

The Issue

Type of Issue	Issue size Rs. Mn
Fresh Issue	1,511
Offer for Sale	-
Total	1511
Post issue mkt cap (Rs. bn)*	5.14
Lot size	250

***At Upper Price Band**
Issue Break-Up

Reservation for	% of Issue
QIB	50%
NIB	15%
Retail	35%
Total	100%

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	18th Dec-23
Bid/Offer Closing Date	20th Dec-23
Finalization of the Basis of Allotment	21st Dec-23
Initiation of refunds	22nd Dec-23
Credit of shares	22nd Dec-23
Listing Date	26th Dec-23

Use of Proceeds

Repayment of borrowings
Funding working requirements and General corporate purposes

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Regional jewellery player at reasonable valuation

Company Overview:

- Motisons Jewellers Ltd is a Jewellery retail player with a history of >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. Additionally, company also sells gold and silver coins, utensils and other artifacts.
- Company commenced their 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 their jewellery business in 1997 with a single showroom in Jaipur, Rajasthan. Since then, they have expanded network of showrooms and the product portfolio and currently operate 4 showrooms under the "Motisons" brand, located across the city of Jaipur, Rajasthan.
- In addition to selling products at their showrooms, they also sell their products through their online platform.
- 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 engages artisans on job work basis and have their own manufacturing facilities located in Jaipur, Rajasthan for diamond and gem stone studded jewellery.
- 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.

Valuation and Outlook: At the upper price band of Rs 55, the IPO is priced at 24.4x FY23 PE i.e. 24% discount to its industry peers. Motisons jewellers is regional player with a solid track record of two decades. The company offers ~300k designs in gold, diamond and other jewellery across different price points. The growth in Indian jewellery has is being driven by rising middle class population and sharp increase in disposable income amongst youth. Motisons has grown its revenue/Ebitda/pat at a CAGR of 31%/26%/51% respectively over FY21-23. The company has a healthy operating margin v/s peers albeit is weak in parameters like Inventory days, WC days and leverage ratios. Motisons underperforms the industry average. Additionally, partial repayment of debt is a key positive for the company. **We assign a SUBSCRIBE for long term rating to the IPO.**

Motisons Jewellers Ltd

key financial summary

Financial summary (Rs. mn)	FY21	FY22	FY23	Q1FY24
Revenue	2,130	3,143	3,662	867
Ebitda	311	386	490	126
Ebitda margin	14.6%	12.3%	13.4%	14.5%
PAT	97	148	222	55
PAT Margin	4.5%	4.7%	6.1%	6.3%
ROE	9.6%	12.8%	16.2%	3.8%

Pre-issue and post-issue holding structure

	Pre-issue	Post-issue*
Shareholding pattern	Holding (%)	Holding (%)
Promoter & Promoter Group	91.5%	66.0%
Public	8.5%	34.0%
Total	100.0%	100.0%

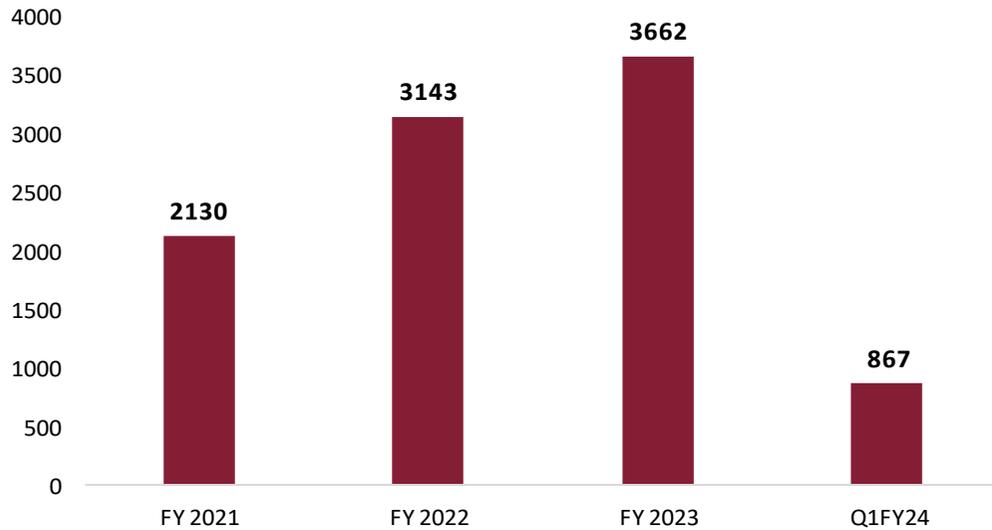
* At upper price band

Key Risk:

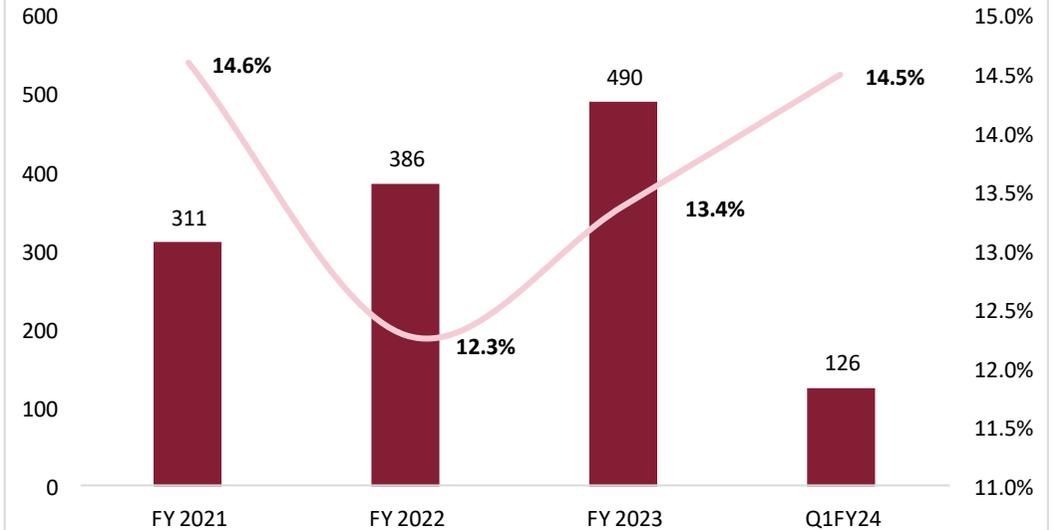
- **Dependence on third parties Suppliers:** Company is heavily dependent on third parties for supplying their products. Company procured 99.84% during Q1FY24 from third party suppliers and their network of job workers. Company doesn't have do not have specific written agreements with such suppliers of finished goods and raw materials and job-workers.
- **Promoter backed debt:** Company has availed unsecured loans from the 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. As of 1QFY24 the loan from promoter to company amounted to Rs. 1079.6 mn or 65% of the total debt.
- **Regional concentration:** All of the four (4) showrooms are in one geography namely Jaipur, Rajasthan. Any adverse development affecting such a region may have an adverse effect on their business.
- **High WC intensity:** Company have significant working capital requirements which are funded through debt, for the period June 30, 2023 that was 53% of the total debt.
- **High inventory days:** Company holds significant inventory as a % to revenue, in Q1FY24 that was 381.31%, while the inventory days for that period was 471 days which is substantial when compared to peers. High inventory holdings and inventory turnover days will affect their ability to respond to changes in consumer demands and market trends in a timely manner, which may impact our operations adversely.
- **Litigation history:** 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. Though they have been duly discharged. Additionally In the past, two of the company Promoters, Sanjay Chhabra and Sandeep Chhabra and eight (8) of the Promoter Group Members have contravened the provisions of the SEBI Act and Regulations made thereunder for which SEBI imposed penalties

Motisons Jewellers Ltd

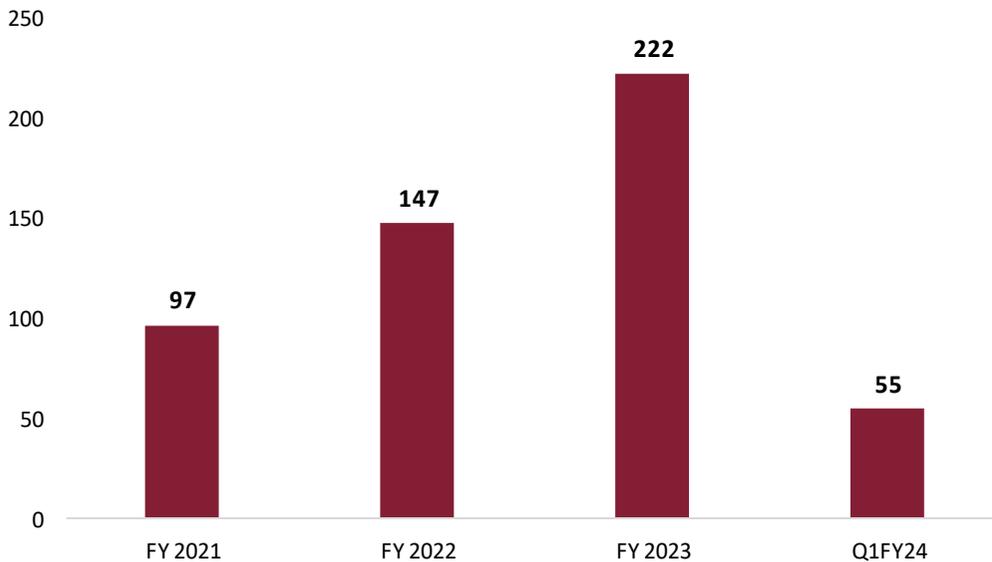
Net Sales (Rs.millions)



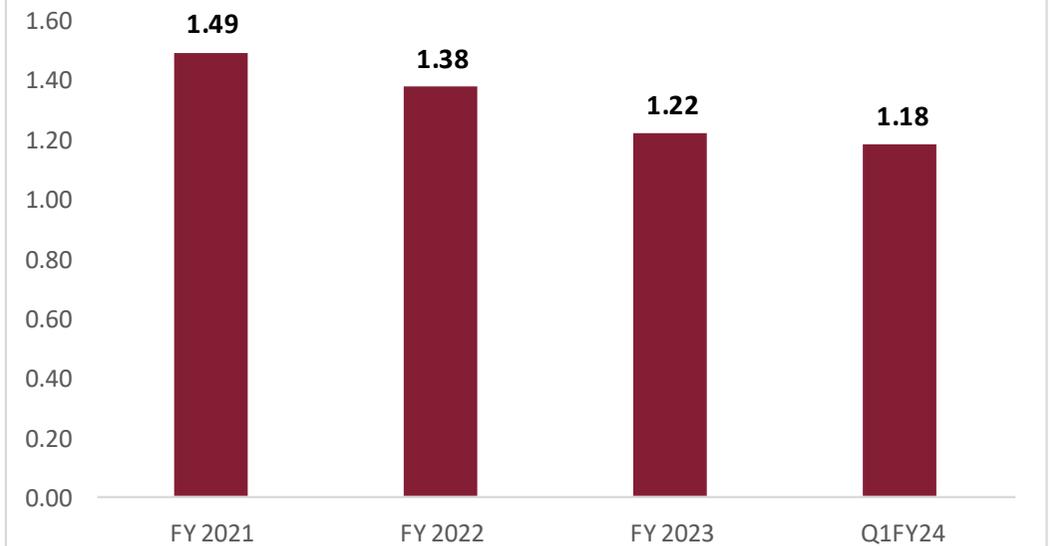
EBITDA(Rs. Millions)



Adj Pat (Rs. Millions)



Debt/Equity



Motisons Jewellers Ltd

Category	FY 2021	FY 2022	FY 2023	Q1FY24
(A) Manufacturing Sales				
- Diamond & Gem Stone Studded Jewellery	0.14%	0.77%	0.00%	0.00%
-Gold Jewellery	3.33%	5.59%	7.50%	0.50%
-Silver jewellery and articles	3.40%	3.24%	4.96%	4.53%
Total (A)	6.87%	9.60%	12.46%	5.03%
B) Trading Sales				
-Gold Jewellery	76.53%	74.96%	74.57%	80.26%
-Diamond and Gem Stone Studded Jewellery	10.88%	10.55%	9.23%	11.49%
-Silver jewellery and articles	5.35%	4.60%	3.48%	3.12%
-Diamond and other stones	0.36%	0.30%	0.26%	0.10%
Total (B)	93.12%	90.41%	87.54%	94.97%
Job work Income	0.02%	0.00%	0.00%	0.00%

Company Name	P/E	Revenue	EBITDA	Ebitda Margin	ROE	D/E	Inventory Turnover days
Motisons Jewellers Ltd	24.39	3662	490	13.38%	16.15%	1.2	364
Goldiam International Limited	27.55	3034	720	23.72%	20.90%	0.0	46
DP Abhushan Limited	29.09	19751	786	3.98%	25.03%	0.6	69
Thangamayil Jewellery Limited	24.08	31526	1563	4.96%	20.51%	2.0	111
Renaissance Global Ltd	48.00	13548	595	4.39%	3.68%	0.9	131

INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

Note: Considering the current pandemic situation, the duration for the price target may vary depending on how the macro scenario plays out. Therefore, the duration which has been mentioned as a period of 12-18 months for upside/downside target may be higher for certain companies.

DISCLOSURE

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