



IPO Note – Motisons Jewellers Limited

IPO Date	18th Dec- 20th Dec'23
Face value	Rs. 10/-
Price band	Rs. 52-55
Lot Size	250 Shares
Fresh Issue	₹151 Cr
Listing at	BSE, NSE



Object of the Issue:

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

About the Company:

Motisons are Jewellery retail player with a history of more than 2 decades in the jewellery industry having more than 20 years of experience. Co. 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. Other offerings include gold and silver coins, utensils and other artifacts. Co commenced 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

Co. expanded 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.

In addition to selling products at showrooms, Co also sell products through online platform at <https://www.motisonsjewellers.com/>.

Promoters of the company:

1.Sandeep Chhabra; 2. Sanjay Chhabra; 3. Namita Chhabra; 4. Kajal Chhabra; 5. Moti Lal Sandeep Chhabra (HUF); 6. Sandeep Chhabra (HUF); 7. Sanjay Chhabra (HUF) 8. Motisons Global Private Limited; and 9. Motisons Entertainment (India) Private Limited.

Part of promoter group :

Godawari Estates Private Limited, Motisons Shares Private Limited, Motisons Hotels and Resorts (India) Private Limited, Bholenath Real Estate Private Limited, Motisons Townships Private Limited, Motisons Commodities Private Limited, Kalpsagar Entertainment (OPC) Private Limited, Shashi Commodity Private Limited, Gun Sagar Builders Private Limited and many more.

Industry Outlook: Gems and Jewellery Industry

This industry is marked by a diverse range of precious metals and gemstones, including gold, silver, diamonds, emeralds, rubies, sapphires, and many others, which are set into jewellery pieces ranging from traditional to contemporary designs.

The gold business is multifaceted with a dynamic landscape. Gold, one of the world's most precious and coveted metals, finds its use in jewellery and coinage, as well as a symbol of wealth and a hedge against economic uncertainties. Today, the global gold market is a complex ecosystem with numerous stakeholders, including miners, refiners, investors, and jewellery manufacturers, each contributing to the intricate web of supply and demand.

After nearly a decade, the global demand for gold witnessed a resurgence, reaching a notable high of 4,740.7 tonnes in 2022.

Jewellery fabrication stands as the prominent user segment propelling gold demand,



accounting for a substantial share of 46.19%. This segment highlights the enduring cultural and aesthetic significance of gold. Beyond personal adornment, gold continues to play pivotal roles in the financial and industrial sectors. Central banks and other institutions, responsible for safeguarding economic stability and wealth preservation, collectively contribute 23.96% to the gold demand.

In 2019, the overall jewellery fabrication market faced a slight 6% decline. However, the year 2020 was marked by even more significant setbacks, reporting a steep 38% annual decrease in demand. This substantial decline can be attributed to the unprecedented impact of the COVID-19 pandemic, which disrupted supply chains, closed retail outlets, and altered consumer spending patterns, leading to a substantial downturn in the jewellery market during that year.

The growth of e-commerce has significantly impacted on the trade in gems and jewellery. Online platforms have provided consumers with a wider selection and the ability to compare prices and styles easily, further transforming the way this industry operates. Trading Volumes The total global gold market liquidity averaged at USD 131.62 billion every day in 2022. Within this, Over the Counter3 (OTC) trade averaged at USD 77.75 billion, accounting for 59% of the total trade volumes in 2022. Exchanges recorded 39% of the trade volume, recording a daily average of USD 51.57 billion. Exchanges comprised of COMEX, Shanghai Futures Exchange, Shanghai Gold Exchange, and All other exchanges.

Notably, in FY 2023, the domestic gems and jewellery market was valued at approximately Rs 4,700 billion, and gold jewellery was the leading segment.

With over 5 million skilled and semi-skilled workers, this sector contributes approximately 10-12% of India's total merchandise exports, establishing itself as the third-largest commodity share in the country

Bridal jewellery captures a significant 50% share of the market due to its substantial demand driven by cultural and traditional factors.



Growth Drivers in the Industry

- According to an estimate by Confederation of All India Traders, about 38 lakh weddings will be solemnised across the country, with a massive flow of **about Rs 4.7 lakh crores** by way of wedding purchases and procurement of various services,
- Spot gold jumped to a record high
- The country imported 220 tons of gold in the July-September quarter, 19% more than a year earlier.

Strength:

- Co. have an established brand name with heritage and a legacy of over two decades
- 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.
- Strategic location of our showrooms. (Approx foot fall 25000 Sq ft)
- Co. has two manufacturing unit located at SEZ rajasthan.

Strategies:

- Company to expand their retail network in cost efficient manner by leveraging the Motisons brand.
- Co. also looks to pay out the schedule loan which will help co, to get the better margin.
- Co. is keen to expand the online presence.
- Co. to invest in marketing, brand building initiatives and collaborations
- Co. has dedicated design team, comprising 7 designers, the designs of jewellery are developed by them in-house based on customer and market in sight. Further co. is keen to add more jewellery design in line with the market trade



Key Highlighted points:

(₹ in Lakhs)

Category	As on June 30, 2023		FY 2022-23		FY 2021-22		FY 2020-21	
	Net Sales	(%)	Net Sales	(%)	Net Sales	(%)	Net Sales	(%)
Revenue from in-house manufacturing	14.16	0.16%	1,649.54	4.50%	949.58	3.02%	737.68	3.46%
Revenue from job-work	422.34	4.87%	2,911.00	7.95%	2,067.56	6.58%	725.38	3.40%
Revenue from Trading	8,236.33	94.97%	32,059.07	87.55%	28,415.33	90.40%	19,837.27	93.12%
Revenue from Others	0.00	0.00%	0.00	0.00%	0.34	0.00%	3.68	0.02%
TOTAL	8,672.83	100.00%	36,619.61	100.00%	31,433.01	100.00%	21,304.01	100.00%

- Mr. Sanjay Chhabra and Sandeep Chhabra were previously involved in proceedings initiated by investigation agency in relation to IPL betting.
- Sanjay Chhabra, Sandeep Chhabra and Kaja Chhabra and Motisons Entertainment India pvt limited, and three (3) members of our Promoter Group, Motisons Shares Private Limited and Motisons Commodities Private Limited and Bholenath Real Estate Private Limited, are involved in proceedings involving SEBI and/or the Stock Exchange and other regulatory authorities. (in pursuant to trades conducted by each of them in the scrip of a listed company, “Pincon Lifestyles Limited (“List Co.”) in 2022.
- Co. Promoter, Motisons Entertainment (India) Private Limited (“MEIPL”) has received orders dated 20.04.2022 and 26.05.2022 under Section 91 of the Criminal Procedure Code, 1973 from Bank Securities Fraud Branch, Central Bureau of Investigation, Mumbai (“CBI”) for production of certain document/article in relation to a loan transaction undertaken by MEIPL with a public limited company Trimax IT Infrastructure & Services Ltd. (“TIISL”). alleging a fraud against “TIISL” causing loss of Rs. 862.06 crores in respect of various credit limits sanctioned to “TIISL” by 9 consortium banks between 2009 and 2017.
- In 2018 the investigation conducted by SEBI into the trading activities of certain entities in illiquid stock options at the BSE for the period April 01, 2014 to September 30, 2015, SEBI found that 2,91,643 trades involved reversal of buy and sell positions by the clients and counterparties. In this matter, an inquiry was initiated against Promoter Group Company for allegedly entering into non-genuine trades in violation of provision of Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003.



- SEBI conducted investigation into the trading activity in illiquid stock options on BSE Limited for the period between 01.04.2014 to 30.09.2015, wherein a total of 2,91,643 trades comprising 81.38% of all the trades executed in the BSE Stock Options Segment were found to be the trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. The SEBI identified top 59 persons/entities, which included Motisons Commodities Private Limited, alleged to have been involved in such reversal trades in violation of the provisions of regulations 3(a), (b), (c), (d) and regulations 4(1), 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003. It was alleged that Motisons Commodities Pvt. Ltd. engaged in 339 instances in 119 unique contracts which led to generation of artificial volume in these unique contracts.
- Co. have availed unsecured loans from our promoters and members of promoter group carrying 11.60% Average Rate of Interest and secured loans from scheduled commercial banks and FIs carrying 8.58% Average Rate of Interest.
- All the four showrooms are operated on the properties that are leased or rented to our Company by our Promoters and member of our Promoter Group.
- Co. have significant working capital requirements which are funded 53.15%, 53.80%, 55.87%, and 57.39% through borrowings for the period June 30, 2023, and for the fiscal years 2023, 2022 and 2021
- Inventory holding is 381.31%, 87.47%, 90.27% and 112.58% of our revenue and our Inventory turnover days are 417, 364, 360 and 494 for the period ending on June 30, 2023.
- Total trade receivables were Rs. 149.73 lakhs, Rs. 108.77 lakhs, Rs. 206.17 lakhs, and Rs. 223.53 lakhs, respectively, in the stub period ending on June 30, 2023
- Co. has favorable Interest Service Coverage Ratio of 2.70 times, 2.92 times, 2.28 times and 1.87 times for the period ending on June 30, 2023
- Co. anticipates a projected working capital requirement of Rs. 36,721.49 lakhs in the fiscal year 2023-24, reflecting a notable increase of 24.09% from the preceding year.
- Designer duo Abu Jani and Sandeep Khosla have partnered with Jaipur based Motisons Jewellers for its debut bridal collection titled 'Asal'.
- Co. has done Private Placement of 60,00,000 Equity Shares of our Company having face value of ₹ 10/- each at a price of ₹ 55/- each aggregating to ₹ 33,00,00,000/-
- Co. debt equity ratio as on jun30,2023 stands to 1.16



Financial Analysis

Particulars	June'23	FY- 2022- 23	FY 2021-22	FY 2020-21
Revenue (in lacs)	8,672.83	36,619.61	31,433.01	21,304.01
EBITDA (in lacs)	1260.65	4960.1	3,874.77	3,112.3
EBITDA Margin	14.54%	13.55%	12.33%	14.61%
PAT	547.76	2219.58	1,474.72	967.17
PAT Margins (%)	6.32%	6.06%	4.69%	4.54%
Networth (in lacs)	14280.55	13739.9	11,545.28	10,096.29
RONW	3.84%	16.15%	12.77%	9.58%
ROE	3.91%	17.56%	13.63%	10.05%
ROCE	7.47%	30.04%	25.18%	21.45%

Peer Analysis-31st March- 2023

Metric	Motisons Jewellers	Goldiam International	DP Abhushan	Thangamayli Jewellers
Rev From Operations (IN LACS)	36,619.61	30,344	1,97,512	3,15,255
EBITDA (in lacs)	4,960.1	7,197	7,858	15,625
EBITDA-Margins-%	13.55%	23.72	3.98	4.96
PAT (mn)	2219.58	5,687.58	4,531.69	7,974.00



PAT margin	6.06%	18.74%	2.29%	2.53%
RONW	16.15%	20.09 %	25.03%	20.51%
ROCE	30.04%	25.58%	34.89%	26.36%
ROE	17.56%	22.20%	28.40%	22.37%
Net worth	13,739.98	27,217.77	18,107.40	38,879.00

Rationale for IPO Investment: Company has great presence in Jaipur, it has better top line, but bottom line fluctuates because of its volatile operating cycle and interest cost, grey market premium has zoomed too 200%, co. also has worst past, risk takers can take risk and apply for the listing gains. Conservative retailers avoid.

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