

# Phychem Technologies IPO

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- The company is engaged in the manufacturing of rotational molding compounds as per specifications of user industry.
- It is also exporting its products to over 20 countries.
- It is also providing services related to its manufacturing activities and also engages in trading.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed investors may park funds for medium to long term rewards.

## About the Company

Phychem Technologies Ltd. (PTL) is engaged in the manufacturing of rotational molding (roto molding) compounds, which serve as a key raw material for producing a wide range of hollow plastic products through the rotational molding process. Its product portfolio primarily comprises customized polyethylene-based compounds, formulated using Linear Low-Density Polyethylene (LLDPE), High-Density Polyethylene (HDPE), and other specialty additives. These compounds are supplied in powder or granulated form to rotational molding manufacturers, enabling them to produce durable and application-specific plastic products across diverse end-use industries.

Roto molding compounds form a critical input in the manufacturing of plastic products such as water, fuel and chemical storage tanks, portable sanitation units, furniture, industrial containers, and other customized hollow plastic parts. PTL's manufacturing process involves blending, pelletizing and pulverization, followed by quality control to ensure uniform particle size, optimal melt flow, and consistent performance in end-use applications. The company caters to a diverse base of customers across various industries such as building and construction, water management, agriculture, automotive, and consumer products etc. Its formulation and manufacturing capabilities enable it to deliver foam compound, stone effect, flame-retardant, anti-static and custom-colored compound depending on client needs.

Additionally, the company also undertakes the production of custom-moulded tanks catering to diverse end-use applications. Further, it provides job work services such as roto lining (internal lining of tanks and equipment for enhanced chemical resistance and durability) and toll pulverizing (custom grinding of polymers into powder form as per client specifications). Its manufacturing facility is situated at Gat No-172, Khatwad, Tal - Dindori, Dist - Nashik, Maharashtra, India-422004. Its facility has its own laboratory and a quality control department that adheres to safety standards. It is an "ISO 9001:2015 - Quality Management System" certified company and also recognized as a One Star Export House by the Ministry of Commerce and Industry, in recognition of its consistent export

performance.

The company is also a member of “The Plastics Export Promotion Council” (PLEXCONCIL), established under Foreign Trade Policy 2009–14 by the Department of Commerce. It is exporting to countries like: Bahrain, Bangladesh, Cameroon, Guinea, Guinea-Bissau, Iraq, Kuwait, Lithuania, Mauritius, Nepal, Nigeria, Oman, Poland, Russia, Saint Lucia, Saudi Arabia, Slovenia, South Africa, Taiwan, Thailand, Turkey and U.A.E. etc.

PTL also generates revenue from distribution of various products and chemicals used in rotational moulding industry. It is an authorized distributor of specific type of chemicals and compounds like: paints and coatings imported from UK, Polypropylene Compound imported from Thailand and speciality release agents imported from USA. Similarly, the company is authorized distributor of various tools and equipment used in rotational moulding industry like: Rotational Moulding process control equipment imported from Northern Ireland, plastic welding machine imported from Canada and Flash-It Ancillary Tools imported from Derbyshire, UK. The manufacturing activities brings average 94% revenue and the rest from service and trading activities. As of June 30, 2026, it had 33 employees on its payroll.

## **Issue Details / Capital History**

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The company is coming out with its maiden book building route IPO of 2700000 equity shares of Rs. 10 each to mobilize Rs. 14.58 cr. at the upper cap. The company has announced a price band of Rs. 51 – Rs. 54 per share. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on August 31, 2026 and will close on September 02, 2026. The shares will be listed on BSE SME. The IPO constitute 26.37% of the post-IPO paid-up capital of the company. From the net proceeds of the issue, the company will utilize Rs. 3.00 cr. for working capital, Rs. 2.50 cr. for repayment of certain borrowings, Rs. 5.15 cr. for capex on procurement of plant and machinery, and the rest for general corporate purposes.

The IPO is solely lead managed by Hem Securities Ltd., while MUFG Intime India Pvt. Ltd. is the registrar to the issue. HEM group’s Hem Finlease Pvt. Ltd. is the market maker, and also a syndicate member...

After issuing entire initial equity capital at par value, the company issued bonus shares in the ratio of 25 for 1 in September 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.00, Rs. 0.05, and Rs. 0.38 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 7.54 cr. (7540000 equity shares) will stand enhanced to Rs. 10.24 cr. (10240000 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 55.30 cr.

## Financial Performance

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On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 47.59 cr. / Rs. 1.69 cr. (FY24), Rs. 51.11 cr. / Rs. 2.84 cr. (FY25), Rs. 57.48 cr. / Rs. 4.09 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 0.65 cr. as of March 31, 2026.

For the last three fiscals, the company has reported an average EPS of Rs. 4.34 and an average RoNW of 28.71%. The issue is priced at a P/BV of 2.95 based on its NAV of Rs. 18.29 per share as of March 31, 2026 , but its post IPO NAV data is having garbled info in the offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 13.53, and based on FY25 earnings, the P/E stands at 19.42. The issue appears fully priced based on its recent average earnings.

The company has posted PAT Margins of 3.61% (FY24), 5.65% (FY25), 7.24% (FY26) and RoCE margins of 23.27%, 31.99%, 32.73%, respectively for referred periods.

## Dividend Policy

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While the company has not paid any dividends for the reported periods of the offer document, it has already adopted a dividend policy, based on its financial performance and future prospects.

## Comparison with Listed Peers

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As per the offer document, the company has no listed peers to compare with.

## Merchant Banker's Track Record

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This is the 50 th mandate from Hem securities Ltd. in the last three fiscals (including the ongoing one). Out of the last 10 listings, 1 opened at par, and the rest listed with a premium ranging from 1.80% to 90.00% on the listing date.

### Conclusion / Investment Strategy

PTL is engaged in the manufacturing of rotational molding compounds as per specifications of user industry. It is also exporting its products to over 20 countries. It is also providing services related to its manufacturing activities and also engages in trading. Based on its recent average financial data, the issue appears fully priced. Small paid-up equity post-IPO indicates longer gestation period for migration. Well-informed investors may park funds for medium to long term rewards.

## About Dilip Davda

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Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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