from the lenders as is required under the relevant loan documentation for undertaking activities in relation to the Offer.

8. **Disclosure of Key Performance Indicators**

The Company has taken note of the circular issued by the SEBI on "*Industry Standards on Key Performance Indicators ("KPIs") Disclosures in the draft Offer Document and Offer Document*", dated February 28, 2025. In this regard, the DRHP has been suitably updated to reflect the disclosures in relation to the KPIs in the section titled "*Our Business*" and "*Basis of Offer Price*" in the DRHP.

Further, a management certificate on KPI dated October 14, 2025 has been obtained from the management on key performance and financial indicators identified by the Audit Committee. Additionally, the KPIs have been subjected to verification and certification by Statutory Auditors, by its certificates dated October 14, 2025. Such certificate issued by the Statutory Auditors of the Company in relation to the KPIs will form part of the section "*Material Contracts and Documents for Inspection*" on page 514 of the DRHP and will be available for public inspection from the date of filing of the RHP with the RoC until the Bid/Offer Closing Date.

9. **Price information of past issues handled by the BRLM**

In respect of price information of past issues handled by the BRLM, reliance has been placed on the information available on the websites of National Stock Exchange of India Limited and/or BSE Limited for preparing the statement of price information of the past issues handled by the BRLM. We have appropriately disclosed such details in the sections titled *"Other Regulatory and Statutory Disclosures"* of the DRHP.

[*Remainder of this page is intentionally left blank***]**