



PC Jeweller Limited

Q3 FY 2014 Results Update

7th February 2014

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Showroom additions during Q3 FY 2014



Bangaluru, Karnataka (12,281 sq. ft.)



Hyderabad, Andhra Pradesh (17,065 sq. ft.)



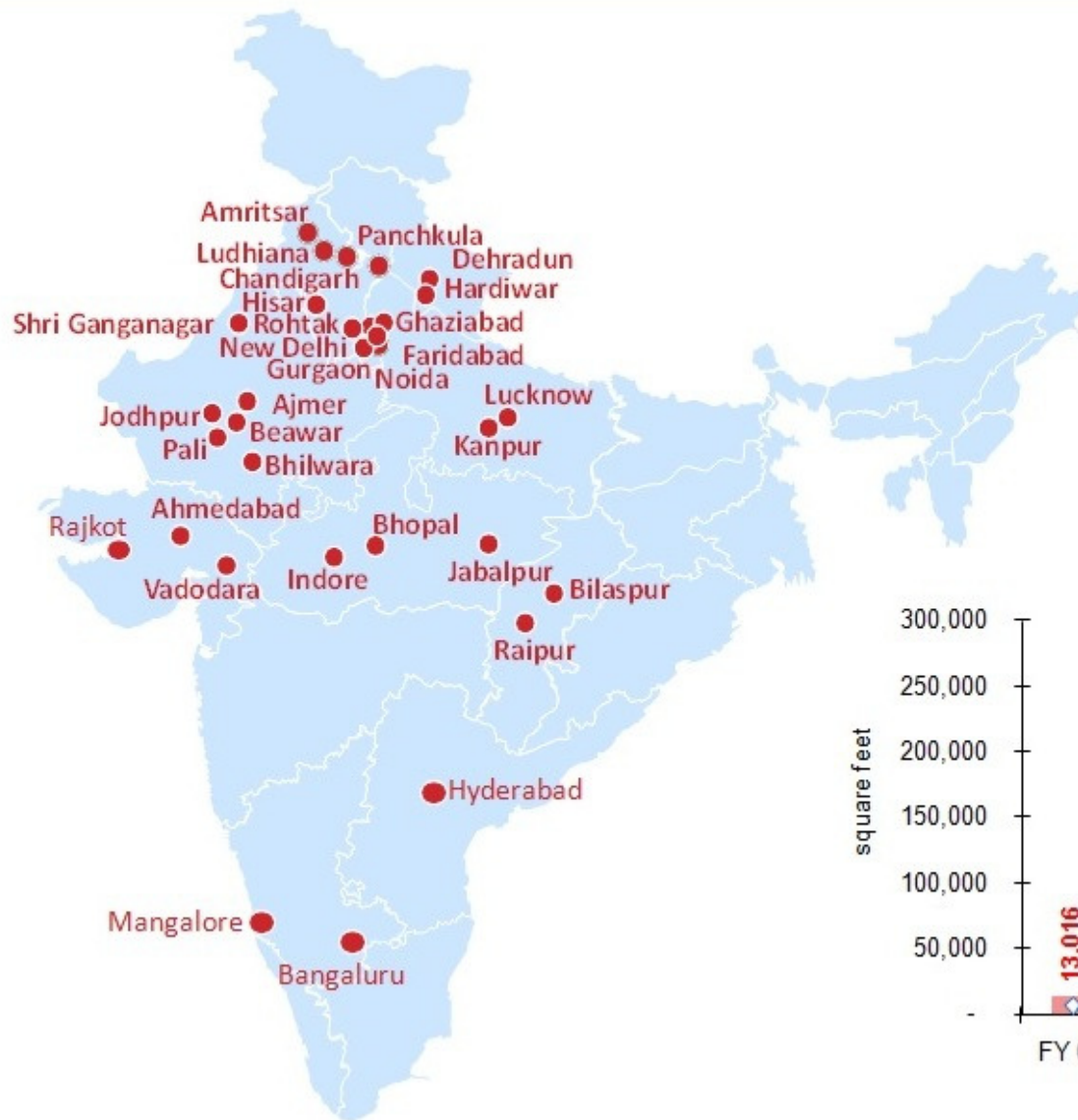
Mangalore, Karnataka (7,070 sq ft.)



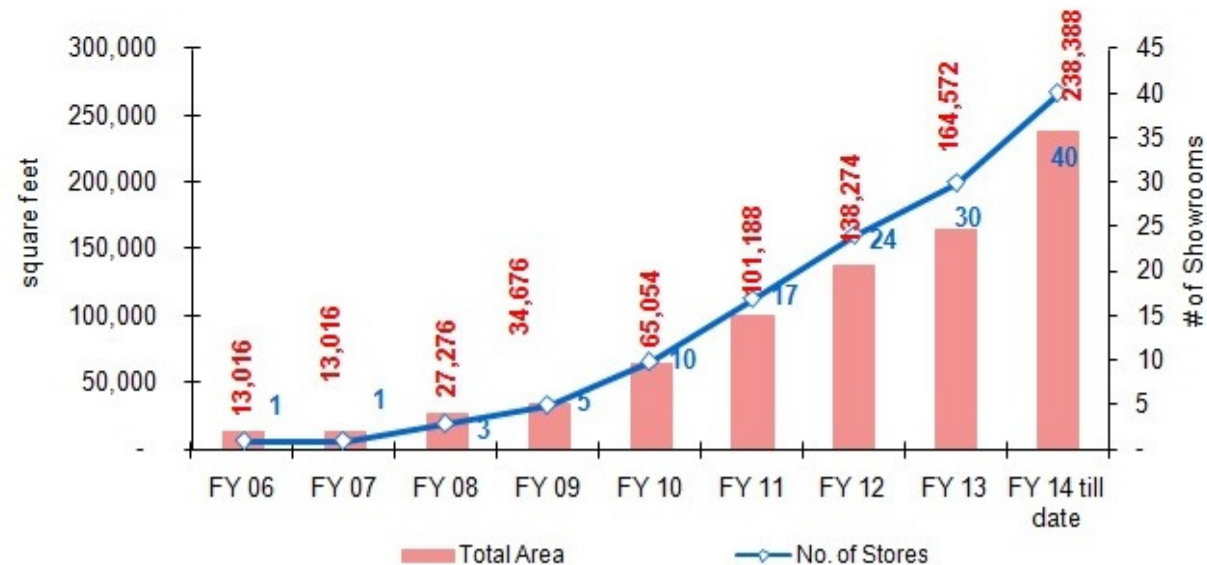
Rajkot, Gujarat (4,200 sq. ft.)

PCJ had 40 Showrooms across 33 Cities, across 11 States (as on 31 Dec 2013)

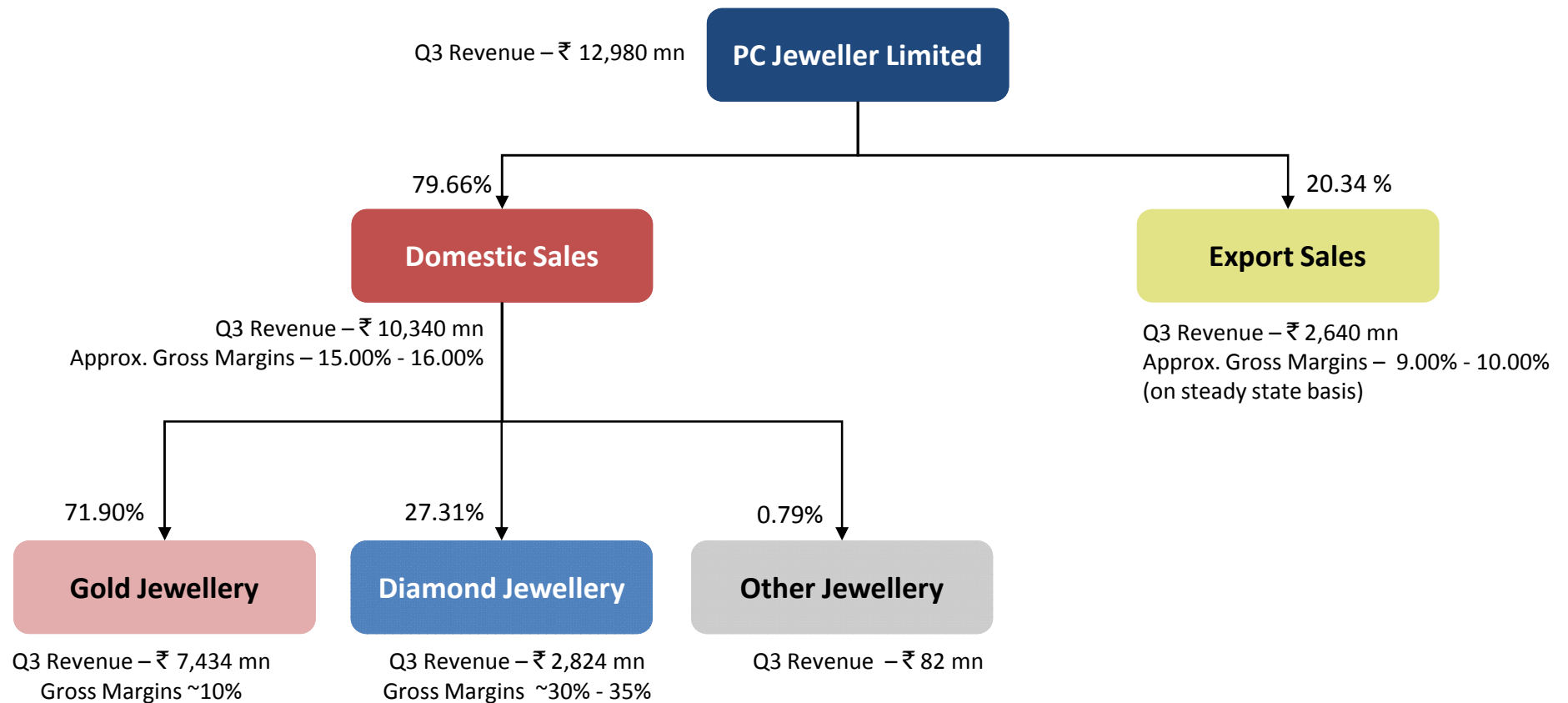
Growing Retail Footprint



- 40 Showrooms across 33 Cities, across 11 States (as on 31 Dec 2013)
- ~2,38,388 Sq. Ft. of Retail Area
- Large Format Showrooms at High street locations
- Not a Single Store closed till now



Results Analysis for Q3 FY 2014



Retail Sales - Quarterly Trend

	Q3 FY 2014	Q3 FY 2013
Operational stores as on	40	30
Total Domestic Sales (₹ mn)	10,340	8,523
Volume of Gold sold (Kgs.)	2,303.91	2,122.54
Percentage of Diamond jewellery sold (Domestic)	27.31%	27.33%

Margin Analysis

Particulars	Q3 FY 2014 (3 months)	Q3 FY 2013 (3 months)	9 months FY 2014 (Apr - Dec)	9 months FY 2013 (Apr - Dec)
Revenue from Operations (₹ Mn.)	12,980	10,185	37,887	28,742
Domestic Operations	79.66%	83.68%	76.51%	73.16%
Export Operations	20.34%	16.32%	23.49%	26.84%
Gross Margins	15.40%	14.61%	15.28%	15.41%
Domestic Operations	15.46%	14.66%	14.68%	15.37%
Export Operations*	15.18%	14.32%	17.24%	15.54%
<i>*The export gross margins are 9.00% - 10.00% on a steady state basis. However, these keep on varying in line with the MTM position as well as Re/\$ exchange rate on the Balance Sheet date</i>				
Major expenses (% of total Revenue)				
Employee Cost	0.94%	0.90%	0.88%	0.88%
Advertisements	1.18%	0.40%	1.01%	0.60%
Rentals	0.69%	0.53%	0.79%	0.55%
EBITDA Margins	12.00%	11.39%	12.24%	12.43%
PBT Margins	8.65%	8.25%	9.33%	9.09%
PAT Margins	6.16%	6.57%	7.20%	7.24%

Management Discussion & Analysis

- ❑ Gold import restrictions constrained the gold supply leading to higher premiums. However, we have been able to secure adequate gold supplies owing to our long term relationship with gold suppliers and a robust export business
- ❑ Our stores opened in 2012 and 2013 have shown positive growth, however, the same store growth for mature stores is practically nil.
- ❑ We have continued our focus on retail network expansion – 4 showrooms (40,616 sq. ft.) added during the quarter. Total showrooms till 31 Dec 2013:- 40 showrooms (2,38,388 sq. ft.)
- ❑ We launched attractive schemes on jewellery in Q3 2014 to attract more customers and thus give them additional incentive to buy jewellery.
- ❑ Advertisement expenses increased in Q3 on account of higher number of new stores and increase in promotions to attract customers. There was also some bunching up of costs which led to increased advertising costs in Q3. Interest costs during Q3 increased due to gradual phasing out of the gold loan model. Overheads were appropriately controlled and contained within acceptable limits.
- ❑ We continue to focus on our core competence and our strengths. We as a mark of our confidence have continued to open new stores - 6 in Q1 and 4 in Q3. All of them are large format stores and are getting good response from the customers.
- ❑ We continue to strengthen our manufacturing and designing capabilities, invest in our Brand, launch new collections and bring out innovative customer centric schemes, like special discount days to attract more footfalls in our stores. We also continue to strengthen our systems and procedures to take care of our expanding network
- ❑ We remain committed to corporate governance and transparency.
 - ✓ We have furthered strengthened our Board by inducting a new independent director, Mr. M. R. Naik, who has vast banking experience and was Executive Director at Allahabad Bank in his last stint
 - ✓ We have also promoted our COO, Mr. Ramesh Kumar Sharma to the Board as the Whole Time Director. With this inclusion, our board now constitutes personalities with strong domain experience across core jewellery industry, banking, strategy and law

Thank You
