

# 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	527 Per Equity Share	Market Cap (in cr.)	4502
Unlisted Shares Price		P/E Ratio	18.76
Lot Size	500 Shares	P/B Ratio	5.61
52 Week High	1025	Debt to Equity	0.03
52 Week Low	535	ROE (%)	30.28
Depository	NSDL & CDSL	Book Value	100.72
PAN Number	AAECP2981Q	Face Value	10
ISIN Number	INE00LN01011		
CIN Number	U32107TN2007PLC063706		
RTA	Link Intime		

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## Financials (Figures in cr)

<b>P&amp;L Statement</b>			
<b>P&amp;L Statement</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Revenue	126.5	649.6	1221
Cost of Material Consumed	102	468	780
Gross Margins	19.05	27.89	36.12
Change in Inventory	-18	-16	-79
Employee Benefit Expenses	0.7	1	27
Other Expenses	1.5	12	189
EBITDA	39.8	184	304
OPM	31.59	28.35	24.9
Other Income	0.5	0.6	17
Finance Cost	2.4	3	0.13
D&A	3	16	50
EBIT	36.8	168	254
EBIT Margins	29.21	25.89	20.8
PBT	35	167	270
PBT Margins	27.78	25.73	22.11
Tax	0	0	30
PAT	35	167	240
NPM	27.78	25.73	19.66
EPS	5.52	23.26	30.15
<b>Financial Ratios</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Operating Profit Margin	31.59	28.35	24.9
Net Profit Margin	27.78	25.73	19.66
Earning Per Share (Diluted)	5.52	23.26	30.15

<b>Balance Sheet</b>			
<b>Assets</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Fixed Assets	90	155	446
CWIP	0	0	0
Investments	0	0	139
Trade Receivables	26	133	520
Inventory	20	36	267
Other Assets	1	64	244
<b>Total Assets</b>	<b>137</b>	<b>388</b>	<b>1616</b>
<b>Liabilities</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Share Capital	63.4	71.8	79.6
FV	10	10	10
Reserves	13	252	713
Borrowings	45	43	21
Trade Payables	15	20	276
Other Liabilities	0.6	1.2	526.4
<b>Total Liabilities</b>	<b>137</b>	<b>388</b>	<b>1616</b>

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Cash-Flow Statement			
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PBT	36	167	240
OPBWC	37	183	318
Change in Receivables	-18	-107	-386
Change in Inventories	-18	-16	-231
Change in Payables	-4	4	256
Other Changes	3.48	-20	313
Working Capital Change	-36.52	-139	-48
Cash Generated From Operations	0.48	44	270
Tax	0	0	-16
Cash Flow From Operations	0.48	44	254
Purchase of PPE	-9.9	-80	-342
Sale of PPE	0	0	0
Cash Flow From Investment	-9.9	-80	-477
Borrowing	10	-4	-22
Divided	0	0	0
Equity	0	0	6.46
Others From Financing	-0.6	81	219.54
Cash Flow from Financing	9.4	77	204
Net Cash Generated	-0.022	41	-19
Cash at the Start	0.001	0.03	41
Cash at the End	-0.02	41.03	22

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