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MOTISONS JEWELLERS LIMITED



(Please scan the QR code to view the RHP)

Our Company was originally formed as partnership firm under the name and style of 'M/s MOTISONS JEWELLERS', pursuant to a deed of partnership dated October 16, 1997 as amended and restated from time to time. M/s Motisons Jewellers was thereafter converted into a public limited company in the name and style of 'Motisons Jewellers Limited' on May 08, 2014 pursuant to the provisions of Section 19(2)(b) of the Companies Act, 2013 and was granted a certificate of incorporation dated May 08, 2014 issued by the Registrar of Companies, Jaipur, Rajasthan ("ROC") bearing Corporate Identification Number "U36911R12011PL0235122". For details of incorporation, change of name and registered office of our company, please refer to chapter titled "Our History and Certain Other Corporate Matters" beginning on page 235.

Registered Office: 271, 272 & 273, Jai Bajaj, Jaipur 302003, Rajasthan, India. Corporate Office: 58-110, Motisons Tower, Lakshmi, Tonk Road, Jaipur - 300015, Rajasthan, India.
Tel No: +91 - 141 - 4150000 | Email: coneshsharma@motisons.com | Website: www.motisonsjewellers.com
Contact Person: Mr. Nareesh Kumar Sharma, Company Secretary and Compliance Officer | CIN: U36911R12011PL0235122

PROMOTERS OF OUR COMPANY: SANDEEP CHHABRA, SANJAY CHHABRA, NAMITA CHHABRA AND KAJAL CHHABRA, MOTI LAL SANDEEP CHHABRA HUF, SANDEEP CHHABRA HUF, SANJAY CHHABRA HUF, MOTISONS GLOBAL PRIVATE LIMITED AND MOTISONS ENTERTAINMENT (INDIA) PRIVATE LIMITED

THE ISSUE

INITIAL PUBLIC ISSUE OF UP TO 2,74,71,000* EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [x] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [x] PER EQUITY SHARE), AGGREGATING UP TO ₹ [x] LAKHS ("THE ISSUE"). THE ISSUE WILL CONSTITUTE [x] % OF THE POST-ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

*Our Company, in Consultation with the BRLM, has undertaken A Pre-IPO Placement of 60,00,000 Equity Shares at an Issue Price of ₹ 55/- per Equity Share (including a premium of ₹ 45/- per Equity Share) for Cash Consideration aggregating to ₹ 3,300 Lakhs, ("Pre-IPO Placement").

Motisons Jewellers Limited is a retail Jewellery player engaged in the business 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 in the City of Jaipur, Rajasthan.

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.
QIB Category: Not More Than 50% of the Issue | Retail Category: Not Less Than 35% of the Issue | Non-institutional Investor Category: Not less than 15% of the Issue

PRICE BAND: ₹ 52/- TO ₹ 55/- PER EQUITY SHARE OF FACE VALUE OF ₹ 10/- EACH
THE FLOOR PRICE IS 5.20 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 5.50 TIMES OF THE FACE VALUE
BIDS CAN BE MADE FOR A MINIMUM OF 250 EQUITY SHARES AND IN MULTIPLES OF 250 EQUITY SHARES THEREAFTER
THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 23.06 TIMES AND AT THE CAP PRICE IS 24.39 TIMES

DETAILS OF PRE-IPO PLACEMENT

Our Company, in Consultation with the BRLM, has undertaken A Pre-IPO Placement of 60,00,000 Equity Shares at an Issue Price of ₹ 55/- per Equity Share (including a premium of ₹ 45/- per Equity Share) for Cash Consideration aggregating to ₹ 3,300 Lakhs, ("Pre-IPO Placement"). Accordingly, pursuant to the Pre-IPO Placement, the size of the Issue has now been reduced to 2,74,71,000 Equity Shares from 3,34,71,000 Equity Shares. For the allotment details, please refer page 112-113 of the Red Herring Prospectus.

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated November 09, 2023, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Issue Price" section of the RHP. The price band is in line with the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the "Explanation for Issue Price" section on page 153 of the RHP.

In making an investment decision, potential investors must rely only on the information included in the Red Herring Prospectus and the terms of the Issue, including the risks involved and not rely on any other external sources of information about the Issue available in any manner.

RISKS TO INVESTORS:

- Location Risk:** All our four (4) showrooms are in one geography namely Jaipur, Rajasthan. Any adverse development affecting such a region may have an adverse effect on our business, prospects, financial condition, and results of operations. For the period ended on June 30, 2023, and in the Fiscal year ending on March 31, 2023, March 31, 2022, and March 31, 2021, 95.58%, 98.22%, 95.98% and 97.68% of our operating revenue, respectively, is generated from Jaipur, Rajasthan.
- Property Risk:** All our four (4) showrooms, including our registered office and one of our manufacturing facilities are on lease premises, owned by our promoters and promoter group companies and one of which is located in residential area. If we fail to renew these leases or if we are unable to manage our lease rental costs and any objection by competent authority/resident for carrying commercial activity on residential area, our results of operations would be materially and adversely affected.
- Litigation Risk:** Our 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, any re-opening of matter could have an adverse impact on our business and reputation.
- Business Risk:** We are heavily dependent on third parties for supplying our products. We procure 99.84%, 95.50%, 96.98% and 96.52% of goods sold for the period ended on June 30, 2023, and for the fiscal year ended on March 31, 2023, 2022 and 2021 from third party suppliers and our network of job workers. We 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 our reputation, business and financial condition.
- Working capital risk:** We 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. If we are unable to secure adequate borrowings on commercially reasonable terms it could have a material adverse effect on our business, financial condition and results of operations.
- Inventory Cost Risk:** High inventory costs may adversely impact our business and financial conditions of Our Company. Due to the nature of our business, we always keep a significant amount of inventory of our items in our showrooms. For the quarter that concluded on June 30, 2023, our company held inventory worth ₹ 33,070.53 Lakhs. Inventory stocking is 95.19%, 92.57%, and 87.08% of our total assets in the fiscal years ended on March 31, 2023, 2022, and 2021, respectively.
- Seasonal Sales Risk:** Our income and sales are subject to seasonal fluctuations and lower income in a peak season may have a disproportionate effect on our results of operations. Our sales have historically exhibited certain seasonal fluctuations, reflecting higher sales volumes and profit margins during festival periods and wedding season.
- Utilization of IPO proceeds risk:** We 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. We are making prepayment of borrowings other than auto loans from scheduled commercial banks from the proceeds of IPO carrying lesser Rate of Interest over borrowings availed from promoter and promoter group.
- The Weighted Average Cost of Acquisition of all Equity Shares transacted in last three years, 18 months and one year preceding the date of the RHP:**

Period	Weighted Average Cost of Acquisition on (WACA) (in ₹)	Upper end of the Price Band is 'X' times the WACA	Lower end of the Price Band is 'X' times the WACA	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last Three Years	55/-	1.00	0.95	55.00-55.00
Last 18 Months	55/-	1.00	0.95	55.00-55.00
Last One Year	55/-	1.00	0.95	55.00-55.00

(1) As certified by the Statutory Auditor, pursuant to the certificate dated December 06, 2023. *The Pre-IPO Placement also happened at ₹ 55/- for 60,00,000 Equity Shares on October 19, 2023. For the allotment details, please refer page 112-113 of the Red Herring Prospectus.

10. **Market Risk:** The Issue Price of our Equity Shares, our market capitalisation to Total Income and our Price Earning Ratio at Issue Price may not be indicative of the market price of the Equity Shares after the Issue.

Particulars	Ratio vis-à-vis Floor Price (₹52/-)	Ratio vis-à-vis Cap Price (₹55/-)
Market Capitalisation to Total Income	1.40	1.48
Price to Earnings Ratio	23.06	24.39

11. **Competition Risk:** We face competition in the markets in which we operate and may not be able to effectively compete in the future. our competitors have achieved significant recognition for their brand names or have considerable financial, distribution, marketing, bargaining power with suppliers and other resources. Industry consolidation, either by virtue of mergers and acquisitions or by a shift in market power among competitors, may accentuate these trends. In addition, some of our competitors in smaller local markets have the advantage of having reputations and established trust with customers in their local markets, which could be difficult for us to challenge or replicate in a sustained manner in the future.

12. **Regulatory Risk:** We are required to obtain, renew or maintain certain statutory and regulatory permits and approvals required to operate our business. Non-compliance with existing or changes to environmental, health and safety, labour laws and other applicable regulations by us may adversely affect our business, financial condition, results of operations and cash flows.

13. **Weighted Average Cost of Acquisition compared to Floor Price and Cap Price:**

Past Transactions	Weighted Average Cost of Acquisition (in ₹)	Floor Price	Cap Price
Based on Primary Issuance (except for bonus issue)	55.00/-	0.95	1.00
Based on secondary transactions in last 3 years	Nil	Nil	Nil

14. **Weighted Average Return on Net Worth for Fiscals 2023, 2022 and 2021 is 13.93%.**

15. **The average cost of acquisition of Equity Shares by Promoters may be less than the Issue Price.**

16. **The BRLM associated with the Issue have handled six public issues in the past three Financial Years, out of which two issues closed below the Issue Price on the Listing Date.**

Name of the BRLM	Total Public Issues	Issue Closed below the Issue Price on Listing Date
Holani Consultants Private Limited	6	2
Total	6	2

BID/ISSUE PROGRAMME

**UPI mandate end time and date shall be at 5:00 p.m. on the Bid/Issue Closing Date.

BID/ISSUE OPENS TODAY

BID/ISSUE CLOSES ON WEDNESDAY, DECEMBER 20, 2023*

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE

In case of any revision in the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Issue Period not exceeding 10 working days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLM, for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of three Working Days, subject to the Bid/Issue Period not exceeding 10 working days, any revision in the Price Band and the revised Bid/Issue Period. If applicable, shall be widely disseminated by notification to the Stock Exchanges, and also by indicating the change on the respective websites of the BRLM and at the terminals of the Syndicate Members and by information to the Designated Intermediaries and the Sponsor Bank.

The Issue is being made through the Book Building Process, in terms of Regulation 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2019, as amended ("SEBI ICDR Regulations") and in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") and such portion, the "QIB Portion", provided that our Company in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("Anchor Investor Allocation Price"), in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 10.00 Lakhs, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 10.00 Lakhs, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. All potential Bidders (except Anchor Investors) are mandatorily required to utilize the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA accounts and UPI ID in case of UPI Bidders using the UPI Mechanism, as applicable, pursuant to their corresponding Bid Amount will be blocked by the Bid Certified Syndicate Bank ("BCSB") or the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA Process. For details, see "Issue Procedure" on page 413 of the RHP.

Bidders/Applicants should ensure that DP ID, PAN ID and the Client ID (for UPI Bidders bidding through UPI Mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN ID and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN ID and UPI ID available for UPI Bidders bidding through the UPI Mechanism in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for UPI Bidders) and the DP ID, PAN ID and Client ID (for Retail Bidders) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorized and consented to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes notification dated February 13, 2020 and read with press releases dated June 25, 2021, September 11, 2021 and March 28, 2022 and any subsequent press releases in this regard.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS: For information on the main objects of our Company, investors are requested to see "History and Certain Corporate Matters" beginning on page 235 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, see "Material Contracts and Documents for Inspection" beginning on page 476 of the RHP.

LIABILITY OF THE MEMBERS OF OUR COMPANY: Limited by shares.
AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorized share capital of our Company is ₹ 103,00,00,000 divided into 10,30,00,000 Equity Shares of face value of ₹ 10/- each and ₹ 10,00,00,000 divided into 1,00,00,000 Preference Shares of face value of ₹ 100/- each. The issue, subscribed and paid-up equity capital of our Company is ₹ 70,97,50,000 divided into 7,09,75,000 Equity Shares of face value of ₹ 10/- each. For details of the capital structure of our Company, see "Capital Structure" beginning on page 110 of the RHP.

NAMES OF THE INITIAL SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: The names of the initial signatories of the Memorandum of Association of our Company along with their allotment see: Allotment of 61,00,000 equity shares to Sanjay Chhabra, 4,50,000 equity shares to Sandeep Chhabra, 4,50,000 equity shares to Kajal Chhabra, 60,80,000 equity shares to Namita Chhabra, 64,20,000 equity shares to Moti Lal Sandeep Chhabra HUF, 74,60,000 equity shares to Vinita Devi Jain, 20,000 equity shares to Kamal Chandra Jain and 20,000 equity shares to Mahendra Kumar Patni. For details of the share capital history and capital structure of our Company see "Capital Structure" beginning on page 110 of the RHP.

LISTING: The Equity Shares to be Allotted through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' designation from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated August 02, 2023 and August 02, 2023, respectively. For the purposes of the Issue, the Designated Stock Exchange shall be National Stock Exchange of India Limited. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the ROC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Issue Closing Date, see "Material Contracts and Documents for Inspection" on page 476 of the RHP.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Issue or the specified securities stated in the Offer Document. The investors are advised to refer to page 366-367 of the RHP for the full text of the disclaimer clause of SEBI.

DISCLAIMER CLAUSE OF BSE: It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the RHP has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to the page 367 of the RHP for the full text of the disclaimer clause of BSE.
DISCLAIMER CLAUSE OF NSE (the Designated Stock Exchange): It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 367-368 of the RHP for the full text of the disclaimer clause of NSE.
GENERAL RISK: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 31 of the RHP.

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