

Date: August 3, 2016

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, 2016.

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



PC Jeweller Limited

Management Presentation

August 2016

Disclaimer

Certain statements are included in this release which contain words or phrases such as “will,” “aim,” “will likely result,” “believe,” “expect,” “will continue,” “anticipate,” “estimate,” “intend,” “plan,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “project,” “should,” “will pursue” and similar expressions or variations of these expressions that are “forward-looking statements.” Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for our products, our growth and expansion, the adequacy of our allowance for credit to franchisees, dealers and distributors, technological changes, volatility in income, cash flow projections and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions in India and the other countries which have an impact on our business activities; inflation, unanticipated turbulence in interest rates, foreign exchange rates, the prices of raw material including gold and diamonds, or other rates or prices; changes in Indian and foreign laws and regulations, including tax and accounting regulations; and changes in competition and the pricing environment in India. The Company may, from time to time make additional written and oral forward-looking statements, including statements contained in the Company’s filings with SEBI and the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any statements made in this presentation.

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Capital Raise

- **The Company proposes to create, offer, issue and allot up to 25,73,72,912 Compulsorily Convertible Preference Shares for an aggregate amount of up to ~ Rs. 2,573.7 mn to the following investors**
 - ✓ Fidelity Advisor Series VIII: Fidelity Advisor Emerging Markets Fund
 - ✓ Fidelity Emerging Markets Fund
 - ✓ Fidelity Investment Trust: Fidelity Emerging Markets Fund
 - ✓ Variable Insurance Products Fund II: Emerging Markets Portfolio
 - ✓ Fidelity Investment Trust: Fidelity Total International Equity Fund
 - ✓ Fidelity Investment Trust: Fidelity International Small Cap Fund
- **Fidelity is a global multi-billion dollar investment fund which invests in public and non-public markets**
 - ✓ This significant investment by them is a testimony to the trust and conviction that Fidelity team has placed in our industry potential, robust business model and experienced management
- **The CCPS shall be compulsorily convertible in to equity shares of the Company within a maximum period of 12 months from the date of allotment**
- **We propose to utilize these funds for the business expansion like store rollout (across various formats), expansion of manufacturing capabilities, etc.**
- **Last year company passed a resolution to raise capital for further expansion. With this transaction, we have completed the fund raising plans**

Business Updates

Industry Updates

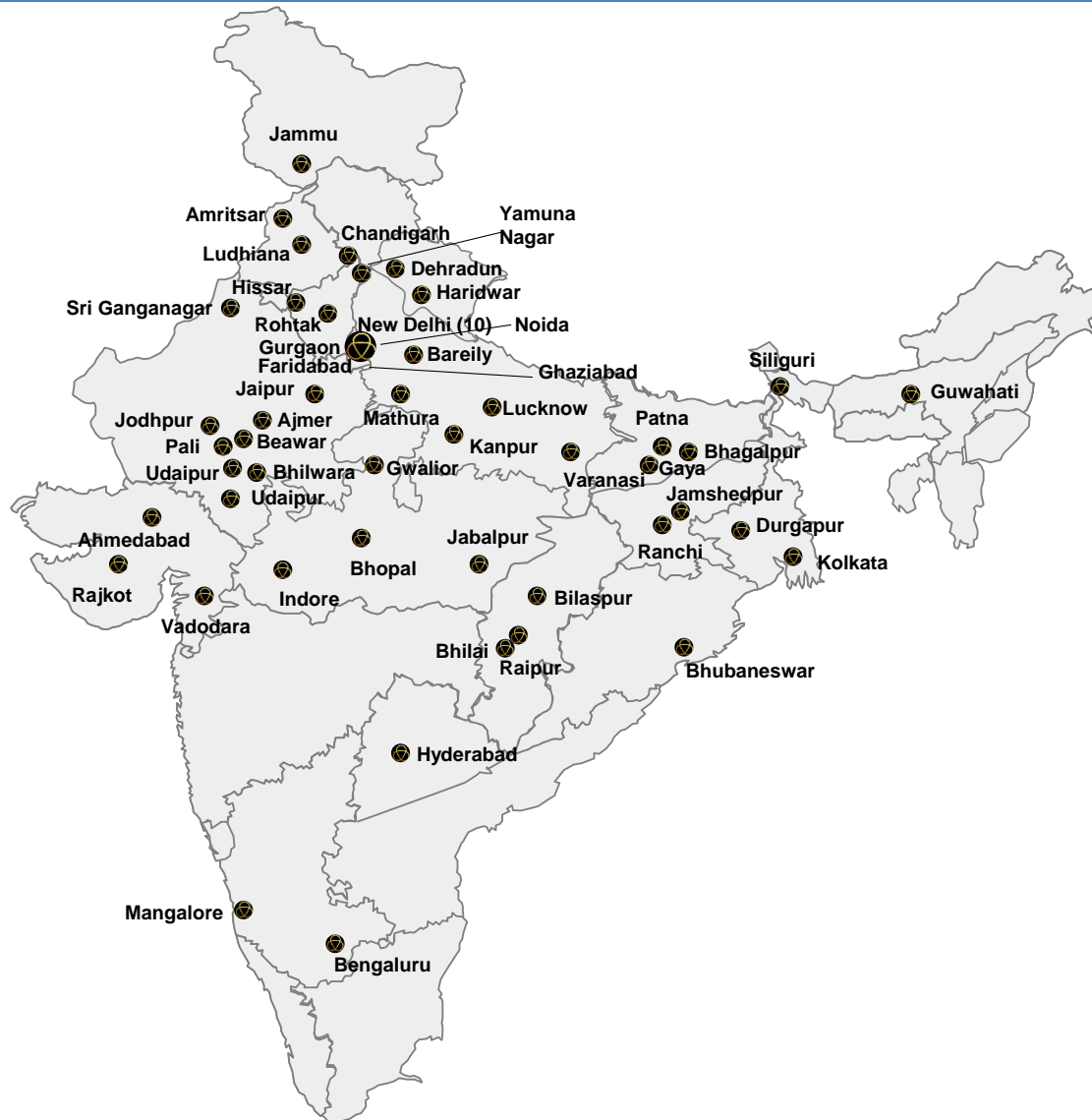
- This quarter has been an eventful quarter for the jewellery industry
- Government introduced 1% Excise Duty on jewellery sales
 - ✓ Jewellery associations did a nation-wide protest against excise duty implementation which impacted the normal store level operations in the month of March FY 2016. However, the protest was called off in April 2016 and the normal operations have resumed
- **We strongly believe all these regulations are aimed at organizing the jewellery sector, increasing transparency in the system and will have a highly positive long term impact and benefit organized players like us**
- In one of his recent addresses, Hon'ble Prime Minister of India recognized the importance and contribution of the gems and jewellery industry in nations economic progress, job creation, revenue generation and preserving traditional craftsmanship of the country
 - ✓ **He also encouraged the jewellery industry to look beyond the domestic sector and go global.** Our business model truly replicates this with presence across domestic retail as well as exports
 - ✓ We believe that this underlines the growth potential of the entire gems and jewellery industry and we can count on support from government in rolling out newer initiatives for this sector

Business Updates

- **Our focus on expansion initiatives across Metro, Tier 1 and Tier 2 cities continue**
 - ✓ We opened 3 showrooms in Q1 FY 2017 till date covering an area of 13,648 sq. ft.
 - ✓ Customers have welcomed the entry of PC Jeweller in Laxmi Nagar (New Delhi), Udaipur (Rajasthan) and Bhubaneswar (Orissa)
 - ✓ **As on date, we have 63 showrooms (3,65,961 sq. ft.) across 52 cities, 18 states with exclusive lounges at 11 showrooms**
- We recently launched light-weight Flexia Jewellery collection (Rs. 25,000+) which is doing quite well across the showrooms
- Our foray in online space WearYourShine.com is growing at a steady pace. Our focus is on customer acquisition and a profitable growth leveraging our nationwide presence providing a seamless online-offline experience to the customer
- We are planning to launch a new bridal jewellery collection by Azva for the upcoming festive and wedding season
- In Q2 FY 2017, we are targeting setting up 4 new showrooms

We target to open 20-25 showrooms in FY 2017 across all formats

Business Updates - Pan India presence



- 3 showrooms opened in Q1 FY 2017 till date
- 10 showrooms opened in FY 2016
- Overall, 63 showrooms (3,65,961 sq. ft.) across 52 cities and 18 states with exclusive lounges at 11 showrooms
- Key Brands



flexia



WEAR YOUR SHINE .COM

Financial Highlights

Financial Highlights

Q1 FY 2017 Sales: Rs. 1,664.45 cr. (10.2% growth over Q1 FY 2016)

Q1 FY 2017 Domestic Retail Sales : Rs. 1,049.77 cr. (10.6% growth over Q1 FY 2016)

Q1 FY 2017 EBITDA: Rs. 206.76 cr. (23.6% growth over Q1 FY 2016)

Q1 FY 2017 Domestic Retail EBITDA: Rs. 170.74 cr. (52.0% growth over Q1 FY 2016)

Q1 FY 2017 PBT: Rs. 147.18 cr. (28.9% growth over Q1 FY 2016)

Q1 FY 2017 PAT: Rs. 106.59 cr. (31.2% growth over Q1 FY 2016)

3 new showrooms opened in Q1 FY 2017 till date, total showroom count at 63 now

Financial Highlights (Cont'd)

➤ Revenue

- ✓ Total sales for Q1 FY 2017 was Rs. 1,664.45 crores (10.2% growth over Q1 FY 2016). Sales for Q1 FY 2017 grew across both - domestic as well as exports
- ✓ Domestic Retail Sales witnessed a overall yoy growth of 10.6% for Q1 FY 2017 (as compared to Q1 FY 2016)
 - A part of April was impacted due to protest, however, the quarter also had Akshaya Tritiya during which we registered good sales
 - The company also experienced a healthy growth in diamond jewellery sales in this quarter (37.18% in Q1 FY 2017 as compared to 32.34% in Q1 FY 2016). This increase was owing to significant pent up demand from the month of March 2016 when owing to nationwide protests, customer could not make jewellery purchases
 - The company continues to remain focussed on improving the sales mix in favour of diamond/ high margin gold jewellery
- ✓ The Company has been in the export business for a fairly long time and focus has been on handmade designer gold jewellery
 - It plans to participate in select B2B and B2C exhibitions to display its exclusive jewellery ranges - Azva, Flexia, Smart Jewellery and other designer items
 - This strategy of focusing on high margin jewellery for exports should improve the export margins

Financial Highlights (Cont'd)

➤ Margins and Profitability

- ✓ Gross margins for Q1 FY 2017 was 15.50% as compared to 14.42% in Q1 FY 2016. The key reason for this increase was growth in the diamond jewellery sales
- ✓ Gross margins for domestic segment for Q1 FY 2017 were 20.76% as compared to 16.79% in Q1 FY 2016
 - Significant improvement in diamond jewellery sales in this quarter (37.18% in Q1 FY 2017 as compared to 32.34% in Q1 FY 2016)
 - This increase was owing to significant pent up demand from the month of March 2016 when owing to nationwide protests, customer could not make jewellery purchases
- ✓ For exports, Q1 FY 2017 margins have been inline at ~6.53%
- ✓ Q1 FY 2017 profit was Rs. 106.59 crores (31.2% growth over Q1 FY 2016)

➤ Costs

- ✓ The key costs namely Salary, Rental and Advertisement and Finance have remained more or less steady (as a % of the total revenue)
- ✓ We are planning an aggressive media campaign in the upcoming festive seasons and we expect the advertisement cost (as % of total revenue) to grow in the coming few quarters
- ✓ As a strategy, we continue to retain a good control on our overall cost structure to retain long term efficiency and profitability

Financial Highlights - Overall

Particulars (Rs. Crores)	Q1 FY 2017*	Q1 FY 2016**
Revenue from Operations	1664.45	1510.65
Domestic Retail	1049.78	949.55
Exports	614.68	561.10
Gross Margins (%)	15.50%	14.42%
Domestic Retail (%)	20.76%	16.79%
Exports (%)	6.53%	10.41%
Expenses (% of total Revenue)		
Employee Expenses	1.22%	1.11%
Advertisements	0.30%	0.52%
Rentals	0.73%	0.71%
Other Costs	0.83%	1.00%
EBITDA	12.42%	11.07%
PAT	6.40%	5.38%

** Q1 FY 2016 results may not be comparable with the earlier published figures as the same have been restated as per the IndAS guidelines

* Q1 FY 2017 figures are as per the IndAS guidelines

Financial Highlights - Domestic Retail

Particulars (Rs. Crores)	Q1 FY 2017*	Q1 FY 2016**
Revenue	1049.78	949.55
Gross Margins (%)	20.76%	16.79%
Expenditure		
Salary	17.14	14.17
Salary (%age)	1.63%	1.49%
Rentals	12.09	10.77
Rentals (%age)	1.15%	1.13%
Advertisement	4.92	7.87
Advertisement (%age)	0.47%	0.83%
Others	13.04	14.32
Others (%age)	1.24%	1.51%
EBIDTA	170.74	112.30
EBIDTA %	16.26%	11.83%

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Financial Highlights - Exports

Particulars (Rs. Crores)	Q1 FY 2017*	Q1 FY 2016**
Revenue	614.68	561.10
Gross Margins (%)	6.53%	10.41%
Expenditure		
Salary	3.19	2.62
Salary (%age)	0.52%	0.47%
Others	0.93	0.87
Others (%age)	0.15%	0.15%
EBIDTA	36.02	54.92
EBIDTA %	5.86%	9.79%

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* Q1 FY 2017 figures are as per the IndAS guidelines

Recent Flexia Designs

Flexia Collection (Select Light-Weight Designs)



Flexia Collection (Select Light-Weight Designs)



Recent Showrooms

PCJ Bhubaneswar, Orissa



PCJ Dhanbad, Jharkhand



Thank You