



IPO Details		Company Background				
Opening Date	Sept 15, 2023	<ul style="list-style-type: none"> ○ Holmarc Opto-Mechatronics Limited was incorporated in the year 1993 and has its registered office in Kerala. ○ The Company is engaged in designing, developing, and manufacturing scientific instruments and devices for Industries, Research, and Educational Institutes ○ The Company also manufactures a variety of import substitute products for the Indian Market which are also exported. ○ As of 31st March 23, the Company has 304 employees on its payroll. 				
Closing Date	Sept 20, 2023					
Stock Exchange	NSE SME					
Lot Size	3,000 Shares					
Issue Price	₹ 40 per share					
Issue Size	Aggregating up to 11.40 Cr.					
Fresh Issue	Aggregating up to 11.40 Cr.					
Offer for Sale	-					
Application Amount	₹ 1,20,000					
IPO Objective		Market Capitalization				
Working Capital Requirements.		(In Cr.)				
Capital Expenditure for the purchase of Plant and Machinery.		Pre-Issue	Post-Issue			
General Corporate Purposes.		₹ 29	₹ 40			
Issue Expenses.		Financial Summary				
		(In Lacs)				
Pre-Issue Shareholding		For the Period Ended	Mar-21	Mar-22	Mar-23	
Category	No. of Shares	% of Total Shares				
Promoter & Promoter Group	63,00,000	87.50%	Total Assets	1,247.18	1,467.31	1,658.86
Public	9,00,000	12.50%	Net Assets	688.60	823.80	1,159.93
Promoter of the Company		Total	166.26	206.37	133.68	
1	Jolly Cyriac	Borrowings				
2	Ishach Sainuddin	Total Revenue	1,573.34	2,117.84	2,918.44	
Competitive Strengths		Profit After Tax	68.81	155.20	356.15	
1	Smooth flow of operations	Tentative Timeline				
2	Well-defined organizational structure	Opening Date	Sept 15, 2023			
3	Well Established Manufacturing Facility	Closing Date	Sept 20, 2023			
4	Diversified Product Portfolio	Basis of Allotment	Sept 25, 2023			
5	Existing Supplier Relationship	Initiation of Refunds	Sept 26, 2023			
6	Quality assurance and accreditations	Credit of Shares to Demat	Sept 27, 2023			
7	Organizational stability along with management expertise.	Listing Date	Sept 28, 2023			



Company Background and Analysis

The Company was originally incorporated on February 11, 1993. The company manufactures a variety of scientific and engineering instruments for research, industry, and education i.e. Imaging Instruments, Measuring Instruments, Spectroscopy, Analytical Instruments, Lab Instruments, Physics Lab Instruments, Breadboard/Table Tops, Opto-mechanics, Optics, Linear & Rotation Stages, Motorized Linear & Rotation Stages, Industrial Automation etc. The company gives maintenance and modification support for all the products if the customer needs it irrespective of warranty or year of purchase.

Holmarc Opto-Mechatronics Limited is an ISO 9001:2015 certified company for designing, developing, and manufacturing scientific instruments and devices for Industries, Research, and Educational Institutes. The company has successfully implemented a quality management system as per industry standards. The goal of the company is to design, manufacture, and service quality products that consistently meet the customer's requirements and needs.

The company is engaged in manufacturing products such as –

1. Imaging Instruments
2. Measuring Instruments
3. Spectroscopy
4. Analytical Instruments
5. Lab Instruments
6. Physics Lab instruments
7. Breadboard/Tabletops
8. Opto-mechanics
9. Optics
10. Linear and Rotation Stages
11. Motorized Linear and Rotation Stages
12. Industrial Automation

Products that the company developed with the multidisciplinary resources for commercial manufacture include Hologram microscopes, Fluorescence Microscopes, Monochromators, Spectrometers, and Nanofiber Electrospinning units. Holmarc's unique products also include Robotic Thin Film Coating System popularly known as Silar Coating Unit, Automated Spray Pyrolysis System for solar cells, Automated Lees disc apparatus for thermal conductivity measurements, Tribo-electric Measurement Station for load cell testing, Magneto-optic Kerr Effect Station (MOKE) for material study, LBIC and PL (Laser Beam Induced Current Measurement and Photoluminescence) system.

The company manufactures a variety of import substitute products for the Indian market. Products that come under this category are Quantum Efficiency Measurement Stations for solar cells, UV Laser Marking Stations for photolithography, Automated Rotary Antenna Positioners, Spectroscopic Ellipsometers for thin film measurements, UV Ozone Cleaners, Spectroscopic Reflectometers, Photo Detector Measurement Systems, Raman Spectrometers, etc. To date, the Company has developed over 800 products with standard specifications and has developed numerous customized products as well.



Details of some of the major Tie-ups are mentioned below –

1. In September 2011 Tie-up agreement with a premier Research Institution, wherein the said Institution will share its technical data and know-how to Holmarc for manufacturing ‘Fluorescence Correlation Spectroscopy Apparatus’
2. In November 2014, Tie-ups agreement with a premier Government Research Institution, wherein the said Institution will share its technical data and know-how to Holmarc for manufacturing ‘Dual Polarisation Lidar’.
3. In January 2023, a License agreement with a premier Research Institution, for end-market commercialization of the products developed by said Institution such as the ‘Universal Measuring Machine’ in the Holmarc Opto-Mechatronics Limited initial phase, wherein the Institution will provide technology and the right to manufacture and distribute Universal Measuring Machine in India.
4. In April 2023, Tie-up agreement with a premier Institution of Post Graduate Teaching and Research University, wherein the said university will share its expertise and provide design inputs and technical assistance to Holmarc to develop, manufacture, and sell ‘Rubbing Machine’ with better features.

Geography-wise revenue break-up according to off-line and online sales for the fiscal year ended 2021, 2022, and 2023 are given below –

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%	Amount	%
Domestic Sales	1,243.83	80.09	1,734.30	82.49	2,342.73	80.68
Export Sales	274.98	17.71	306.05	14.56	468.34	16.13
Freight and Packing	34.25	2.21	62.17	2.96	92.60	3.19
Total	1,553.06	100.00	2,102.52	100.00	2,903.67	100.00

To conclude, the company was originally incorporated in the year 1993. The company is engaged in designing, developing, and manufacturing scientific instruments and devices for Industries, Research, and Educational Institutes. Most of the revenue generated for the company is through domestic sales. The company is raising total gross proceeds of Rs. 11.40 Cr.

Business Strategies

1. Focus on Increase in Volume of Sales.

As a part of the growth strategy, the company is focusing on increasing sales volume through expansion, diversification, and spread in geographical outreach. The company believes that the growth in the domestic market, as well as the international market, can fetch them new business expansion and opportunities.

2. Reduction of operational costs and achieving efficiency.

Apart from expanding business and revenues, the company is focusing on reducing operational costs to gain a competitive edge. The company is routinely customizing its products for specific applications.

3. Improving operational efficiencies.

The company focuses on improving operating efficiencies to achieve cost reductions to have a competitive edge. The company is continuously striving to increase operational output through continuous process improvements, quality checks, and technology development. The company believes in strong in-house management to control the entire process. It controls costs by eliminating unnecessary intermediaries for procuring materials in a cost-efficient manner by optimizing logistics and by maximizing labor efficiency.

4. Leverage and enhance the goodwill in the market.

The company believes that the Goodwill that they have created in the market commands a recall amongst consumers in the areas where it operates due to the image and goodwill established over the years. The company intends to leverage this goodwill and increase the market base.

5. Leveraging the Market Skills and Relationships

The company aims to give importance to customers by leveraging its marketing skills and relationships and further enhancing customer satisfaction. The company leverages marketing skills and relationships and further enhances customer satisfaction.

Competitive Scenario and Peer Mapping

Competition

The company operates in a highly competitive industry and competition and innovation have significantly increased in the industry. The company operates in a very fragmented market. The barrier to entry in the market in which the company operates is moderate. The bargaining power with the suppliers is high and the bargaining power with the customers is relatively low.

Peer Analysis

The company believes there are no listed companies in India that offer products or services across the various business segments in which the company operates. Hence a strict comparison is not possible as per the offer document of the company.

Industry Overview

Exhibit 1: Engineering export performance (FY22)

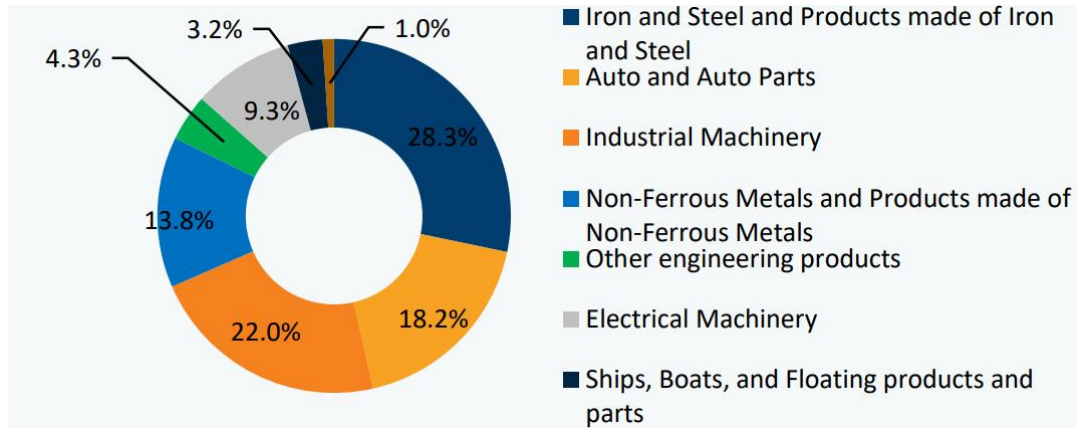


Exhibit 2: India's Engineering Exports (US\$ billion)

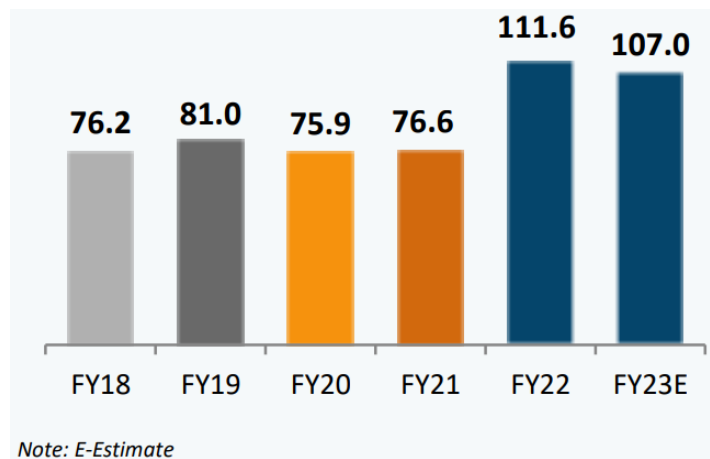
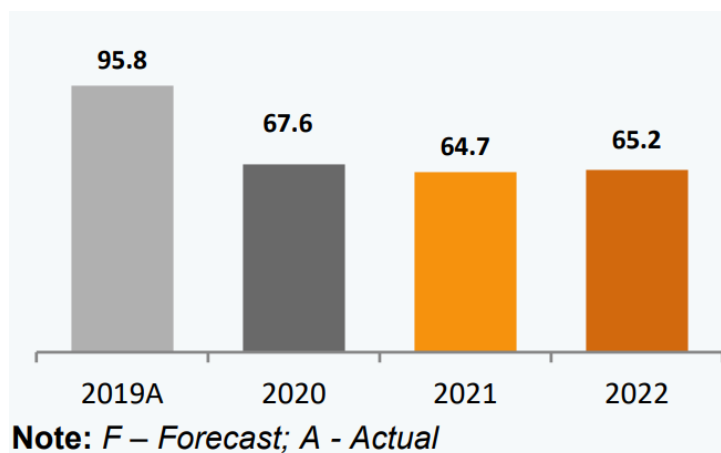


Exhibit 2: R&D Spending in India for Science and Technology (US\$ billion)



(Source: ibef.com)



Engineering Industry Overview -

The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. Demand for engineering sector services is being driven by capacity expansion in industries like infrastructure, electricity, mining, oil and gas, refinery, steel, automobiles, and consumer durables.

India has a competitive advantage in terms of manufacturing costs, market knowledge, technology, and innovation in various engineering sub-sectors. India's engineering sector has witnessed remarkable growth over the last few years, driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of huge strategic importance to India's economy.

The development of the engineering sector of the economy is also significantly aided by the policies and initiatives of the Indian government. The engineering industry has been de-licensed and allows 100% foreign direct investment (FDI). Additionally, it has grown to be the biggest contributor to the nation's overall merchandise exports.

India became a permanent member of the Washington Accord (WA) in June 2014. It is now part of an exclusive group of 17 countries that are permanent signatories of the WA, an elite international agreement on engineering studies and the mobility of engineers.

Science and Technology Industry Report -

Modern India has had a strong focus on science and technology, realizing that it is a key element for economic growth. India ranks third among the most attractive investment destinations for technology transactions in the world. With more and more multinational companies setting up their R&D centers in India, the sector has seen an uptrend in investment in recent years.

India is among the top countries globally in the field of scientific research, positioned as one of the top five nations in the field of space exploration. The country has regularly undertaken space missions, including missions to the moon and the famed Polar Satellite Launch Vehicle (PSLV). India is likely to take a leading role in launching satellites for the SAARC nations, generating revenue by offering its space facilities for use to other countries.

The government has introduced multiple policies aimed at projecting India as a science and technology powerhouse and promoting both public and private sector involvement in the R&D practice. As a result, India's gross expenditure on R&D (GERD) has been consistently increasing over the years. The government has also implemented several fellowship schemes to nurture human capacity for advanced research in the country.

(Source: prospectus)



Key Managerial Personnel

Jolly Cyriac, aged 58, is one of the Promoters, and Managing Director of the company. He holds Degree of Bachelor of Technology (Mechanical), and a Master of Science in Research (Entrepreneurship). He has 30-plus years of experience in the industry.

Ishach Sainuddin, aged 57, is one of the Promoters, a Whole-Time Director, and Chief Financial Officer of the company. He holds a Degree of Bachelor of Technology (Mechanical), and he went 2 years of his foreign assignment. He has more than 30 years of experience in this industry. He takes care of the financial aspects of the company.

Jaya Jolly, aged 53, is the Whole-Time Director of the company. She holds Degree of Bachelor of Commerce and Master of Commerce. She has more than 7 years of experience in e-commerce and material management. She is responsible for optimizing and preserving order in the Company's procurement and inventory departments.

Jayagosh Unni Srambikkal, aged 64, is the Whole-Time Director of the Company. He holds a master's degree in commerce. He has more than 35 years of experience in Accounts and Taxation. He has experience in VAT, GST, and Taxation. He takes care of the same for the company.

Vellachalil Ramakrishnan Sanjaykumar, aged 50, is the Whole-Time Director of the Company. He holds National Trade Certificate for Draughtman Mechanical. He has more than 6 years of experience in Mechanical Design as a Design assistant and 10 years as a production coordinator. He is the Factory Manager of the company.

Abdul Rasheed Aledath Kochunni, aged 42, is the Whole-Time Director of the company. He holds a Diploma in Electronics Production Technology. He has more than 20 years of experience in developing embedded systems for scientific and research applications. Currently, he heads the functions of the Electronics Research and Development section.

Jim Jose Punnackal Josey, aged 46, is the Whole-Time Director of the company. He holds a Diploma in Electronics Production Technology. He has 4 years of experience in Holmarc's Electronics Production Department and more than 18 years of experience in Holmarc's Marketing and Sales Department. Currently, he heads the Sales Department of the Company.

Lijo George, aged 41, is the Whole-Time Director of the company. He holds a Diploma in Mechanical Engineering. He has 2 years of experience in mechanical design and more than 15 years in the design, production, and testing of optical components and instruments. He is currently in charge of the R&D and production of optical thin films and optical components at the Company.

Pottekkattu Muhammed Muhammedshafi, aged 39, is the Whole-Time Director of the company. He holds a Bachelor of Science and has worked as a Graphic Designer at TEAM. He joined Holmarc in 2006. He has 13 years of experience in Optical product Design (spectroscopic instruments, Microscopy and other custom imaging instruments, Biomedical instrumentation, Physics lab products, confocal micro-Raman, Fluorescence Correlation Spectroscopy, etc.). So far, he has designed more than 300 products in various scientific fields.



Gopala Kurup Unnikrishna Kurup, aged 78, is the Whole-Time Director of the company. He holds Degree of Master of Commerce and a Post Graduate Diploma in Business Management. He has more than 50 years of experience in diversified fields. In 2007, he joined HOLMARC, and his dynamism and experience have helped the company to grow.

To conclude, the company has 2 promoters, and they have enormous experience in the industry in which the company operates. The management is vast, and their responsibilities are diversified accurately they have vast experience and knowledge in the industry in which the company operates and in the fields which help in the growth of the business.



Financial Snapshot

Profit and Loss Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	1,553.06	2,102.34	2,903.67
Other Income	20.28	15.50	14.77
Total Income	1,573.34	2,117.84	2,918.44
Expenses			
Cost of Material Consumed	364.93	502.04	792.70
Change in Inventories	-48.64	11.57	-74.89
Employee benefits expense	838.34	991.07	1,222.95
Finance costs	12.40	16.22	23.92
Depreciation and Amortization expense	54.04	63.74	84.99
Other expenses	252.75	311.95	461.11
Total Expenses	1,473.82	1,896.59	2,510.78
Earnings Before Interest, Taxes, Depreciation & Amortization	143.49	285.71	575.64
EBITDA Margin	9%	14%	20%
Profit before exceptional and extraordinary items and tax	99.52	221.25	407.66
Exceptional items	-2.19	0	73.84
Profit/(Loss) before tax	97.33	221.25	481.50
Tax Expense			
Provision for Taxation	45.67	69.34	107.32
Provision for Deferred Tax	-17.15	-3.29	18.03
Total Tax Expense	28.52	66.05	125.35
Profit/(Loss) for the year	68.81	155.20	356.15
Net Profit Margin	4.37%	7.33%	12.20%

Balance Sheet			(In Lacs)
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
Equity			
Share Capital	20.00	20.00	720.00
Reserves and Surplus	668.60	803.80	439.93
Total Equity	688.60	823.80	1,159.93
Liabilities			
Non-current liabilities			
Borrowings	38.39	128.64	99.83
Deferred Tax Liabilities (Net)	-	-	-
Long term provisions	246.38	258.68	138.67
Total Non-current liabilities	284.77	387.32	238.50
Current liabilities			
(i) Short Term Borrowings	127.87	77.73	33.85
(ii) Trade Payables	37.35	28.33	40.24
Other Current Liabilities	84.86	112.32	122.79
Short-Term Provisions	23.72	37.82	63.53
Total Current liabilities	273.80	256.20	260.41
Total Liabilities	558.57	643.52	498.91
Total Equity and Liabilities	1,247.17	1,467.32	1,658.84
ASSETS			
Non-Current Assets			
Property, Plant, and Equipment	408.93	542.76	484.75
Intangible assets	0.40	0.40	0.17

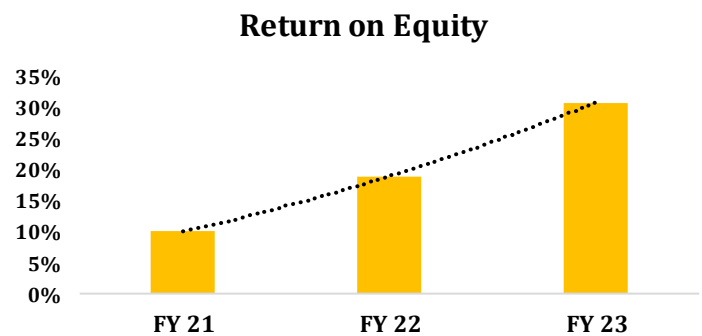
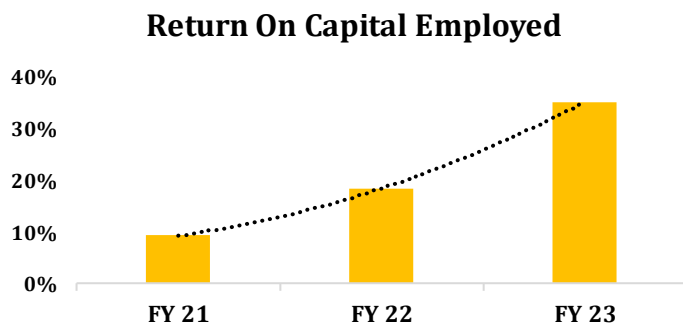
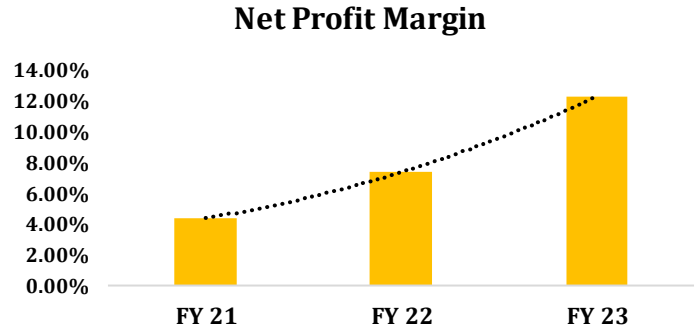
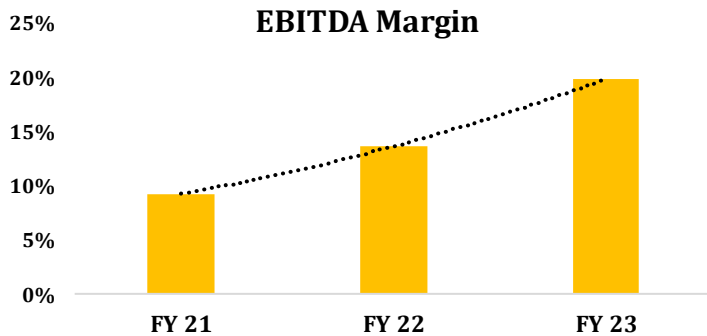


Balance Sheet			(In Lacs)
Capital WIP	-	-	-
Non-current Investments	25.03	29.73	29.73
Deferred tax assets (Net)	67.10	70.38	52.35
Other Non-Current Assets	31.50	15.66	16.37
Total Non-Current assets	532.96	658.93	583.37
Current Assets			
Inventories	100.33	160.10	210.91
Trade Receivables	508.21	459.34	612.81
Cash and Cash Equivalents	80.67	158.98	227.60
Short-Term Loans and Advances	16.15	13.40	10.78
Other current assets	8.86	16.56	13.39
Total Current assets	714.22	808.38	1,075.49
Total Assets	1,247.18	1,467.31	1,658.86

Cash Flow Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	41.12	258.34	205.88
Net Cash Flow from Investing Activities	-54.20	-183.93	-20.64
Net Cash Flow from Financing Activities	48.46	3.90	-116.61

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.96	2.16	4.95
BV per share	6.85	8.20	11.54
Operating Ratios (%)			
EBITDA Margins	9%	14%	20%
PAT Margins	4%	7%	12%
Inventory days	23.58	27.80	26.51
Debtor days	119.44	79.75	77.03
Creditor days	40.05	18.03	19.11
Return Ratios (%)			
RoCE	9%	18%	35%
RoE	10%	19%	31%
Valuation Ratios (x)			
EV/EBITDA	5.40	3.05	1.85
Market Cap / Sales	2.59	1.91	1.38
P/E	41.67	18.52	8.08
Price to Book Value	5.84	4.88	3.47
Solvency Ratios			
Debt / Equity	0.24	0.25	0.12
Current Ratio	2.61	3.16	4.13
Quick Ratio	2.24	2.53	3.32
Asset Turnover	1.25	1.43	1.75
Interest Coverage Ratio	7.21	13.68	20.51

Financial Charts



Key Risk Factors

1. The Company has certain legal proceedings against the company regarding other pending litigations/actions amounting to Rs. 4.80 lakhs.
2. The company has certain contingent liabilities, amounting to Rs. 47.59 lakhs, which, if, materialized, may affect the financial condition and results of operations.

**Track Record of Lead Manager**

The lead manager to the issue is Finshore Management Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

Finshore Management Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Alphalogic Industries Limited	12.88	96.00	July 14, 2023	212.0
2.	ITCONS E-Solutions Limited	8.67	51.00	March 13, 2023	52.00
3.	Indong Tea Company Limited	13.01	26.00	February 21, 2023	21.1
4.	Arham Technologies Limited	9.58	42.00	December 15, 2022	108.0
5.	AMBO Agritec Limited	10.20	30.00	December 02, 2022	29.2
6.	Containe Technologies Limited	2.62	15.00	September 30, 2022	69.9
7.	Mega Flex Plastics Limited	11.40	40.00	September 19, 2022	45.0
8.	Naturo Indiabull Limited	10.92	30.00	September 02, 2022	15.0
9.	Upsurge Seeds of Agriculture Limited	22.81	120.00	August 11, 2022	398.0
10.	Agni Green Power Limited	5.25	10.00	August 01, 2022	27.2

*CMP for all the above-mentioned companies is taken as of 13th September 2023.

As per the offer document, Finshore Management Services Limited has had 21 mandates in the last four fiscal years. Finshore Management Services Limited's above-mentioned mandates 3 opened at discount, 1 opened at par and the remaining all opened at premiums ranging from 0.54% to 16.66% on listing day.



Recommendation

The company has been in the industry since 1993 and has vast experience in the industry. The company has seen a consistent increase in its top line and bottom line of its financials. The overall outlook of the financials is decent.

The PE on an annualised and post-IPO basis is around 11.29 times which seems to be fairly priced by looking at the performance of the company.

The company operates in a competitive segment. The company does not have any listed peers, and the management outlook of the company is satisfactory with good experience and knowledge. The financial outlook of the company is satisfactory. The company has vast experience and based on all the points mentioned above and considering the demand for the industry we recommend **APPLY** to this IPO.



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