

Date: August 13, 2015

To,
The Listing Compliance Department,
BSE Limited,
P. J. Tower, Dalal Street,
Mumbai – 400 001

To,
The Listing Compliance Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051

Ref.: PC Jeweller Limited (Scrip Code: 534809, Symbol: PCJEWELLER)

Sub.: Management Presentation

Dear Sir/Madam,

Please find enclosed herewith the Management Presentation on the financial results of the Company for the quarter ended June 30, 2015.

Kindly take the same on record.

Thanking you.

Yours sincerely,

For **PC Jeweller Limited**

(SANJEEV BHATIA)

Chief Financial Officer



Encl.: As above

PC Jeweller Limited

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PC Jeweller Limited



Management Presentation

Q1 FY 2016 Results Update

13th August 2015

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Q1 FY 2016 – Key Results Highlights



Q1 FY 2016 Sales: Rs. 1,510.7 cr. (14.19% growth over Q1 FY 2015)

Q1 FY 2016 Domestic Retail Sales : Rs. 949.6 cr. (21.38% growth over Q1 FY 2015)

Q1 FY 2016 PBT: Rs. 116.0 cr. (17.04% growth over Q1 FY 2015)

Q1 FY 2016 Domestic Retail PBT: Rs. 95.8 cr. (13.78% growth over Q1 FY 2015)

Q1 FY 2016 PAT: Rs. 82.4 cr. (18.51% growth over Q1 FY 2015)

Q1 FY 2016 Domestic Retail PAT: Rs. 68.05 cr. (15.16 % growth over Q1 FY 2015)

Focus on Domestic Retail continues

4 new showrooms opened in Q1 FY 2015, total showroom count at 54 now

Same Store Sale growth at ~5%, stores opened in FY 14, FY 15 are contributing to our growth

Q1 FY 2016 – Business Updates



- Deloitte recently included PC Jeweller Limited in the Global Powers of Luxury Goods 2015 report as amongst the Top 100 Luxury Brands globally. The report also highlighted PCJ as amongst the top 20 fastest growing luxury goods companies across the globe. We feel that this is a recognition of our strong brand positioning and innovative designs
- We remain committed to our large format expansion initiatives across Tier 1 and Tier 2 cities. We have already opened 4 showrooms in Q1 - Siliguri (West Bengal), Durgapur (West Bengal), Bhagalpur (Bihar) and Yamuna Nagar (Harayana) in Q1 FY 2016
 - ✓ The response at these locations has been encouraging as customers are welcoming entry of strong brand like PC Jeweller. The operating costs are also lower in these places hence, we are seeing quicker breakeven
- We are targeting opening 15 large format company owned showrooms in FY 2016
- We are launching our Jewel for Less scheme in August. We expect this scheme to start contributing to our topline after a certain time lag
- We did an India exclusive collaboration agreement with Blue Nile (World's largest online jewellery retailer) in Feb 2015 and we have been actively working with them on designing and launching a co-branded collection since then. The same is in final stages and we plan to launch the same shortly. The collection will be specifically targeting the wedding segment
- We are seeing good response on our online platform WearYourShine.com and are committed to this business. To ensure a more focused growth in this vertical, we have moved our online business to our subsidiary Transforming Retail Private Limited.

Q1 FY 2016 – Overall Result Analysis



Particulars (Rs. Crores)	Q1 FY 16	Q1 FY 15	
Revenue from Operations	1,510.7	1,323.0	Growth of 14.19%
Domestic Retail	949.6	782.3	Growth of 21.38%
Exports	561.1	540.7	Growth of 3.77%
Gross Margins	14.02%	13.63%	
Domestic Retail	17.35%	18.92%	
Exports	8.38%	5.97%	
Expenses (% of total Revenue)			
Employee Cost (Employee Cost as % of Domestic Business)	1.13% (1.79%)	0.93% (1.57%)	
Advertisements	0.52%	0.29%	
Rentals	0.70%	0.48%	
Other Costs	1.00%	0.77%	
EBITDA Margins	10.67%	11.16%	
PBT Margins	7.68%	7.49%	
PAT Margins	5.46%	5.26%	

Q1 FY 2016 – Domestic Retail Sales Analysis



Particulars (Rs. Crores)	Q1 FY16	Q1 FY15	
No. of Showrooms	54	44	
Total Retail Area (in sq. ft.)	3,34,700	2,58,000	
Total Domestic Sales (Rs. Cr.)	949.6	782.3	Growth of 21.38%
Contribution from Diamond Jewellery	32.43%	27.46%	
Gross Profit	164.8	148.0	Growth of 11.33%
PBT	95.8	84.2	Growth of 13.78%
PAT	68.05	59.09	Growth of 15.16%
Volume of Gold sold (Kgs.)	2,304	2,001	

Q1 FY 2016 – Results Update



- Q1 FY 2016 has been a promising quarter for us. Our overall sales grew YoY ~14.19% (Q1 FY 16 vs. Q1 FY 15)
 - ✓ Of this, our domestic retail sales grew at a healthy YoY growth of ~21.38% (Q1 FY 16 vs. Q1 FY 15)
 - ✓ Our same store sale growth is ~5%. If we take remove top 4 mature stores, the same store growth would be higher. The stores opened in FY 14 and FY 15 are contributing significant to our top line growth
 - ✓ Contribution from diamond jewellery continues to improve and has grown from 27.46% in Q1 FY 2015 to 32.43% in Q1 FY 2016
 - ✓ Our export sales have remained flattish and we do not expect any significant growth in the same. We continue our focus on our more profitable domestic retail business
- Overall gross margins have remained steady at ~ 14.02%
 - ✓ Our domestic retail margins have also remained steady (~17.35%)
 - ✓ In Q1 FY 2015, gold premiums were high (due to 80:20 rule during that time). This led to an increase in gross margins in Q1 FY 2015 (~18.92%)
 - ✓ However, on a steady state basis we expect our margins to remain in the range of 17% - 18%
 - ✓ Needless to mention, we do not see any pressure on gross margins as we cater to wedding segment with a clear emphasis on designer jewellery. On the contrary, recent decline in gold prices has led to improvement in customer sentiment and increase in sales

Q1 FY 2016 – Results Update (Cont'd)



- The key costs namely employee salary, rental and advertisement grew as compared to Q1 FY 2015
 - ✓ The company has recently granted ESOPs to key employees across the board. Additionally, we have hired specialist resources and teams to drive the newer initiatives.
 - ✓ Rentals have grown as a percentage of sales as the number of showrooms grew from 44 (ending Q1 2015) to 54 (ending Q1 FY 2016). Some of these showrooms have not completed one year and steady-state sales have not started from these. On an annual basis, we expect rentals to be ~0.7 – 0.8% of the sales (steady state)
 - ✓ As our retail presence grows, we are focussing on increased marketing and advertisement. We expect the advertisement cost (as % of total revenue) to grow in the coming few quarters
- Overall finance cost has started declining as the company started getting the benefit of maximum gold on lease
 - ✓ Our Domestic Finance Costs have come down in Q1 FY 2016 as compared to Q1 FY 2015 (due to renewal of gold on lease format). This has helped our domestic PBT grow by ~13.78%
- Our PBT grew from Rs. 99.15 crores (in Q1 FY 2015) to Rs. 116.0 crores (Q1 FY 2016), growth of 17.04%
 - ✓ Our domestic PBT has grown from Rs. 84.24 crores (in Q1 FY 2015) to Rs. 95.80 crores (Q1 FY 2016), a growth of 13.78%
- Our PAT grew from Rs. 69.59 crores (in Q1 FY 2015) to Rs. 82.42 crores (Q1 FY 2016), growth of 18.51%.
 - ✓ Our domestic PAT has grown from Rs. 59.09 crores (in Q1 FY 2015) to Rs. 68.05 crores (Q1 FY 2016), a growth of 15.16%

PC Jeweller – Focus across all jewellery segments



Segment	Exclusive Wedding, Designer Jewellery	Everyday Wear, Work-Wear	Value Purchase
Typical Customer Positioning	<ul style="list-style-type: none"> High Society Upper Middle Class 	<ul style="list-style-type: none"> Upper Middle Class Middle Class 	<ul style="list-style-type: none"> Middle Class Lower Middle Class
Typical Buying Events	<ul style="list-style-type: none"> Weddings Celebrations/ Parties 	<ul style="list-style-type: none"> Daily Wear (Home, Office) Gifting (Anniversary/ Birthdays) 	<ul style="list-style-type: none"> Weddings/ Celebration Utilize Savings
PC Jeweller Presence	<ul style="list-style-type: none"> Large Format Showrooms Exclusive Lounges 	<ul style="list-style-type: none"> WearYourShine.com Flexia Exclusive (planned) 	<ul style="list-style-type: none"> Small Format (planned)
Store Format	<ul style="list-style-type: none"> Large format at high street Designer lounges 	<ul style="list-style-type: none"> Online Platform + Experience Lounges Counters/ SIS at high footfall locations 	<ul style="list-style-type: none"> Smaller Stores at busy local markets
Value Proposition	<ul style="list-style-type: none"> Exclusive Showrooms Designer Pieces 	<ul style="list-style-type: none"> Convenience Shopping Latest Designs Comfortable Price Points 	<ul style="list-style-type: none"> Value for Money Right Quality Comfort of backing of large brand
Brand			Work in Process

Franchisee Stores

- Franchisee model is expected to be highly capital efficient and will help us scale up fast. This model will be based on profit sharing with the franchisees
- Key is to identify the right partners and leverage on PCJ brand while ensuring that proper risk management practices are in place
- We have finalized few franchisees and are working aggressively towards launching the pilot stores in H2 FY 2016. We expect this business to contribute significantly to our business in the next few years

Small Store Format

- In our endeavour to innovate and keep targeting newer markets and newer segments, we are exploring launching small format stores
- This format will target middle class/ lower middle class jewellery customers who are not very comfortable in visiting large format showrooms. The focus of such stores will be on gold jewellery and small ticket diamond jewellery and the ideal location for such stores will be busy local markets
- The idea is to leverage PCJ brand while ensuring that there is no dilution of the parent PCJ brand (PCJ's brand positioning is clearly exclusive and premium)
- We are working with leading ad agency in developing the brand idea and positioning for such formats. These small stores will have an average store size ~ 1000 sq. ft. and will be located at high footfall markets

Flexia Jewellery Collection

- We launched a unique detachable jewellery collection, Flexia, last year. Customer response to the product has been extremely good. Women are loving the concept as one jewellery piece can be worn in multiple ways and each product looks different and unique
- Our initial Flexia launch was in heavy range (pricing above Rs. 1,50,000). Now, our teams are working on Flexia jewellery in lower ranges and in Gold also
- The idea is to position Flexia as an independent sub-brand with counters across all our showrooms and also evaluate exclusive sale points for Flexia. We may also explore SIS concept for light-weight Flexia jewellery.

WearYourShine.com – eCommerce foray

- We have a strong focus on our ecommerce vertical www.WearYourShine.com. The platform focuses on work-wear and light weight designer diamond jewellery. We have also started roping in some leading designers on our platform.
- An independent team with experienced professionals from across technology, design, operations and marketing has been set up to drive the eCommerce vertical
- A state of the art front end design (include mobile site) is in place. Backend also has been strengthened – including technology, design catalog process, packaging, logistics.
- We also plan to set up Experience Zones at select malls and airports. The experience zones will have digital screen (for order placing) and select display products (artificial samples) for customers to evaluate the quality and craftsmanship. We may also explore keeping some fast moving designs (real products) for sale over the counter.

New Manufacturing Facility

- Strong in-house manufacturing and designing has been our key USP which gives us a significant competitive advantage in retaining margins and launching new designs faster
- We feel that our current manufacturing facility is sufficient to meet our requirements for the next 2-3 years
- We are now exploring setting up a new manufacturing facility to ensure that our growth requirements are met. The idea is to keep maximum production and design development in-house. This gives better control on design and production timelines and help us fetch better product margins

Technology

- We expect technology to be a key differentiator in the years to come. We are working on various technology initiatives with select vendors on the following
 - ✓ Incorporating CRM and other related analytics for showrooms
 - ✓ Digitizing inventory across showrooms for seamless customer experience
 - ✓ Innovative technology driven frontages for the showrooms
 - ✓ We are also planning to add online kiosk stores across all the existing showrooms

Annexures

PC Jeweller – Brief Overview



India's **leading** jewellery retail chain

54 showrooms across 46 cities and 17 states (~3,34,700 sq. ft. of retail space)

Clocked **Rs. 6348.5 cr.** in total sales in FY 2015

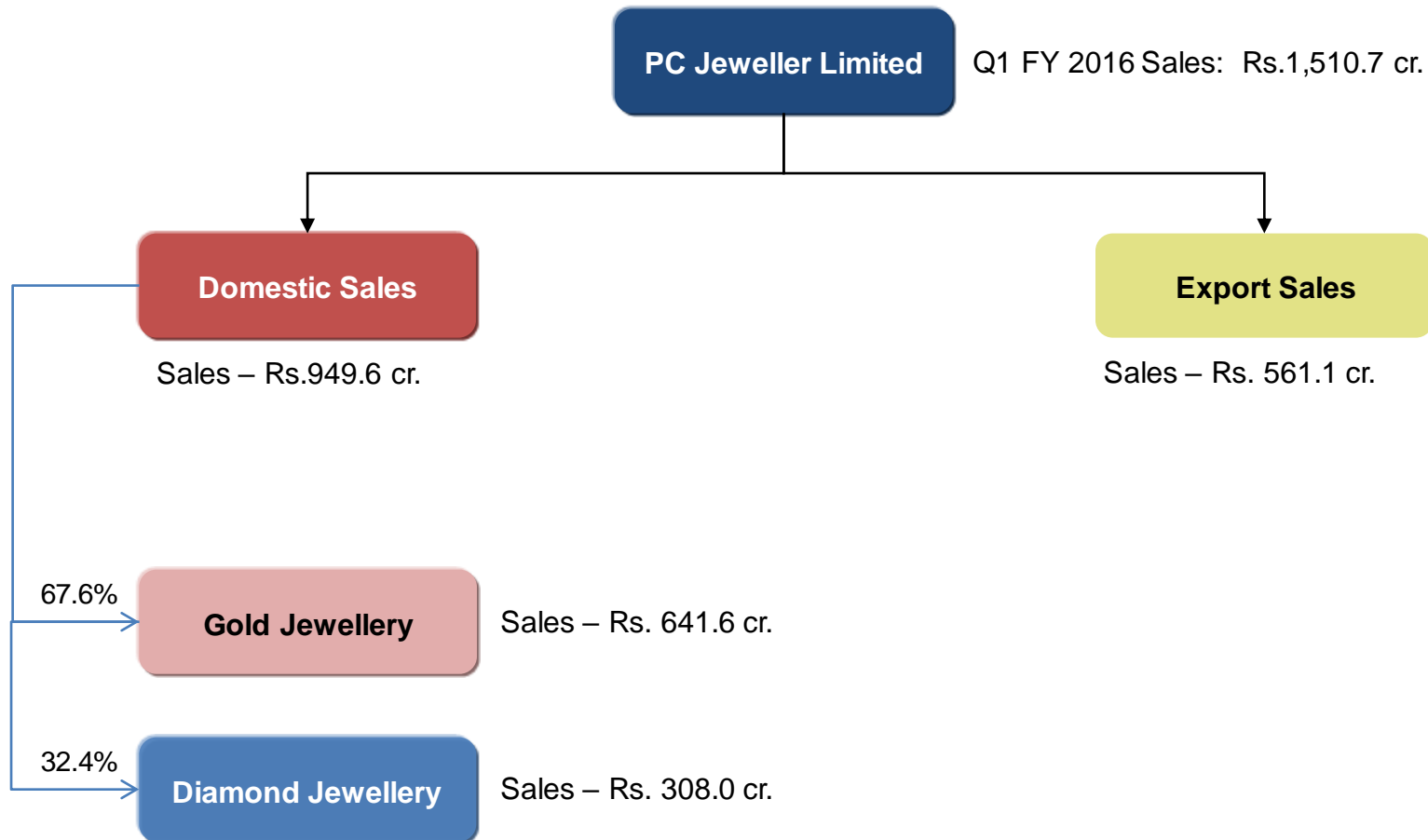
Key Focus Area - Domestic retail sales contributed to **~72%** of FY 2015 total sales

Established B2B exports contributed to **~28%** of FY 2015 total sales

Auditors - Grant Thornton, Rating Agency – Crisil (Subsidiary of S&P)

Strong promoter group & professional management, governed by an independent board

Q1 FY 2016 – Key Results Highlights



Showrooms Opened in Q1 FY 2016



Bhagalpur, Bihar
(6,000 Sq. Ft.)



Durgapur, West Bengal
(5,000 Sq. Ft.)



Siliguri, West Bengal
(3,600 Sq. Ft.)



Yamuna Nagar, Haryana
(6,840 Sq. Ft.)

Extensive Retail Network – Pan India Reach



- 54 showrooms across 46 cities and 17 states
- Expansion plans are well on track
 - ✓ 9 new showrooms opened in FY2015
 - ✓ 4 showrooms already opened in Q1 FY 2016
- All showrooms are large format showrooms at high street locations

Thank You