



IPO Report

16th Dec'23

Snapshot

Motisons Jewellers Ltd is a Jewellery retail player with a history of more than 2 decades in the jewellery industry. Company's jewellery business includes the sale of jewellery made of gold, diamond, kundan and sale of other jewellery products that include pearl, silver, platinum, precious, semi-precious stones and other metals. Company's other offerings include gold and silver coins, utensils and other artifacts.

VALUATION

Company is bringing the issue at price band of Rs 52-55 per share at p/e multiple of 24x on post issue annualized H1FY24 PAT basis.

Company have an established brand name with heritage and a legacy of over two decades. Company's Strategic location of its showrooms along with diversified product portfolio of over 3,00,000+ Jewellery Designs under various categories such as Gold/Diamond Bangles, Necklaces, Earrings, Pendants, Rings and Chains and Silver Items with price points. Also, Company has Promoters with strong leadership and a demonstrated track record supported by a highly experienced and accomplished senior management team and board of directors. Hence, looking after all above we recommend "Subscribe" on issue.

Price Band (Rs./Share)	52-55
Opening date of the issue	18th Dec '2023
Closing Date of the issue	20th Dec '2023
No of shares pre issue	7,09,75,000 Eq Shares
Issue Size	Rs 143-151.09 Cr
Issue Size	27,471,000 Eq Shares
Fresh issue	27,471,000 Eq Shares
Face Value (Rs/ share)	Rs 10/share
Bid Lot	250

BIDDING DETAILS

QIBs (Including Anchor)	Not more than 11312750 Eq Shares
Non-Institutional	Not more than 5496000 Eq Shares
Retail	Not more than 10662250 Eq Shares
Lead managers	Holani Consultants Private Limited
Registrar to the issue	Link Intime India Pvt Ltd

WHAT WE LIKE

Company have an established brand name with heritage and a legacy of over two decades

Company have a proven track record of approx. 25 years. Over the years, company have grown significantly and have established its brand 'partywear, jewelleMotisons'. Company offer a wide-ranging collection of antique finished, pearl, kundan and diamond jewellery. Company's strength lies in the wide variety of designs offered by jewellery designers wherein it develop its own creations and specialty designs according to the latest tastes and preferences of customers.

Diversified product portfolio of over 3,00,000+ Jewellery Designs under various categories such as Gold/Diamond Bangles, Necklaces, Earrings, Pendants, Rings and Chains and Silver Items with price points.

Company's product portfolio comprises over 3,00,000+ jewellery designs, including a wide range of gold, diamond and other jewellery products across different price points. Company's products cater to different occasions including special occasions, such as weddings and ry for personal milestones, fashion jewellery, festival jewellery, daily-wear jewellery, kid's jewellery and men's jewellery.

Promoters with strong leadership and a demonstrated track record supported by a highly experienced and accomplished senior management team and board of directors

Company's business is consumer-centric. Its promoters, Mr. Sandeep Chhabra and Mr. Sanjay Chhabra have been associated with the jewellery industry for more than two decades and continues to provide strategic insights and overall direction to company's business based on his long experience of understanding customer preferences and demands in the industry in which company operate. Mr. Nawal Kishore Agrawal, President, Mr. Lalit Musal, President, Mr. Nirmal Gangwal, Vice President are an integral part of company's senior management team and have been associated since inception.



COMPANY BACKGROUND

Company commenced its business through a partnership firm 'M/s Motisons Jewellers' in 1997 which was subsequently converted into public limited company in 2011 and currently have presence across multiple prominent locations in Jaipur, Rajasthan. Company started its jewellery business in 1997 with a single showroom in Jaipur, Rajasthan.

Company's first outlet, famously known as the 'Traditional Store' was set up amidst the famous lanes of the busiest Johri Bazaar, renowned jewellery hub in the heart of the city. This Johri Bazaar showroom displaying gold and diamond jewellery was approx. 304 sq. ft. in area which was expanded to 1355 sq. ft. by 2002 with growth in the business. Company have, since then, expanded its network of showrooms and the product portfolio and currently operate 4 showrooms under the "Motisons" brand, located across the city of Jaipur, Rajasthan. The flagship store 'Motisons Tower' is located at the high street of Tonk Road, Jaipur, Rajasthan. The showroom at Tonk Road spans in an area of 16,002.06 Sq Ft and has 3 floors with a dedicated floor space for silver, gold, and diamond jewellery respectively. The most recent outlet, opened in the year 2021, is situated in the affluent neighborhood in the southwestern part of Jaipur, Rajasthan at Vaishali Nagar.

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In addition to selling products at its showrooms, company also sell its products through its online platform at <https://www.motisonsjewellers.com/>. Company launched its website in the year 2011 and online sales commenced from 2018 for younger and more digitally savvy customers who can browse company's catalogue based on preferences, collections and designs, and purchase the jewellery directly and have it delivered to their homes. Company also arrange virtual appointments to assist its customers. Products generally offered through online marketplaces are diverse and not available in the showrooms.

Company primarily source finished jewellery from third party suppliers located across India. This includes all types of jewellery made of gold, diamond and other precious and semi-precious stones. Additionally, to cater to the increasing demand in the market, company also engage artisans on job work basis and have its own manufacturing facilities located in Jaipur, Rajasthan for diamond and gem stone studded jewellery. Company outsource the work of making ornaments to various artisans with whom it have developed relationships.

Company offer a large variety of handcrafted jewellery, which are designed and manufactured by company's in-house designers in close collaboration along with skilled local craftsman located across the country. To ensure optimum prices and mitigate the risk of suppliers' concentration, company procure raw materials from various suppliers across the country. This procurement process enables company to offer a wide range of products.



INVESTMENT RATIONALE

<p><i>Strategic location of company's showrooms</i></p>	<p>Jaipur, Rajasthan has been well-known for manufacturing of traditional jewellery. To leverage this opportunity and tap the growing historical jewellery retail market, company have rapidly expanded its retail network of strategically located stores in recent years across the city, which help company to achieve logistical convenience in inventory management. Company have four (4) retail showrooms in Jaipur, Rajasthan located in prime shopping region of Johari bazaar(hub of jewellery market of Jaipur, Rajasthan), Tonk road (busiest and most prime location in Jaipur, Rajasthan) and Vaishali Nagar. (one of the densely populated area of Jaipur, Rajasthan connecting Delhi Bypass road and Ajmer Road). Furthermore, company's manufacturing facilities are located at Sitapura Industrial area and Bapu Nagar, Jaipur, Rajasthan.</p>
<p><i>Diversified product portfolio of over 3,00,000+ Jewellery Designs under various categories such as Gold/Diamond Bangles, Necklaces, Earrings, Pendants, Rings and Chains and Silver Items with price points.</i></p>	<p>Company's product portfolio comprises over 3,00,000+ jewellery designs, including a wide range of gold, diamond and other jewellery products across different price points. Company's focus on design and innovation, its ability to recognize consumer preferences and market trends, the intricacy of company's designs and the quality and finish of its products are amongst its key strengths. Company have a wide range and variety of products and have been able to demonstrate its ability to recognize trends in the jewellery industry in order to cater to its customers. Further, company have products across various price points to cater to a variety of customers across high-end market, mid-market and value market segments, which are designed by a team of creative designers allowing company to manage a diverse portfolio of designs. Company also customize jewellery for individual needs.</p>
<p><i>Established systems and procedure to mitigate risks and efficiencies in inventory management; Quality control Technology focus; safety, security and Surveillance Systems and Procurement of raw materials to avoid the adverse affects of the same on the financial conditions and operations of company.</i></p>	<p>Company have established systems and procedures for various facets of its business and operations including inventory management, CRM, business data analytics, security and surveillance systems, quality control and procurement of raw material.</p>
<p><i>Promoters with strong leadership and a demonstrated track record supported by a highly experienced and accomplished senior management team and board of directors</i></p>	<p>Company's business is consumer-centric. Its promoters, Mr. Sandeep Chhabra and Mr. Sanjay Chhabra have been associated with the jewellery industry for more than two decades and continues to provide strategic insights and overall direction to its business based on his long experience of understanding customer preferences and demands in the industry in which company operate. Company have leveraged on its promoter's industry experience and reputation to create a brand in the jewellery sector in India, with a wide customer base. Company is further supported by an experienced board of directors with diversified expertise which actively contributes to and participates in its strategy. To strengthen company's transition to a professionally managed business, company have an experienced and dedicated senior management team. Mr. Nawal Kishore Agrawal, President, Mr. Lalit Musal, President, Mr. Nirmal Gangwal, Vice President are an integral part of its senior management team and have been associated since inception. Company's senior management team is responsible for the overall strategic planning and business development of Company and has helped company in the expansion of its showroom network and developing and managing company's online channel.</p>



OBJECTS OF OFFER

Company proposes to utilize the Net Proceeds of the Fresh Issue towards funding the following objects:

- Repayment of existing borrowings availed by company from scheduled commercial banks.
- Funding the working capital requirements of Company; and
- General corporate purposes.

RISKS

Company is heavily dependent on third parties for supplying its products. Company may be unable to maintain or establish formal arrangements with such third parties, and any disruptions at such third-party production or manufacturing facilities and their supply chains arrangements, or failure of such third parties to adhere to the relevant quality standards may have a negative effect on its reputation, business and financial condition.

Source:RHP

INDUSTRY OVERVIEW

GROWTH FORECAST

In 2022, India held a dominant position as the largest consumer of gold, driven primarily by the gold jewellery segment, accounting for around 77% of the demand. This presents significant growth potential for organized retail.

The major driver of this demand are cultural factors, especially the importance of gold in weddings, where it holds deep sentimental and cultural value. Additionally, gold's reputation as a reliable store of value during economic uncertainties makes it an attractive investment option. The growth in disposable income in various regions has further fuelled demand as people have the financial capacity to invest in gold jewellery.

Furthermore, the strong connection between gold jewellery and traditions and customs enhances its popularity. Changing fashion trends and the quest for innovative and contemporary designs have also boosted the demand for gold jewellery. 62 In addition to this, the rapid growth of the e-commerce sector in India has significantly influenced various industries, including gold jewellery. Traditionally, Indians purchased their favourite gold jewellery locally, but consumer preferences are evolving with more Indians opting for the convenience of online shopping. This growth is driven by pent-up demand, recovering discretionary spending, and renewed consumer confidence, highlighting the potential and resilience of the organized gold jewellery retail sector.

Gold demand in India is projected to reach 855 tonnes in 2028, up from 774 tonnes in 2022. In the gold jewellery segment, factors such as a low starting point, pent-up demand, and an increase in weddings are expected to stimulate jewellery demand in the short term. Over the long term, growth is expected to be underpinned by improving economic conditions, urbanization trends, and rising disposable incomes. Government policies and the mandatory hallmarking of gold are seen as positive developments for the industry, particularly for organized players, in the long run. Nevertheless, inflation and geopolitical events are anticipated to have an impact on demand. As disposable income continues to rise, the expanding middle-class population, rapid urbanization, and a preference for investing in gems and jewellery, the domestic diamond industry is also expected to experience robust demand in the coming years.


Consolidated Financials

(Rs in lakhs)

Financials	FY21	FY22	FY23	Q1FY24
Total Revenue (A)	21304.01	31433.01	36619.61	8672.83
Total Expenditure (B)	18193.93	27572.32	31720.47	7415.61
EBIDTA	3110.08	3860.69	4899.14	1257.22
EBIDTA Margin	14.60	12.28	13.38	14.50
Other Income	2.21	14.12	61.02	3.43
Depreciation	266.67	282.72	190.93	42.03
EBIT	2845.62	3592.09	4769.23	1218.62
Interest	1539.03	1593.13	1777.31	482.83
PBT	1306.59	1998.96	2991.92	735.79
Extraordinary Items	0.00	0.00	0.00	0.00
PBT	1306.59	1998.96	2991.92	735.79
Share of profit in associate	0.00	0.00	0.01	-0.88
PBT	1306.59	1998.96	2991.93	734.91
Tax	339.42	524.24	772.34	188.03
PAT	967.17	1474.72	2219.59	546.88
NPM	4.54	4.69	6.06	6.31
ROE%	9.58	12.77	16.15	3.84
EPS	1.49	2.27	3.42	0.84
Eq Cap	6,497.50	6,497.50	6,497.50	6,497.50
Net Worth	10,096.29	11,545.28	13,739.98	14,280.55

(Source: RHP)

Peer Comparison

Company Name	Face value	P/E	Revenue from operations (Rs in lakhs)	EPS	NAV	ROE %
<i>Motisons Jewellers Limited*</i>	10	N.A	36619.61	3.42	21.15	16.15%
Peers						
Goldiam International Limited	2	27.55	30344.78	5.22	24.98	20.90%
DP Abhushan Limited	10	29.09	197512.02	20.33	81.36	25.03%
Thangamayil Jewellery Limited	10	24.08	315255.00	58.13	283.37	20.51%
Renaissance Global Limited	10	48.00	135481.09	2.11	57.73	3.68%

(Source: RHP)



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