

# Polymatech

## About Polymatech Unlisted Equity

**1. Introduction:** Polymatech Unlisted Equity is an Indian company established in 2007 as a subsidiary of Polymatech Co., Ltd., Japan. However, in 2018, it was taken over completely by two Chennai-based entrepreneurs, Eswara Rao Nandam and his wife Uma Nandam. Eswara Rao Nandam, an alumnus of BITS Pilani, is the key promoter of the company. PEL specializes in manufacturing LED semiconductor chips and has its manufacturing facility in SIPCOT Hi-Tech SEZ, Oragadam-Kancheepuram, Tamil Nadu. The company aims to become a leading global manufacturer of elastometer components.

**2. Previous Ownership and Acquisition:** Before its acquisition in 2018 by Mr. Eswara Rao Nandam and his wife, Polymatec was controlled by Japan's Polymer Asset Management Company Ltd. and Polymatec (Malaysia) Pvt. Ltd. with 52.20% and 47.80% stake respectively. The company had faced challenges in the past as it was involved in manufacturing and supplying keypads for discontinued mobile phones around 2011-2012. Falling demand caused the company to incur losses and struggle to stay afloat.

**3. Post-Acquisition Transformation:** After the 2019 acquisition, new management shifted the company's focus to manufacturing semiconductor chips for LEDs and lighting. Polymatech now produces optical semiconductors used in high-power lighting systems, ICs, and disinfection LEDs for hospital applications.

**4. Financial Performance:** Since the acquisition, the financial performance of Polymatec Unlisted Equity has grown significantly. In FY20, the company earned revenue of around Rs 200 crore and incurred a loss of Rs 2.7 crore. However, in FY21, revenue increased to Rs 45 crore, and Profit After Tax (PAT) reached Rs 70 crore. The growth trend continued in FY22 with revenue reaching Rs 126 crore and PAT reaching Rs 34 crore.

**5. Capacity Expansion:** Polymatech plans to expand its capacity from the current 300 million chips per year to 20 billion chips per year by 2024. This expansion is crucial to meet the growing demand for the company's semiconductor chips. This will require a total of about \$1 billion.

Polymatech Electronics Private Equity manufactures the following products:

- a) Microcontrollers
- b) Wireless Chips
- c) Logic Chips
- d) Memory Chips
- e) LED Chips

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**6. Share Ownership and Valuation:** As of March 31, 2022, Eswara Rao Nandam and Uma Nandam were the major investors in PEL. In the private market, the company's shares were trading at INR 400 per share with approximately 6.35 billion shares outstanding, giving it a market capitalization of INR 2.54 billion. Based on these outstanding shares, the company's earnings per share for FY2022 is 5.35x and its P/E ratio is 74x. However, media reports suggest that some other investors have invested in the company for the 2022/23 financial year.

**7. Management and Board Composition:** The company is supported by a Japanese national who serves as the Chief Technology Officer (CTOS) and is also a member of PEPL's Board of Directors. The acquisition by Mr. Eswara Rao Nandam and his wife in 2019 brought new leadership and direction to the company, resulting in a successful transformation.

**8. Future Outlook:** With the growing demand for LED semiconductor chips across various industries including lighting systems and disinfection applications, Polymatech's unlisted shares are well-positioned to realize further expansion and profitability. The company's efforts to expand production capacity and focus on innovative technologies should drive future growth.

**9. Conclusion:** Polymatech Electronics Limited has made a remarkable recovery since its acquisition by Eswara Rao Nandam and Uma Nandam. The company's transition into the production of LED semiconductor chips has proven to be a successful strategy, resulting in significant revenue and profit growth in recent years. With expansion plans and favorable market dynamics, PEL has great potential to achieve further success in the semiconductor industry.

## Polymatech Electronics Limited Unlisted Share Price

As of July 2023, the price of Polymatech Electronics Limited's unlisted shares is Rs 525 per share.

## Fundamentals

Fundamentals			
Polymatech Unlisted	790 Per Equity Share	Market Cap (in cr.)	5708.1
Unlisted Shares Price		P/E Ratio	34.18
Lot Size	500 Shares	P/B Ratio	17.63
52 Week High	1030	Debt to Equity	0.13
52 Week Low	472	ROE (%)	51.58
Depository	NSDL & CDSL	Book Value	45.1
PAN Number	AAECP2981Q	Face Value	10
ISIN Number	INE00LN01011		

# Polymatech

## Financials (Figures in cr)

P&L Statement			
P&L Statement	2021	2022	2023
Revenue	45.5	126.5	649.6
Cost of Material Consumed	34	102	468
Gross Margins	24.44	19.05	27.89
Change in Inventory	-1	-18	-16
Employee Benefit Expenses	0.6	0.7	1
Other Expenses	0.6	1.5	12
EBITDA	10.8	39.8	184
OPM	24	31.59	28.35
Other Income	0.5	0.5	0.6
Finance Cost	0.8	2.4	3
D&A	3	3	16
EBIT	7.8	36.8	168
EBIT Margins	17.33	29.21	25.89
PBT	7	35	167
PBT Margins	15.56	27.78	25.73
Tax	0	0	0
PAT	7	35	167
NPM	15.56	27.78	25.73
EPS	1.1	5.52	23.26
<b>Financial Ratios</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Operating Profit Margin	24	31.59	28.35
Net Profit Margin	15.56	27.78	25.73
Earning Per Share (Diluted)	1.1	5.52	23.26

Balance Sheet			
Assets	2021	2022	2023
Fixed Assets	83.5	90	155
CWIP	0	0	0
Investments	0	0	0
Trade Receivables	7.3	26	133
Inventory	1	20	36
Other Assets	2.2	1	64
<b>Total Assets</b>	<b>94</b>	<b>137</b>	<b>388</b>
Liabilities	2021	2022	2023
Share Capital	63.4	63.4	71.8
FV	10	10	10
Reserves	-22	13	252
Borrowings	32	45	43
Trade Payables	20	15	20
Other Liabilities	0.6	0.6	1.2
<b>Total Liabilities</b>	<b>94</b>	<b>137</b>	<b>388</b>

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Cash-Flow Statement			
Cash- Flow Statement	2021	2022	2023
PBT	7	36	167
OPBWC	10	37	183
Change in Receivables	-7	-18	-107
Change in Inventories	-1	-18	-16
Change in Payables	18	-4	4
Other Changes	3	3.48	-20
Working CapitalChange	13	-36.52	-139
Cash Generated From Operations	23	0.48	44
Tax	0	0	0
Cash Flow From Operations	23	0.48	44
Purchase of PPE	-31	-9.9	-80
Sale of PPE	0	0	0
Cash Flow From Investment	-31	-9.9	-80
Borrowing	8	10	-4
Divided	0	0	0
Equity	0	0	0
Others From Financing	0	-0.6	81
Cash Flow from Financing	8	9.4	77
Net Cash Generated	0	-0.022	41
Cash at the Start	0.006	0.001	0.03
Cash at the End	0.01	-0.02	41.03

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