BASIS FOR ISSUE PRICE

*Investors should read the following summary with the section titled "**Risk Factors**", the details about our Company under the section titled **"Our Business"** and its financial statements under the section titled **"Financial Information of the Company"** beginning on page 21, 107 and 159 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.*

Price Band/ Issue Price shall be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the qualitative and quantitative factors as described in this section. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is 5.1 times of the face value at the lower end of the Price Band and 5.4 times of the face value at the upper end of the Price Band.

For the purpose of making an informed investment decision, the investors should also refer **"*Risk Factors*"**, **"*Our Business*"** and **"*Restated Financial Statement*"** beginning on page 21, 107 and 159 respectively of the Red Herring Prospectus.

QUALITATIVE FACTORS

We believe the following business strengths allow us to successfully compete in the industry:

a) Wide range of products finding diverse application in roto moulding industry
b) Long standing relationships with diversified customers across geographies
c) In-house manufacturing facility with equipped machines and processes
d) Focus on Quality, Environment, Health and Safety
e) Experienced Promoters and Management with extensive domain knowledge

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled ***"Our Business"*** beginning on page 107 of the Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please refer section titled ***"Financial Information of the Company"*** on page 159 of the Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):

As per the Restated Financial Statements:

Sr. No	Period	Basic & Diluted (₹)	Weights
1.	Financial Year 2023-2024	2.25	1
2.	Financial Year 2024-2025	3.77	2
3.	Financial Year 2025-2026	5.42	3
	Weighted Average	**4.34**	**6**

Notes:

i. *The figures disclosed above are based on the Restated Financial Statements of the Company.*
ii. *The face value of each Equity Share is ₹10.00.*
iii. *Earnings per Share has been calculated in accordance with **Accounting Standard 20 – "Earnings per Share"** issued by the Institute of Chartered Accountants of India.*
iv. *The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.*

v. *Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year/ period.*

vi. *Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders/ Weighted average number of diluted potential equity shares outstanding during the year/ period*.

2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ 51 to ₹ 54 per Equity Share of Face Value of ₹ 10/- each fully paid up

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on the Basic & Diluted EPS, as restated for Financial Year 2025-2026	9.41	9.96
P/E ratio based on the Weighted Average EPS, as restated.	11.75	12.44

3. Average Return on Return on Net worth (RoNW)*

Sr. No	Period	RoNW (%)	Weights
1	Financial Year 2023-2024	24.70%	1
2	Financial Year 2024-2025	29.30%	2
3	Financial Year 2025-2026	29.66%	3
	Weighted Average	**28.71%**	**6**

Note:

i. *The RoNW has been computed by dividing net profit after tax with restated Net worth as at the end of the year/ period*

ii. *Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/ Total of weights.*

4. Net Asset Value (NAV) per Equity Share:

(₹ in lakhs)

Sr. No.	NAV per Equity Share	Outstanding at the end of the year
1.	As at March 31, 2024	9.09
2.	As at March 31, 2025	12.86
3.	As at March 31, 2026	18.29
	NAV per Equity Share after the Issue	
	I. Floor Price	26.91
	II. Cap Price	27.70
	Issue Price	54

Notes: -

1. *NAV per share =Restated Net worth at the end of the year/period divided by Weighted average number of equity shares outstanding at the end of the year/ period.*
2. *Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares.*
3. *Issue Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.*

5. Comparison of Accounting Ratios with Industry Peers:

There are no listed companies in India that are engaged in a business similar to that of our company accordingly it is not possible to provide an industry comparison in relation to our company.

6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of our company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated July 16, 2026 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the Red Herring Prospectus. Further, the KPIs herein have been certified by Mansaka Ravi & Associates, Chartered Accountants, by their certificate dated July 16, 2026

The KPIs of our Company have been disclosed in the sections titled ***"Our Business"*** and ***"Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators"*** on pages 107 and page 222 respectively. We have described and defined the KPIs, as applicable, in ***"Definitions and Abbreviations"*** on page 1 of the Red Herring Prospectus.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

Key Performance Indicators of our Company

(Rs. In Lakhs except percentages and ratios)

Key Financial Performance	FY 2025-26	FY 2024-25	FY 2023-24
Revenue from operations(1)	5646.53	5030.32	4696.93
EBITDA(2)	608.66	436.87	275.78
EBITDA Margin(3)	10.78%	8.68%	5.87%
PAT(4)	408.90	284.17	169.39
PAT Margin(5)	7.24%	5.65%	3.61%
Net Worth(6)	1378.83	969.93	685.76
RoNW(%)(7)	29.66%	29.30%	24.70%
RoCE (%)(8)	32.73%	31.99%	23.27%

Notes:

(1) 'Revenue from Operations' means the Revenue from Operations as appearing in the Restated Financial Statements
(2) 'EBITDA' is calculated as Profit before tax + Depreciation + Interest Expenses - Other Income
(3) 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations
(4) 'PAT' is calculated as Profit before tax – Tax Expenses.
(5) 'PAT Margin' is calculated as PAT for the year divided by revenue from operations.
(6) 'Net worth means Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).
(7) 'Return on Net Worth' is ratio of Restated Profit after Tax and Net Worth.
(8) 'Return on Capital Employed' is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus total borrowings {current & non-current}and deferred tax.

Explanation for KPI metrics

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.

Net Worth	Net worth is used by the management to ascertain the total value created by the entity and provides a snapshot of current financial position of the entity.
Return on Net Worth (%)	Return on Net worth provides how efficiently our Company generates profits from shareholders' funds.
RoCE (%)	RoCE provides how efficiently our Company generates earnings from the capital employed in the business.

7. Set forth below are the details of comparison of key performance of indicators with our listed industry peers:

There are no listed companies in India that is engaged in only in the business of manufacturing of rotational molding (roto molding) compounds. Accordingly, it is not possible to provide a comparison of key performance indicators of industry with our Company.

8. Weighted average cost of acquisition

a) The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities)

There has been no issuance of Equity Shares, other than Equity Shares issued pursuant to a bonus issue on September 20, 2025 during the 18 months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-Issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days. ("Primary Issue"):

b) The price per share of our Company based on the secondary sale / acquisition of shares (equity shares)

There have been no secondary sale/ acquisitions of Equity Shares, where the promoters, members of the promoter group, having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts of shares), during the 18 months preceding the date of the Red Herring Prospectus , where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days. ("**Secondary Transaction**").

c) Since there are no such transactions to report to under (a) and (b) therefore, information based on last 5 primary or secondary transactions (secondary transactions where Promoter / Promoter Group entities or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), not older than 3 years prior to the date of the Red Herring Prospectus irrespective of the size of transactions, is as below:

Secondary Transactions:

S.No.	Date of Transfer	Name of Transferors	Name of Transferee	Number of Equity Shares	Percentage of pre-issue share capital of the company	Transfer Price per Equity Share (Rs.)	Total Consideration (in Rs. Lakh)
1.	August 01, 2026	Umakant Nivrutti Savadekar	Sharad Dattatray Jachak	21,000	0.28%	52	10,92,000
2.			Nikhil Omprakash Tapadia	21,154	0.28%	52	11,00,008
3.			Sachin Madhav Tarte	21,154	0.28%	52	11,00,008

	TOTAL			**63,308**			**32,92,016**
4.	August 01, 2026	Ulka Umakant Savadekar	Sandip Attarde	19,231	0.26%	52	10,00,012
5.			Rajani Prakash attarde	46,154	0.61%	52	24,00,008
TOTAL				**65,385**			**34,00,020**
GRAND TOTAL				**1,28,693**			**66,92,036**

Weighted average cost of acquisition, floor price and cap price

Types of transactions	**Weighted average cost of acquisition (₹ per Equity Shares)**	**Floor price* (i.e. ₹ 51)**	**Cap price* (i.e. ₹ 54)**
Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.	NA^	NA^	NA^
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	NA^^	NA^^	NA^^
Weighted average cost of acquisition for primary issuances / secondary transaction as per paragraph 8(c) above.	52	0.98	1.04

^There were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) above, in last 18 months from the date of the Red Herring Prospectus.
^^There were no secondary transaction of shares as mentioned in paragraph 8(b) above, in last 18 months from the date of the Red Herring Prospectus.
** To be updated at Prospectus stage.*
Note:
Detailed explanation for Cap Price being 5.4 times and 1.04 times of WACA for primary issuances / secondary transaction respectively of Equity Shares (as disclosed above) along with our Company's KPIs and financial ratios for Fiscals 2026, 2025 and 2024:

1. The Cap Price has been determined after considering, the Company's operational and financial performance, including the growth in Revenue from Operations from ₹4696.93 lakhs in Fiscal 2024 to ₹5030.32 lakh in Fiscal 2025 and ₹5646.53 lakhs in Fiscal 2026. During the same period, EBITDA increased from ₹275.78 lakhs in Fiscal 2024 to ₹436.87 lakh in Fiscal 2025 and ₹608.66 lakhs in Fiscal 2026. The EBITDA Margin was 10.78%, 8.68% and 5.87% in Fiscals 2024, 2025 and 2026, respectively

2. The Company reported PAT of ₹408.90 lakhs in Fiscal 2026, representing a growth of 43.89% over PAT of ₹284.17 lakhs in Fiscal 2025, which had increased by 67.76% over PAT of ₹169.39 lakhs in Fiscal 2024.

3. The Cap Price has been determined after considering, inter alia, the Company's In-house manufacturing facility with equipped machines and processes along with focus on Quality, Environment, Health and Safety and the experience of its promoters and management team along with domain knowledge. The company offers wide range of products finding diverse application in roto moulding industry and has long standing relationships with diversified customers across geographies.

Explanation for the Issue Price/Cap Price, being 1.04 times of WACA of primary issuances/ secondary transactions of Equity Shares (as disclosed above) in view of the external factors which may have influenced the pricing of the Issue.

1. The Indian plastic industry is currently a significant economic sector valued at approximately US$ 26.61 billion in 2025, with projections to grow to US$ 44.59 billion by 2030 at a CAGR of roughly 10.9%. The Plastic Export Promotion Council (PLEXCONCIL) has set a target to increase the plastic exports of the country to US$ 25 billion by 2027. There are multiple plastic parks that are being set up in the country in a phased manner that will help improve the plastic manufacturing outputs of the country.

Phychem Technologies Limited is a Book Built Issue and the pre-Issue and price band advertisement for the same shall be published 2 working days before opening of the Issue in all editions of the English national newspaper Business Standard, all editions of Hindi national newspaper Business Standard, and Marathi Edition of Regional newspaper Gavkari where the registered office of the company is situated each with wide circulation.

.

The Issue Price of [●] times of the face value of the Equity Shares

The Issue Price of ₹ [●] shall be determined by our Company in consultation with the BRLM in accordance with the SEBI ICDR Regulations, and on the basis of market demand from investors for Equity Shares, as determined through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with ***"Our Business", "Risk Factors" and "Restated Financial Statements"*** on pages 107, 21 and 159 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in **"Risk Factors"** or any other factors that may arise in the future and you may lose all or part of your investment.