



Motisons Group

Sector - Diamond, Gems and Jewellery

Issue Opens - December 18, 2023 to December 20, 2023

Price Band
₹52 to ₹55

Face Value
₹10

Lot Size
250 Shares

Issue Size
₹151.09 Cr

Issue Type
Book Built

Research@ganeshstock.com

Important Events



Issue Size

27,471,000 shares/ ₹151.09 Cr

Fresh Issue

27,471,000 shares/ ₹151.09 Cr

Offer for Sale

N/A

Basis of Allotment

Thursday, December 21, 2023

Initiation of Refunds

Friday, December 22, 2023

Credit of Shares to Demat

Friday, December 22, 2023

Motisons IPO Listing date

Tuesday, December 26, 2023

Promoters

- **Sandeep Chhabra (Chairman and Whole Time Director)**
- **Sanjay Chhabra (Managing Director)**
- **Laksh Chhabra (Joint Managing Director)**
- **Kajal Chhabra (Non-Executive Director)**
- **Sushil Kumar Gangwal (Independent Director)**

Promoters collectively hold 91.54% (Pre Issue) of the Equity Share.

About The Company



The company is a Jewellery retail player with over two decades of experience in the jewelry sector, with seasoned entrepreneurs as Promoters with over 20 years of experience. The jewellery business covers the sale of gold, diamond, and kundan jewelry, as well as the sale of other jewelry items such as pearl, silver, platinum, precious, semi-precious stones, and other metals.

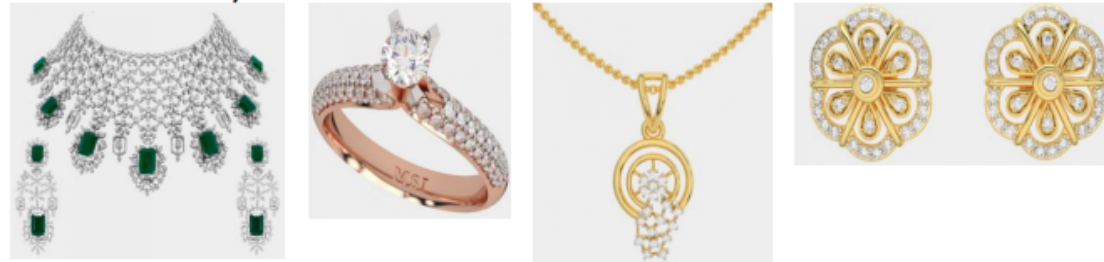
Description of Their Business

Their jewelry business began in 1997 with a single showroom in Jaipur, Rajasthan. Their first store, known as the 'Traditional Store,' was established in the famous lanes of the busiest Johri Bazaar, a renowned jewellery hub in the city's heart.

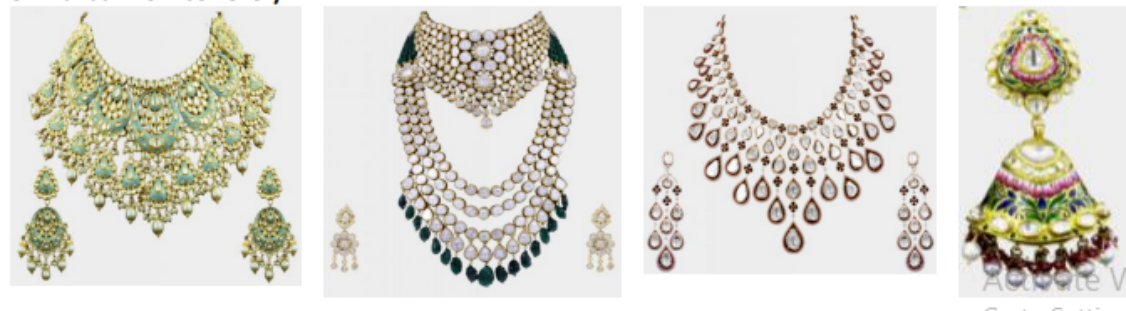
A. Gold Jewellery



B. Diamond Jewellery



C. Kundan Polki Jewellery





Their product selection comprises classic, modern, and mixed designs for every type of jewelry, from everyday wear for all ages and genders to jewelry for special events like festivals and weddings. They sell gold jewelry, diamond jewelry, and other cutlery in a variety of styles, from modern metropolitan designs to handcrafted Indian cultural jewelry. Each showroom's stock of gold, diamond, and other jewelry pieces represents the tastes and styles of their clientele. Their main advantages include their emphasis on creativity and design, their aptitude for spotting market trends and customer preferences, the complexity of their designs, and the high caliber of their output.

Their nearly two decades of experience has helped us to develop a successful business strategy that allows us control over Their activities ranging from raw material procurement, design, manufacturing, and marketing to sales via Their network. Their business strategy enables us to monitor and regulate the quality of Their products on the supply side, while also allowing us to adapt swiftly to the demands and preferences of Their consumers on the demand side.

D. Silver Jewellery



E. Other Artifacts



Objects of The Offer

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

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

Track Record Of Financial Performance

The following table provides a breakdown of our revenue from operations by product category in the 152 relevant periods:

Category	FY 2021-22		FY 2020-2021		FY 2019-2020	
	Amount	(%)	Amount	(%)	Amount	(%)
(A) Manufacturing Sales*						
- Diamond and Gem Stone Studded Jewellery	241.46	0.77%	29.30	0.14%	143.17	0.65%
- Gold Jewellery	1,758.12	5.59%	708.39	3.33%	330.30	1.51%
- Silver jewellery and articles	1,017.56	3.24%	725.38	3.40%	697.45	3.19%
Total (A)	3,017.14	9.60%	1,463.06	6.87%	1,170.92	5.35%
(B) Trading Sales						
- Gold Jewellery	23,561.54	74.96%	16,303.14	76.53%	17,437.48	79.64%
- Diamond and Gem Stone Studded Jewellery	3,315.59	10.55%	2,318.41	10.88%	2,230.96	10.19%
- Silver jewellery and articles	1,444.89	4.60%	1,138.76	5.35%	1,029.77	4.70%
- Diamond and other stones	93.50	0.30%	76.65	0.36%	25.18	0.12%
Total (B)	28,415.52	90.40%	19,837.27	93.12%	20,723.39	94.65%
(C) Others (Job Work Income)	0.34	0.00%	3.68	0.02%	-	0.00%
TOTAL	31,433.00	100%	21,304.01	100.00%	21,894.31	100.00%

*Includes products manufactured in the Company's units as well as on job-work basis.

Note: Percentage of total Revenue from Operations

key performance indicators for the periods indicated:

Category	(₹ in lakhs)			
	FY 2021-22	FY 2020-2021	FY 2019-2020	CAGR
Revenue from Operations	31,433.01	21,304.01	21,894.31	12.81%
EBIDTA ⁽¹⁾	3,874.77	3,112.31	2,364.47	17.90%
EBIDTA Margin (%) ⁽²⁾	12.33%	14.61%	10.80%	4.51%
PAT	1,474.72	967.17	316.36	67.05%
PAT Margin (%) ⁽³⁾	4.69%	4.54%	1.44%	48.08%
ROE ⁽⁴⁾	13.63%	10.05%	3.50%	57.33%
ROCE ⁽⁵⁾	13.09%	11.30%	8.63%	14.90%

MOTISONS JEWELLERS LIMITED

Restated Statement of Profit & Loss for the year ended



(Amount in Lakhs)

Sr. No.	Particulars	Note No.	Year Ended on 31st March, 2022	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
I	Income				
	a) Revenue from operations	22	31,433.01	21,304.01	21,894.31
	b) Other income	23	14.12	2.21	4.63
	Total Income		31,447.13	21,306.22	21,898.94
II	Expenses				
	a) Cost of materials consumed	24	3,148.09	1,321.98	2,153.45
	b) Purchase of Stock-in-Trade	25	28,321.10	16,558.81	16,727.97
	c) Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	26	(5,064.31)	(502.00)	(286.56)
	d) Employee Benefit Expenses	27	702.72	563.45	595.86
	e) Finance costs	28	1,593.13	1,539.03	1,647.34
	f) Depreciation and amortization expense	29	282.72	266.67	294.17
	g) Other Expenses	30	464.72	251.69	343.73
	Total Expenses		29,448.17	19,999.63	21,475.96
III	Profit Before Tax (PBT) (I-II)		1,998.96	1,306.59	422.98
IV	Extra Ordinary Items				
V	Tax Expense	31			
	a) Current tax		526.45	345.13	130.93
	b) Deferred tax		(2.21)	(5.71)	(24.31)
	Total Tax Expenses		524.24	339.42	106.62
VI	Profit After Tax (PAT) (III-IV)		1,474.72	967.17	316.36
VII	Other Comprehensive Income / (Expense)				
	a) Items that will not be reclassified to Profit & Loss		1.00	(3.61)	(1.89)
	Income tax in respect of above		(0.25)	0.91	0.48
	b) Items that may be reclassified to Profit & Loss		-	-	-
	Income tax in respect of above		-	-	-
	Total Other Comprehensive Income		0.75	(2.70)	(1.41)
XI	Total Comprehensive Income for the Year (V+VI)		1,475.47	964.47	314.95
XII	Earnings per equity share of Rs. 10/- each (In Rs.)				
	a) Basic	32	2.27	1.49	0.49
	b) Diluted	32	2.27	1.49	0.49
	The accompanying notes are integral part of these Financial Statement	1-54			



Strengths

- They have a well-known brand with a history spanning more than 20 years.
- Their showroom is strategically located in Jaipur, Rajasthan, which is well-known for producing traditional jewelry.
- Diversified product line with a range of price ranges and categories (They have over 300,000+ jewelry designs in their product inventory, with a large selection of gold, diamond, and other jewelry items available at various price points.)
- Developed procedures and processes to reduce risk and increase efficiency (They've set up processes and procedures for inventory control, order processing, risk management, finance and controls, human resource management, inventory management, data analytics, and management processes, among other areas of their business and operations.)

Risks

- In motisons Company, Promoters and Directors are involved in certain legal proceedings. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect their business and results of operations.
- They rely on third companies to produce and manufacture the majority of their items. They may be unable to maintain or establish formal arrangements with such third parties, and any disruptions at such third-party production or manufacturing facilities, or failure of such third parties to adhere to the relevant quality standards, may harm Their reputation, business, and financial condition.

Valuation and Outlook



The issue's price range, in terms of valuation, is INR₹52 to ₹55 per share. A P/E ratio of Motisons Jewellers is 16.08x is based on a price range above INR 55 and FY23 EPS of INR 3.42 with an industry average of 81.5X.

COMPARISON WITH LISTED INDUSTRY PEERS

Company Name	EPS (Basic)	EPS (Diluted)	NAV (per share) (Rs)	P/E (x)	RoNW (%)	P/BV Ratio
Motisons Jewellers Limited	3.42	3.42	21.15		16.15	
Goldiam International Limited	5.22	5.22	24.98	27.55	20.9	5.13
DP Abhushan Limited	20.33	20.33	81.36	29.09	25.03	3.81
Thangamayil Jewellery Limited	58.13	58.13	283.37	24.08	20.51	3.55
Renaissance Global Limited	2.13	2.11	57.73	48	3.68	1.44

The Indian jewellery market has transformed significantly over the years from being unorganized to an organized one, although it is highly dominated by unorganized sector. In the organized retail sector, the organized jewelry market made up between 30% and 32%. Players like Kalyan Jewellers, Tanishq, Malabar, PN Gadgil, Thangamayil Jewellers, and Joyalukkas are among those in the organized jewelry retail business. Still, the unorganized market currently controls much of the industry. Gold jewellery has long held a dominant position in the Indian jewellery sector. Buying gold jewellery has a major saving significance in India, in addition to being a consumer good like fashion jewellery.

Unpredictable factors like interest rate fluctuations, geopolitical unrest, or other significant occurrences may negatively affect a commodity's price, which ultimately affects both demand and consumer spending.

Considering all the variables, including management and finances, we suggest a **"SUBSCRIBE"** rating for this IPO, only for **good listing gains** & for those investors who are willing to accept significant risks in the long run.

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