

# Motisons Jewellers Ltd

## Crafting Legacy, Adorning Moments



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Motisons Jewellery Ltd is a prominent player in the jewellery retail sector, boasting a history spanning over two decades within the industry. The company is led by experienced entrepreneurs who serve as its promoters, each possessing over 20 years of invaluable expertise. Their diverse jewellery collection encompasses pieces crafted from gold, diamond, kundan, as well as a wide array of other products like pearl, silver, platinum, precious and semi-precious stones, and various metals. In addition to these offerings, they specialize in the sale of gold and silver coins, utensils, and assorted artifacts.

The brand, established as Motisons, has solidified its identity with a rich heritage and legacy surpassing twenty-five years. Its growth trajectory has been marked by a strategic expansion, culminating in the establishment of a renowned brand identity.

Capitalizing on Jaipur, Rajasthan's reputation for traditional jewellery craftsmanship, Motisons swiftly expanded its retail footprint, strategically siting stores across the city. This astute placement ensures logistical convenience in inventory management while tapping into the burgeoning historical jewellery retail market.

Their extensive product range boasts over 300,000 jewellery designs, featuring a diverse spectrum of gold, diamond, and other jewellery items catering to various price points. Key strengths include a strong emphasis on design and innovation, an adept understanding of consumer preferences and market trends, intricate craftsmanship, and a commitment to exceptional product quality and finish.

Motisons currently operates four retail showrooms in key locations across Jaipur, Rajasthan: Johari Bazaar, the heart of the city's jewellery market; Tonk Road, a bustling and prime location; and Vaishali Nagar, a densely populated area connecting major roads. Additionally, their manufacturing facilities are situated in Sitapura Industrial Area and Bapu Nagar, Jaipur, Rajasthan.

#### Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/Sales (X)	EV/EBITDA (X)
FY21	213.0	31.1	9.7	14.6	4.5	1.0	10.3	9.6	11.9	56.0	3.2	21.8
FY22	314.3	38.6	14.7	12.3	4.7	1.5	11.7	12.8	13.6	36.7	2.2	17.9
FY23	366.2	49.0	22.2	13.4	6.1	2.3	14.0	16.2	15.7	24.4	1.9	14.4

Industry	Retail
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#### Issue Details

Listing	BSE & NSE
Open Date	18 <sup>th</sup> Dec 2023
Close Date	20 <sup>th</sup> Dec 2023
Price Band	INR 52-55
Face Value	INR 10
Market Lot	250 SHARES
Minimum Lot	1 LOT

#### Issue Structure

Offer for Sale	0
Fresh Issue (%)	100%
Issue Size (Amt)	INR 151 cr
Issue Size (Shares)	2,74,71,000
QIB Share (%)	50
Non-Inst Share (%)	15
Retail Share (%)	35
Pre issue sh (nos)	7,09,75,000
Post issue sh (nos)	9,84,46,000
Post issue M Cap	INR 541 cr

#### Shareholding (%)

	Pre (%)	Post (%)
Promoter	91.55	66.00
Public	8.45	34.00
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

## OFFER DETAILS

Motisons' proposed fresh issue size is INR 151 cr. Motisons Jewellers IPO price band is set at INR 52 to INR 55 per share. The minimum lot size for an application is 250 Shares.

The size of fresh issue is INR 151 cr and the object of the issue are:

- The repayment of existing borrowings availed by the company from scheduled commercial banks is proposed to be accomplished using an estimated amount of up to INR 58 cr from the Net Proceeds.
- Funding working capital requirements of Company, it proposes to utilise INR 71 cr towards funding its working capital requirements.
- The business of company is working capital intensive. The value of inventories for the period ending June 30, 2023 and for the fiscal year ending on March 31, 2023, 2022, and 2021 is 94.99%, 95.19%, 92.57% and 87.08% of the total assets of company.
- Towards general corporate purposes and the business requirements of Company, as approved by the management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations.

## Issue Structure

The proposed fresh issue size is INR 151 cr and the price band for the issue is in the range of INR 52-55 and the bid lot is 250 shares and multiples thereof.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50% of the Offer
NIB	Not less than 15% of the Offer
Retail	Not less than 35% of the Offer
<i>Number of shares based on a higher price band of INR 55</i>	
<i>Source: Company Reports</i>	

## **Growth Strategies**

- The company aims to continue expanding its retail network in a cost-efficient manner by leveraging the 'Motisons' brand.
- The company intends to focus on expanding its product and brand portfolio to address existing gaps and broaden its consumer reach.
- Plans are in place for the company to leverage technology to enhance its operations, emphasizing the development of online channels.
- There is a strategic intent to persist in investing in marketing and brand-building initiatives.

## **KEY RISKS AND CONCERNS**

- Company's business dependent on third parties for supplying their products. They may be unable to maintain or establish formal arrangements with such third parties, and any disruptions at such third-party production may have a negative effect on company's reputation, business and financial condition.
- Promoters, Mr. Sanjay Chhabra and Mr. Sandeep Chhabra, in past, were involved in proceedings initiated by investigation agency in relation to betting in the cricket matches of Indian Premier League
- All four (4) showrooms are in one geography namely Jaipur, Rajasthan. Any adverse development affecting such a region may have an adverse effect on business, prospects, financial condition, and results of operations.

## FINANCIAL SUMMARY AND ANALYSIS

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
<b>Income Statement</b>				<b>Per share data &amp; Yields</b>			
<b>Revenue</b>	<b>213.0</b>	<b>314.3</b>	<b>366.2</b>	Adjusted EPS (INR)	1.0	1.5	2.3
<i>YoY Growth (%)</i>	<i>(2.7)</i>	<i>47.5</i>	<i>16.5</i>	Adjusted Cash EPS (INR)	1.3	1.8	2.4
Raw Material Cost	172.9	262.7	300.2	Adjusted BVPS (INR)	10.3	11.7	14.0
<i>RM Cost to Sales (%)</i>	<i>81.2</i>	<i>83.6</i>	<i>82.0</i>	Adjusted CFO per share (INR)	1.7	0.6	0.4
Employee Cost	4.9	6.2	7.6	CFO Yield (%)	3.2	1.1	0.7
<i>Employee Cost to Sales (%)</i>	<i>2.3</i>	<i>2.0</i>	<i>2.1</i>	Adjusted FCF per share (INR)	1.4	(1.0)	0.1
Other Expenses	4.1	6.8	9.4	FCF Yield (%)	2.6	(1.8)	0.2
<i>Other Exp to Sales (%)</i>	<i>1.9</i>	<i>2.2</i>	<i>2.6</i>	<b>Solvency Ratio (X)</b>			
<b>EBITDA</b>	<b>31.1</b>	<b>38.6</b>	<b>49.0</b>	Total Debt to Equity	1.4	1.3	1.2
<i>Margin (%)</i>	<i>14.6</i>	<i>12.3</i>	<i>13.4</i>	Net Debt to Equity	1.4	1.3	1.2
<i>YoY Growth (%)</i>	<i>31.7</i>	<i>24.2</i>	<i>26.9</i>	Net Debt to EBITDA	4.4	3.8	3.3
Depreciation & Amortization	2.7	2.8	1.9	<b>Return Ratios (%)</b>			
<b>EBIT</b>	<b>28.4</b>	<b>35.8</b>	<b>47.1</b>	Return on Equity	9.6	12.8	16.2
<i>Margin (%)</i>	<i>13.3</i>	<i>11.4</i>	<i>12.9</i>	Return on Capital Employed	8.6	9.8	11.5
<i>YoY Growth (%)</i>	<i>37.5</i>	<i>25.9</i>	<i>31.6</i>	Return on Invested Capital	11.9	13.6	15.7
Other Income	0.0	0.1	0.6	<b>Working Capital Ratios</b>			
Finance Cost	15.4	15.9	17.8	Payable Days (Nos)	24	23	18
Interest Coverage (X)	1.8	2.2	2.6	Inventory Days (Nos)	411	329	319
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	4	2	1
<b>PBT</b>	<b>13.1</b>	<b>20.0</b>	<b>29.9</b>	Net Working Capital Days (Nos)	391	309	303
<i>Margin (%)</i>	<i>6.1</i>	<i>6.4</i>	<i>8.2</i>	Net Working Capital to Sales (%)	107.1	84.7	83.0
<i>YoY Growth (%)</i>	<i>208.9</i>	<i>53.0</i>	<i>49.7</i>	<b>Valuation (X)</b>			
Tax Expense	3.4	5.2	7.7	P/E	56.0	36.7	24.4
<i>Tax Rate (%)</i>	<i>26.0</i>	<i>26.2</i>	<i>25.8</i>	P/BV	5.4	4.7	3.9
<b>PAT</b>	<b>9.7</b>	<b>14.7</b>	<b>22.2</b>	EV/EBITDA	21.8	17.9	14.4
<i>Margin (%)</i>	<i>4.5</i>	<i>4.7</i>	<i>6.1</i>	EV/Sales	3.2	2.2	1.9
<i>YoY Growth (%)</i>	<i>205.7</i>	<i>52.5</i>	<i>50.5</i>	<b>Cash Flow Statement</b>			
Min Int/Sh of Assoc	0.0	0.0	0.0	PBT	13.1	20.0	29.9
<b>Net Profit</b>	<b>9.7</b>	<b>14.7</b>	<b>22.2</b>	Adjustments	16.6	29.6	19.1
<i>Margin (%)</i>	<i>4.5</i>	<i>4.7</i>	<i>6.1</i>	Change in Working Capital	(9.1)	(38.2)	(37.4)
<i>YoY Growth (%)</i>	<i>205.7</i>	<i>52.5</i>	<i>50.5</i>	Less: Tax Paid	(3.4)	(5.2)	(7.7)
<b>Balance Sheet</b>				<b>Cash Flow from Operations</b>	<b>17.1</b>	<b>6.1</b>	<b>3.8</b>
Share Capital	65.0	65.0	65.0	Net Capital Expenditure	(0.7)	(0.8)	1.8
Total Reserves	36.0	50.5	72.4	Change in Investments	(0.0)	1.5	(0.1)
<b>Shareholders Fund</b>	<b>101.0</b>	<b>115.5</b>	<b>137.4</b>	<b>Cash Flow from Investing</b>	<b>(0.7)</b>	<b>0.7</b>	<b>1.8</b>
Long Term Borrowings	19.4	16.3	12.9	Change in Borrowings	2.8	8.5	9.4
Deferred Tax Assets / Liabilities	(0.7)	(0.7)	(0.7)	Less: Finance Cost	(15.4)	(15.9)	(17.8)
Other Long Term Liabilities	12.3	10.9	8.5	Proceeds from Equity	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	0.0	0.0	0.0	Dividend Paid	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>132.0</b>	<b>141.9</b>	<b>158.1</b>	<b>Cash flow from Financing</b>	<b>(12.6)</b>	<b>(7.4)</b>	<b>(8.4)</b>
Net Block	11.8	11.2	7.4	<b>Net Cash Flow</b>	<b>3.8</b>	<b>(0.6)</b>	<b>(2.8)</b>
Capital Work in Progress	1.3	0.0	0.0	Forex Effect	0.0	0.0	0.0
Intangible assets under development	0.0	0.0	0.0	Opening Balance of Cash	2.3	6.1	5.5
Non Current Investments	0.0	0.0	0.0	<b>Closing Balance of Cash</b>	<b>6.1</b>	<b>5.5</b>	<b>2.7</b>
Long Term Loans & Advances	2.5	1.2	1.2				
Other Non Current Assets	0.1	0.1	0.1				
Net Current Assets	116.1	129.5	149.3				
<b>Total Assets</b>	<b>132.0</b>	<b>141.9</b>	<b>158.1</b>				

Source: Ventura Research

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