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INVEST IN UNLISTED SHARES, STARTUPS, UNICORNS, & PRE-IPO COMPANIES

Pre-IPO Investment Research Report

Target Entity:	Polymatech Electronics Ltd.	**Estimated Market Cap:**	~₹2,850 Cr – ₹3,600 Cr
Sector:	Semiconductors (OSAT & Packaging)	**Research Desk:**	July 2026

1. CORPORATE PROFILE & BUSINESS MODEL

Polymatech Electronics Limited, headquartered in Oragadam (SIPCOT Hi-Tech SEZ, Kancheepuram, Tamil Nadu), holds the distinction of being India's pioneer in opto-semiconductor chip design, fabrication, assembly, and testing (OSAT). Under the leadership of Chairman & MD Mr. Eswara Rao Nandam, the company has transformed from its origins as a Japanese joint venture into a horizontally integrated semiconductor platform.

Primary Core Business Segments:

- **Opto-Semiconductor & Packaging (OSAT):** In-house design, fabrication, assembly, and packaging of Chip-On-Board (COB) LEDs, high-lumen modules, automotive-grade LED packages, microcontrollers, and logic/memory chips.
- **Wafer Substrate Fabrication & Alliances:** Strategic global technology partnerships with **Orbray Co., Ltd. (Japan)** for sapphire ingot growth/advanced wafer fabrication and the acquisition of US-based **Nisene Technology Group Inc.** ($100 Mn deal) for multi-wafer capabilities across Silicon, Silicon Carbide, and Sapphire substrates.
- **Forward Integration (Medical Electronics & Devices):** Transitioning beyond component manufacturing to proprietary finished electronics, including near-infrared (NIR) LED-based vein finder devices (CDSCO registered) and UV sanitization solutions.
- **Strategic Expansion & Order Book:** Backed by an export order book exceeding ₹7,000 Crore and planned domestic expansions in Tamil Nadu and Chhattisgarh.

2. FINANCIAL PERFORMANCE ANALYSIS

The company's audited financial statements demonstrate hyper-growth, expanding from ~₹650 Cr in FY23 to ~₹1,912 Cr in FY25 while maintaining operating margins above 25%.

A. Standalone / Consolidated Financial Summary (₹ in Crores)

Financial Metric	FY23 (Audited)	FY24 (Audited)	FY25 (Audited)	YoY Growth (FY25)
Total Operating Revenue	₹649.7 Cr	₹1,237.6 Cr	₹1,912.1 Cr	▲ 54.5%
EBITDA	₹186.1 Cr	₹320.3 Cr	₹496.3 Cr	▲ 54.9%
EBITDA Margin (%)	28.6%	25.9%	26.0%	Stable (~26%)
Profit After Tax (PAT)	₹166.8 Cr	₹240.1 Cr	₹375.6 Cr	▲ 56.4%
PAT Margin (%)	25.7%	19.5%	19.6%	~19.6%

B. Key Financial Parameters & Capital Efficiency

- **Return Metrics:** Delivers strong capital efficiency, with Return on Equity (ROE) hovering around ~29.5% – 30%+.
- **Book Value:** Estimated Book Value per Share stands at ~₹99.44 (Face Value ₹2).

3. VALUATION & PEER COMPARISON

At the current unlisted market price corridor of **~₹50 – ₹55 per share**, Polymatech is valued at an estimated Market Capitalization of **~₹2,850 Cr – ₹3,600 Cr**.

- **Implied P/E Multiple:** Based on FY25 PAT of ₹375.6 Cr (EPS ~₹7.10 - ₹16.00 depending on expanded capital base), the stock trades at an implied **P/E ratio of 3.3x – 7.6x**.
- **Discount vs Listed Peers:** Comparative listed OSAT/semiconductor packaging and electronics manufacturing peers (e.g., Kaynes Technology, CG Power/Renesas venture, Dixon Technologies) trade at P/E multiples ranging between **60x to 100x+**.
- **Price-to-Book (P/B):** Trades at a P/B of ~**0.5x – 1.0x**, near or below its intrinsic book value.

4. KEY GROWTH CATALYSTS & INVESTMENT THESIS

- **National Strategic Tailwind (Semiconductor Mission):** Positioned as India's premier commercial opto-semiconductor player, directly aligned with India's semiconductor self-reliance mission and PLI capital subsidy frameworks.
- **Robust Order Book & Global Expansion:** Backed by an export order book exceeding ₹7,000 Cr and the integration of US-based Nisene Technology, supporting global supply chain access.
- **Product Forward-Integration:** Expanding beyond chips into higher-margin end products, such as medical-grade LED devices, aiming to unlock additional revenue streams.
- **Upcoming Public Listing (Mainboard IPO):** With plans to file a revised DRHP targeting a mega IPO raise (~₹10,000 Cr size ambitions long term), the unlisted market offers entry ahead of a formal public listing.

5. RISK FACTORS & OPERATIONAL MONITORING

⚠️ **Auditor Transition & Governance:** Resignation of prior statutory auditors (SS Kothari Mehta & Co.) in late 2024 requires ongoing monitoring of governance and disclosures.

⚠️ **Client Concentration:** Revenue remains reliant on key top-tier clients, making performance sensitive to client concentration and demand trends in LED lighting.

⚠️ **Execution Risk on Product Expansion:** Moving from B2B chip packaging to direct medical electronic products introduces regulatory certification hurdles (FDA/CE approvals) and execution risks.

⚠️ **Capital Intensity & Working Capital:** Semiconductor OSAT operations demand continuous capital expenditure for cleanroom maintenance, equipment, and raw material imports.

📋 FINAL INVESTMENT VERDICT

Polymatech Electronics Limited presents a high-growth, deep-value pre-IPO opportunity within India's semiconductor manufacturing ecosystem. Its single-digit P/E multiple (3.3x – 7.6x) in the unlisted market contrasts with the higher valuation multiples of listed electronics manufacturing and semiconductor peers. Given the illiquidity of unlisted equity, this counter is best suited for long-term investors seeking capital appreciation ahead of its planned public market listing.

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