



## IPO Note

# Lamosaic India Limited

Recommendation: **AVOID!**

### Company Background -

- **Incorporation:** Lamosaic India Limited was originally incorporated as a partnership firm under the name "Swastik Marketing" on Jan 07, 2020. The registered office is located at Pune, Maharashtra.
- **Business Activity:** The company is engaged in the manufacturing of flush doors and trading of flush doors, laminates, acrylic sheets, printing paper and plywood.
- **Revenue Stream:** The company derives majority of its revenue from decorative laminates.
- **Human Resource:** The company has 9 full-time employees and hired 23 unskilled labours as on Sep 30, 2024.

### Objects of the Issue -

- Repayment of certain borrowings
- To meet incremental working capital requirements
- Pursuing Inorganic Growth
- General Corporate Purposes

### Promoters Name -

Vinod Juthala Visaria, Jay Manilal Chheda and Jitesh Khushalchand Mamaniya

### Rationale for recommendation -

- ✓ The company's top line, bottom line and profitability margins have remained inconsistent over the years and had seen a sudden jump in FY2023 which raises concern on its sustainability.
- ✓ The company has high concentration of customers and suppliers.
- ✓ The company has high concentration of one product (laminates).
- ✓ The company's geographic presence is restricted to Maharashtra.
- ✓ The company doesn't have enough experience in the industry.
- ✓ The management overview is not satisfactory.
- ✓ The industry is highly competitive and fragmented.

### IPO Details

Opening Date	Nov 21, 2024
Closing Date	Nov 26, 2024
Allotment Date	Nov 27, 2024
Listing Date	Nov 29, 2024
Stock Exchange	NSE SME
Lot Size	600 Shares
Issue Price Per Share	₹200 per share
Issue Size	61.20 Cr.
Fresh Issue	61.20 Cr.
Offer for Sale	-
Application Amt	₹ 1,20,000 (600 shares)

### INDUSTRY - Trading - Plywood Avg. P/E ratio of peers - 121.99

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	1,001.31	3,167.27	5,564.53	7,282.07
EBITDA	93.82	691.43	1,416.02	1,531.08
Net Profit	50.91	407.14	822.95	1,076.25
RoCE	26.83%	37.89%	62.91%	48.12%
ROE	17.20%	35.61%	53.94%	41.36%
P/E	285.71	35.78	17.68	6.77*

\*Annualized

### Promoter Share Holding Pattern

Pre-Issue	Post-Issue
100.00%	70.40%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	11.31	7.96
BVPS	20.96	73.96
P/E	17.68	25.12
P/BV	9.54	2.70
Mkt Cap (In Cr)	145.56	206.76

\*Annualized

### Lead Managers -

**Inventure Merchant Banker Services Private Limited**

### Registrar -

**KFin Technologies Limited**

**Business Overview -**

Lamosaic India Limited is engaged in the business of designing the laminates and acrylic sheets. They also manufacture and supply laminated and decorative laminated flush doors based on the order received. Currently, their business operations (trading and manufacturing) are conducted within Maharashtra and they sell products through directly in the market and through one of their franchisee located at Mumbai, Maharashtra. The products are sold under the brand name “**Lamosaic**”.

**Order Book:** As of Sep 30, 2024, the company has an order book of Rs. 5,618.04 lakhs.

**Manufacturing units and capacity utilization:** The company started its manufacturing activities from Sep 2023 and has two major machineries. One is used for the manufacturing of flush doors and the other is used for creating design for the decorative laminates. The capacity utilization remained at 15.17% and 17.02% for FY2024 and Sep-24 respectively.



**Product Portfolio:**

Product	Description
<p><b>Flush Doors</b></p>	<p>Flush doors are simple, flat doors used for both indoor and outdoor spaces. They can be made with a solid core, a hollow core, or a core made of wooden slats. Solid core doors are heavier and more durable, while hollow core doors are lighter and less expensive. Flush doors are used in homes, offices, and other buildings. They manufacture both plain and decorative flush doors in various sizes and thicknesses.</p>
<p><b>Decorative Laminates</b></p>	<p>Laminate sheets are strong, decorative materials used for furniture, walls, doors, and floors. They are made by pressing many layers together. They sell different types of laminate sheets, including ones that look like wood. They also make custom laminate sheets to match specific needs.</p>
<p><b>Acrylic Sheets</b></p>	<p>Acrylic sheets are strong, clear plastic sheets that are resistant to scratches, water damage, and breaking. They are often used in bathrooms, kitchens, and for furniture because they look good and are easy to clean. They sell different types of acrylic sheets in various colors and sizes, including clear, white, colored, and mirrored sheets.</p>
<p><b>Printing Paper (Base)</b></p>	<p>Print base paper is a special type of paper used to make decorative laminates. It has a smooth surface that allows for clear printing of designs. This paper is strong and absorbs ink well, making it ideal for laminates used in flooring and furniture. They sell large rolls of this paper for use in the laminate industry.</p>
<p><b>Plywood</b></p>	<p>Plywood is a strong, stable material made from layers of wood glued together. It's used for furniture, doors, cabinets, and other interior items. They sell different sizes and thicknesses of plywood, both plain and decorative.</p>

**Revenue Bifurcation Product-wise –**

Particulars	FY 2022		FY 2023		FY 2024		Sep-24	
	Amt	%	Amt	%	Amt	%	Amt	%
<b>Manufacturing</b>								
Flush Doors	-	-	-	-	385.27	6.92	967.79	13.29
<b>Trading</b>								
Flush Doors	-	-	-	-	-	-	30.25	0.42
Laminates	934.65	93.34	2,596.99	81.99	4,284.26	76.99	6,262.87	86.00
Acrylic Laminates/ sheets	55.63	5.56	216.05	6.82	463.29	8.33	2.49	0.03
Print Paper (Base)	-	-	127.56	4.03	249.48	4.48	-	-
Plywood	10.45	1.04	55.73	1.76	59.80	1.07	5.46	0.07
Others	0.58	0.06	170.95	5.40	122.43	2.20	13.20	0.18
<b>Total</b>	<b>1,001.31</b>	<b>100.00</b>	<b>3,167.28</b>	<b>100.00</b>	<b>5,564.53</b>	<b>100.00</b>	<b>7,282.06</b>	<b>100.00</b>

**Competition -**

- Market Competition:** The industry is competitive where the key factors of competition primarily comprise of availability of product, price and product and design range.
- Geographic Competition:** The company faces competition from small and large players in both organized and unorganized sector.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Buyers:** The bargaining power is high with the customers.
- Bargaining Power of Supplier:** The bargaining power is low with the suppliers.

**Business Strategies –**

- The company intends to expand and update their product range in order to stay ahead in the market.
- The Company plans to spend on branding & marketing and investments in nearby states like Gujarat, Madhya Pradesh, etc.
- The company has entered into an initial MOU dated August 19, 2024 with Pankaj Shah for renting the premises in Mumbai for setting up the display cum showroom.
- The company has entered into a Letter of Intent (LOI) with two Sellers-a) LOI dated July 05, 2024 with Bansal Sales for exclusive rights for selling imported acrylic sheets and related products in regions of Maharashtra and Karnataka and b) LOI dated August 02, 2024 with Noble Laminated Pvt. Ltd. for exclusive rights for selling specific range of decorative laminates within the territories of Madhya Pradesh.

**Risk Factors –**

The company's operations are restricted to Maharashtra.

The company derives a significant portion of revenue from a single product i.e. laminates which contributed to 93.34%, 81.99%, 83.92% and 86.00% for FY2022, 2023, 2024 and Sep-24 respectively.

The company's significant portion of revenue is derived from top 10 B2B customers which contributed to 92.81%, 70.67%, 85.20% and 96.69% for FY2022, 2023, 2024 and Sep-2024 respectively.

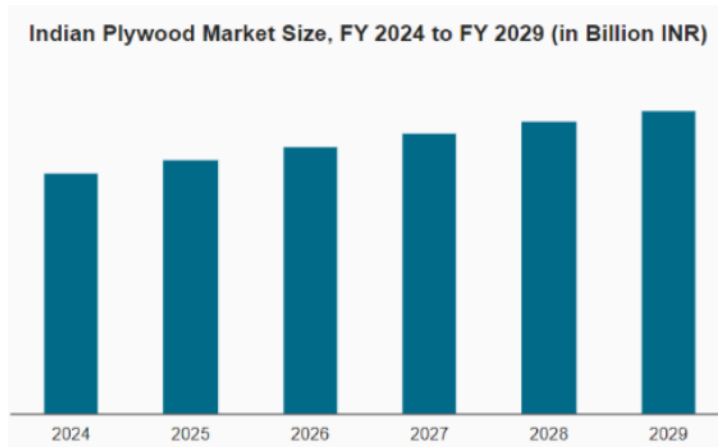
The company is highly dependent on top 10 suppliers for their purchase which contributed to 69.69%, 72.08%, 83.61% and 94.81% for FY2022, FY2023, FY2024 and Sep-24 respectively.

The company had negative cash flow from operations for FY2023.

## INDUSTRY OVERVIEW -

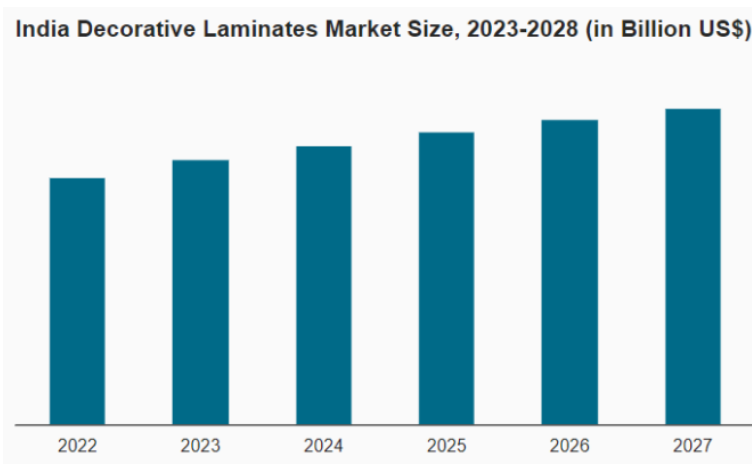
### Plywood and Decorative Laminates Industry in India –

The India plywood market size reached INR 208.5 Billion in FY 2022-23. Looking forward market to reach INR 306.5 Billion by FY 2028-29, exhibiting a growth rate (CAGR) of 6.74% during FY 2023-24 to FY 2028-29. In the domestic market, about 40% is accounted for by the unorganised market and the rest is controlled by the organised sector.



(Source:RHP)

The Plywood laminates market is primarily driven by the elevating living standards and the increasing per capita expenditure of consumers on home décor products. The rising popularity of ready-to-assemble (RTA) floorings, furniture, and cabinets has also encouraged consumers to shift toward modern home furnishing designs. Furthermore, the rapid development of commercial infrastructure in India has increased the demand for decorative interior products such as laminates in gymnasiums, convention centres, indoor sports clubs, and auditoriums.



(Source:RHP)

### Recent Development

- In December 2021, UPM was introduced to invest EUR 10 million for the improvement of UPM Plywood's mill in Joensuu. UPM Joensuu manufactures plywood and plywood additives for greater demand across industrial sectors.
- In March 2021, Green Ply Industries Ltd. divulged that it will make investments of around INR 75 crores to set up plywood and allied products production unit via a wholly-owned subsidiary at Sandila Industrial Area in Hardoi, Uttar Pradesh. The new project is expected to be operational through Q4 2021-22.
- In December 2022, EGGER acquired 60% of the shares in Italian wood-based materials manufacturer SAIB. This acquisition helps broaden market access, increase capacity and expand the portfolio. This opens up further growth and synergies for the company to process.
- In May 2022, Weyerhaeuser Company (NYSE: WY) announced that it acquired 80,800 acres of high-quality timberlands in North and South Carolina. With this acquisition, Weyerhaeuser now owns or manages more than 900,000 acres of timberlands in the Carolinas, and the company also operates four mills, a distribution centre, and a tree nursery.

**Key Management -**



<b>Key Management Persons Name -</b>	<b>Vinod Juthalal Visaria</b>
<b>Age</b>	53
<b>Designation</b>	Promoter, Chairman and Managing Director, 15+ years of experience in decorative laminates, plywood, and hardware industry
<b>Qualification</b>	Completed matriculation
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Jitesh Khushalchand Mamaniya</b>
<b>Age</b>	46
<b>Designation and No. of years of experience</b>	Promoter and Executive Director, 10+ years of experience in lamination field
<b>Qualification</b>	Completed matriculation
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Jay Manilal Chheda</b>
<b>Age</b>	29
<b>Designation and No. of years of experience</b>	Promoter, Executive Director and CFO, 5+ years of experience in plywood and laminates industry
<b>Qualification</b>	Bachelor's degree in Commerce
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Sandeep Chandmal Tak</b>
<b>Age</b>	41
<b>Designation and No. of years of experience</b>	Non-Executive Independent Director, 20+ years of experience in finance and banking sector
<b>Qualification</b>	Bachelor Degree of Arts and Master of Business Administration
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Pulkit Sardar Singh Dagra</b>
<b>Age</b>	36
<b>Designation and No. of years of experience</b>	Non-Executive Independent Director, 12+ years of experience as a relationship manager
<b>Qualification</b>	Bachelor Degree of Commerce and Master of Business Administration
<b>Other Directorship</b>	-

- The overall management of the company is not satisfactory.
- The promoter and management have decent experience in the industry.



## FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	1,001.31	3,167.27	5,564.53	7,282.07
Other Income	2.14	8.58	1.18	4.92
<b>Total Income</b>	<b>1,003.45</b>	<b>3,175.85</b>	<b>5,565.71</b>	<b>7,286.99</b>
<b>Expenses</b>				
Cost of Material Consumed	-	-	457.31	350.92
Purchase of stock-in-trade	867.70	2,946.34	4,899.68	6,930.38
Changes in stock-in-trade	-13.32	-598.39	-1,401.89	-1,787.64
Employee Benefit Expenses	33.60	57.59	65.03	45.80
Finance Cost	27.11	112.33	270.29	191.77
Depreciation and Amortization Expense	0.62	27.02	44.04	19.76
Other expenses	19.51	70.30	128.38	98.53
<b>Total Expenses</b>	<b>935.22</b>	<b>2,615.19</b>	<b>4,462.84</b>	<b>5,849.52</b>
<b>EBITDA</b>	<b>93.82</b>	<b>691.43</b>	<b>1,416.02</b>	<b>1,531.08</b>
<b>EBITDA Margin</b>	<b>9.37%</b>	<b>21.83%</b>	<b>25.45%</b>	<b>21.03%</b>
<b>Profit/(Loss) before tax</b>	<b>68.23</b>	<b>560.66</b>	<b>1,102.87</b>	<b>1,437.47</b>
<b>Tax Expense</b>				
Current tax	17.16	141.06	279.86	359.15
Deferred Tax	0.16	12.46	0.06	2.07
<b>Total Tax</b>	<b>17.32</b>	<b>153.52</b>	<b>279.92</b>	<b>361.22</b>
<b>Profit/(Loss) for the year</b>	<b>50.91</b>	<b>407.14</b>	<b>822.95</b>	<b>1,076.25</b>
<b>Net Profit Margin</b>	<b>5.08%</b>	<b>12.85%</b>	<b>14.79%</b>	<b>14.77%</b>

Statement of Assets and Liabilities				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	295.99	1,143.33	727.80	727.80
Reserves and surplus	-	-	797.91	1,874.15
<b>Total Equity</b>	<b>295.99</b>	<b>1,143.33</b>	<b>1,525.71</b>	<b>2,601.95</b>
<b>2. Non-current liabilities</b>				
Long-term borrowings	51.15	597.57	642.32	523.76
Deferred Tax liability	0.17	12.62	12.69	14.76
<b>Total Non-current liabilities</b>	<b>51.32</b>	<b>610.19</b>	<b>655.01</b>	<b>538.52</b>
<b>3. Current liabilities</b>				
Short-term Borrowings	155.50	300.57	1,082.31	952.57
Trade Payables				
(i) Total outstanding dues of MSME	11.99	448.08	146.62	178.30
(ii) Total outstanding dues of creditors other than MSME	40.38	242.69	1,119.96	2,612.79
Other Current Liabilities	12.88	32.72	82.44	293.48
Short-term provisions	13.08	128.03	514.73	974.23
<b>Total Current liabilities</b>	<b>233.83</b>	<b>1,152.09</b>	<b>2,946.06</b>	<b>5,011.37</b>
<b>Total Liabilities</b>	<b>285.15</b>	<b>1,762.28</b>	<b>3,601.07</b>	<b>5,549.89</b>
<b>Total Equity and Liabilities</b>	<b>581.14</b>	<b>2,905.61</b>	<b>5,126.78</b>	<b>8,151.84</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant and Equipment	16.03	617.51	588.78	569.14
Loans and Advances	40.00	-	2.07	2.07
Other Non-current Assets	-	8.69	17.94	17.94

Particulars	FY 22	FY 23	FY 24	Sep-24
<b>Total Non-Current assets</b>	<b>56.03</b>	<b>626.20</b>	<b>608.79</b>	<b>589.15</b>
<b>2. Current assets</b>				
Inventories	106.64	705.03	2,217.09	4,061.61
Trade Receivables	214.26	889.51	1,850.75	2,982.97
Cash & Cash equivalents	119.39	53.47	146.56	163.68
Short term loans and advances	20.68	631.41	268.75	320.97
Other Current Assets	64.14	-	34.85	33.45
<b>Total Current assets</b>	<b>525.11</b>	<b>2,279.42</b>	<b>4,518.00</b>	<b>7,562.68</b>
<b>Total Assets</b>	<b>581.14</b>	<b>2,905.62</b>	<b>5,126.79</b>	<b>8,151.83</b>

### Cash Flow Statement Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	28.06	-343.01	785.83	327.57
Net Cash Flow from Investing Activities	-16.50	-637.19	-24.56	-0.12
Net Cash Flow from Financing Activities	107.17	-65.92	93.09	17.13

### Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	FY 25*	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	0.70	5.59	11.31	29.56	EV/EBITDA	4.08	2.88	2.19	2.61
BV per share	-**	-**	20.96	105.05	Market Cap / Sales	20.65	6.53	3.72	1.42
<b><u>Operating Ratios</u></b>					P/E	285.71	35.78	17.68	6.77
EBITDA Margins	9.37%	21.83%	25.45%	21.30%	Price to Book Value	-**	-**	9.54	1.90
PAT Margins	5.08%	12.85%	14.79%	14.76%	<b><u>Solvency Ratios</u></b>				
Inventory days	38.87	81.25	145.43	102.07	Debt / Equity	0.70	0.79	1.13	0.08
Debtor days	78.10	102.51	121.40	74.96	Current Ratio	2.25	1.98	1.53	1.51
Creditor days	22.03	85.57	84.56	69.60	Quick Ratio	1.79	1.37	0.78	0.91
<b><u>Return Ratios</u></b>					Asset Turnover	1.72	1.09	1.09	0.89
RoCE	26.83%	37.89%	62.91%	42.38%	Interest Coverage Ratio	3.44	5.91	5.08	7.98
RoE	17.20%	35.61%	53.94%	28.14%					

\*Annualized

\*\* As the company was a partnership firm there are no shares thus BV and P/B cannot be calculated.

**INTERPRETATION –**

1. The top line has increased significantly over the years by 216% in FY2023 which was because the company had added 1 authorized dealer/distributor and entered into franchisee model. They also introduced new product – Print paper (base) and their sales from laminates and acrylic sheet increased as new designs and colors were introduced. There was an increase by 76% in FY2024 which was because the company added 3 more authorized dealers/ distributor. They also started their manufacturing business in Sep-23. Their sales from franchisee model and sales from laminates and acrylic sheets increased as well.
2. The net profit has also increased significantly over the years. There was an increase by 699% in FY2023 and an increase by 102% in FY2024.
3. The EBITDA margin and PAT margin have seen a sudden increase in FY2023.
4. The RoCE and RoE have increased over the years.
5. The PE ratio has improved over the years.

**PEER ANALYSIS –**

Particulars	Lamosaic India Limited			ArchidPly Industries Limited			Sylvan Plyboard Limited			Duroply Industries Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	5.08%	12.85%	14.79%	2.75%	2.89%	1.62%	1.76%	1.77%	2.71%	-3.3%	1.7%	0.3%
EBITDA Margin	9.37%	21.83%	25.45%	6.62%	6.21%	5.53%	6.73%	7.13%	8.80%	3.6%	6.0%	4.0%
RoCE	26.83%	37.89%	62.91%	16.79%	17.09%	10.34%	10.50%	12.62%	17.16%	4.7%	13.5%	5.9%
ROE	17.20%	35.61%	53.94%	9.16%	11.80%	6.36%	3.68%	3.99%	6.34%	-9.9%	5.9%	0.8%
EPS (INR)	0.70	5.59	11.31	4.25	6.17	3.57	2.24	2.55	4.32	-9.61	7.25	1.14
P/E	285.71	35.78	17.68	9.58	8.22	23.21	-*	-*	-*	-	16.97	263.86

\*The PE ratio cannot be calculated as Sylvan Plyboard was listed in July-24.

**Interpretation –**

- The market cap of the company is more compared to Sylvan Plyboard and almost similar to the other peers.
- The NP margin and EBITDA margin are high compared to its peers.
- The RoE and RoCE of the company is better compared to its peers.
- The PE ratio of the company is low compared to its peers.
- The company has less cash conversion cycle compared to Sylvan Plyboard.



**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue is Inventure Merchant Banker Services Private Limited.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Inventure Merchant Banker Services Private Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Excellent Wires and Packaging Limited	12.66	90.00	Sep 19, 2024	67.50
2.	Paramatrix Technologies Limited	33.84	110.00	Sep 04, 2024	100.05
3.	Clinitech Laboratory Limited	5.78	96.00	Aug 01, 2024	74.00
4.	Varyaa Creations Limited	20.10	150.00	April 30, 2024	100.90
5.	Grill Splendour Services Limited	16,47	120.00	April 23, 2024	85.70
6.	Innovatus Entertainment Networks Limited	7.74	50.00	Aug 04, 2023	26.25
7.	Vilin Bio Med Limited	12.00	30.00	Jun 30, 2023	19.60
8.	Maagh Advertising and Marketing Services Limited	9.12	60.00	Oct 13, 2022	25.52
9.	Silver Pearl Hospitality & Luxury Spaces Limited	9.00	18.00	Jun 17, 2022	9.51
10.	Brandbucket Media & Technology Limited	8.25	55.00	Dec 31, 2021	16.80

The company has handled 9 mandates in the last three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 16<sup>th</sup> Nov 2024.

As per the offer document, the above-mentioned mandates Excellent Wires and Packaging, Innovatus Entertainment Networks, Vilin Bio Med, Silver Pearl Hospitality & Luxury Spaces and Brandbucket Media & Technology have opened at a discount and remaining all have opened at a premium on the listing day.

## Recommendation -

Lamosaic India Limited has been in the industry since 2020 and doesn't have enough experience in the industry. The management overview of the company is not satisfactory.

The P/E on a post-IPO basis is around 25.12 times which makes it fairly priced.

The company's top line, bottom line and profitability margins have increased suddenly for FY2023 and have seen inconsistency. This sudden jump might be sustainable in the long run which raises concern. The cash flow from operations was negative for FY2023.

The company has high concentration for customers and suppliers and loss of any may cause adverse effect in the business operations. Also, they are highly dependent on laminates for their revenue generation and their geographic presence is restricted to Maharashtra.

The company is operating in a highly fragmented and competitive industry and there are many established players already.

Thus, investors can **AVOID** this IPO.

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