

Date: November 6, 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 unaudited standalone financial results of the Company for the quarter ended September 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

Regd. & Corporate Off: C - 54, Preet Vihar, Vikas Marg, Delhi - 110 092 Ph: 011 - 49714971 Fax : 011 - 49714972

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PC Jeweller Limited

Management Presentation

November 6, 2015

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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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PC Jeweller Limited – Snapshot

India's leading jewellery retail chain

56 showrooms across 47 cities and 17 states (~3,42,871 sq. ft. of retail space)

Clocked Rs. 6,348.5 cr. in total sales in FY 2015

Domestic Retail Sales remains a key focus area for us (contributed to ~72% of FY 2015 sales)

First Franchisee showroom launched, work in progress on newer initiatives - Small Stores and Flexia

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

Strong Promoter Group & Professional Management

Q2 FY 2016 – Key Business Updates

- **Overall gold imports in India grew by over 33% in Q2 FY 2016 (269.8 tonnes) as compared to Q2 FY 2015 (201.9 tonnes)**
 - ✓ Q2 FY 2016 witnessed highest quarterly jewellery consumption since March 2011 and the highest third quarter demand since 2008 (Source: Thomson Reuters)
 - ✓ A sharp price correction in July 2015, which saw the gold price plunge to a near six-year low at the start of the quarter, was the major driver behind this growth

- **Large Format Showrooms**
 - ✓ We continue with our focussed expansion initiatives across Metro, Tier 1 and Tier 2 cities. In this financial year, we have opened 5 large format showrooms across 5 cities and 4 states covering an additional area of ~26,540 sq. ft.
 - ✓ Customers are welcoming entry of strong brand like PC Jeweller in Tier 1 and Tier 2 cities like Bhagalpur, Siliguri, Yamuna Nagar, Bhilai, Durgapur. The operating costs are lower in these places and we are seeing quicker breakeven
 - ✓ We have recently launched a new collection *Abhigyaan Shakuntalam* in our showrooms and at WearYourShine.com
 - ✓ Abhigyaan Shakuntalam is a traditional jewellery collection and is inspired by Indian flowers
 - ✓ The designers have artistically used *gold jaali* in the products which ensures that the product size is bigger while consuming lesser gold
 - ✓ This collection has also been nominated for IJ Jewellers Choice Design Awards 2015
 - ✓ We are seeing good initial response from customers and expect this collection to be a best seller this season

Q2 FY 2016 – Key Business Updates (Cont'd)



ABHIGYAN
Shakuntalam



Q2 FY 2016 – Key Business Updates (Cont'd)

➤ **Franchisee Model**

- ✓ We launched our pilot franchisee in Gwalior, MP in Oct 2015. We are keen on this format and are focussing on scaling up
- ✓ Franchisee showrooms will be set up in locations where the Company does not have its own showrooms
- ✓ We are very keen on this highly capital efficient format which gives us an opportunity to leverage on our brand and utilize the infrastructure and resources of local jewellers/ investors
- ✓ We expect Franchise business to be a significant RoE booster for us

➤ **WearYourShine.com**

- ✓ We continue to see growth in traffic and transactions on WearYourShine.com
- ✓ This festive season has been fairly good till date, we expect a similar performance in Jan/ Feb owing to Valentine season
- ✓ We are now moving towards developing a curated jewellery marketplace model and are in discussions with various leading designers for the same

➤ **Small Stores**

- ✓ We have actively started working on this model. We are looking to launch a pilot for this by Q4 FY 2016
- ✓ Small Store format stores will be set up in cities where we already have our large format showrooms, however, Small Stores will target middle class/ lower middle class jewellery customers who are not very comfortable in visiting large format showrooms.

Q2 FY 2016 – Key Business Updates (Cont'd)

➤ **Flexia collection**

- ✓ This collection was developed by us last year and has been a significant success with our customers
- ✓ We now plan to focus on it as a sub-brand and are evaluating potential independent outlets/ shop-in-shop concept for Flexia

➤ **Exports**

- ✓ While we continue to focus all our energies and management bandwidth on domestic retail business, export business has also performed for us
- ✓ Our Company has recently been granted the status of Four Star Export House by Ministry of Commerce and Industry for its stellar performance in export

Q2 FY 2016 – Key Highlights

Q2 FY 2016 Sales: Rs. 1,669.6 crores (41.06% growth over Q2 FY 2015)

Q2 FY 2016 Domestic Retail Sales : Rs. 1,293.4 crores (30.14% growth over Q2 FY 2015)

Q2 FY 2016 PAT: Rs. 93.3 crores (17.79% growth over Q2 FY 2015)

H1 FY 2016 Sales: Rs. 3,180.2 crores (26.87% growth over H1 FY 2015)

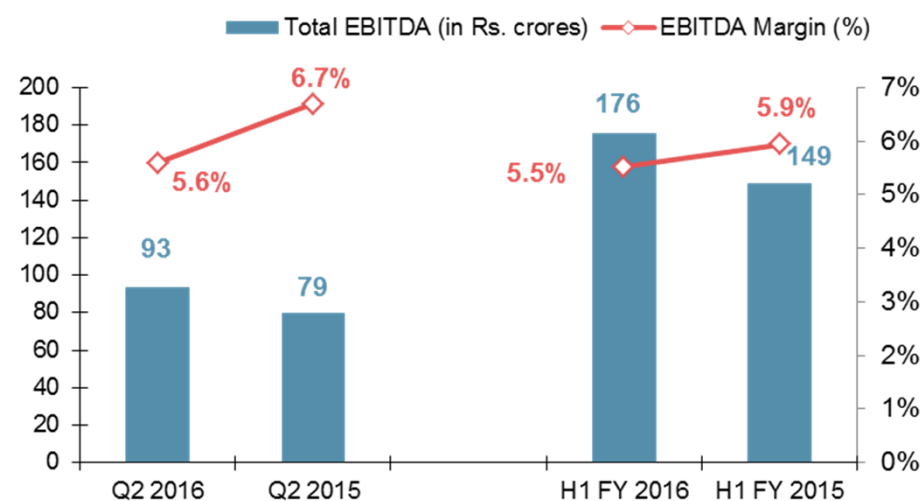
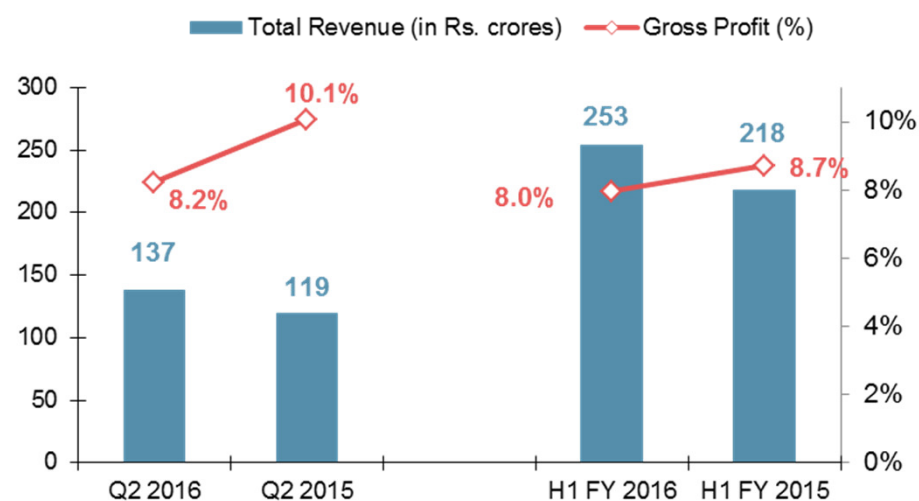
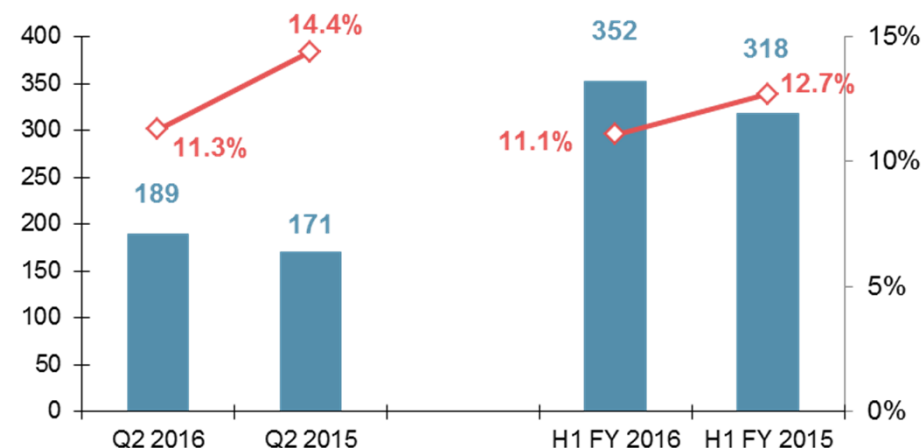
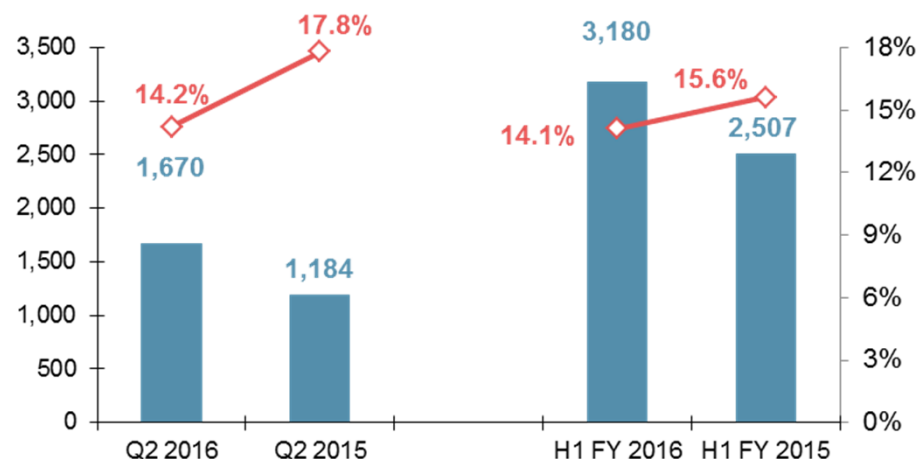
H1 FY 2016 Domestic Retail Sales : Rs. 2,242.9 crores (26.28% growth over H1 FY 2015)

H1 FY 2016 PAT: Rs. 175.7 crores (18.07% growth over H1 FY 2015)

Q2 FY 2016 – Key Highlights (Cont'd)

Particulars (Rs. Crores)	Q2 FY 2016	Q2 FY 2015	H1 FY 2016	H1 FY 2015
Revenue from Operations	1,669.6	1,183.6	3,180.2	2,506.6
Domestic Retail	1,293.4	993.8	2,242.9	1,776.1
Exports	376.2	189.8	937.3	730.5
Gross Margins				
Domestic Retail	16.34%	18.50%	16.77%	18.69%
Exports	6.83%	14.11%	7.76%	8.08%
Expenses (% of total Revenue)				
Employee Expenses	1.05%	1.07%	1.09%	1.00%
Advertisements	0.43%	0.58%	0.47%	0.43%
Rentals	0.65%	0.94%	0.67%	0.70%
Other Costs	0.77%	0.80%	0.82%	0.78%
EBITDA Margins	11.30%	14.41%	11.07%	12.69%
PBT Margins	8.23%	10.06%	7.97%	8.71%
PAT Margins	5.59%	6.69%	5.52%	5.94%

Q2 FY 2016 – Key Highlights (Cont'd)



■ Total PBT (in Rs. crores) ◆ PBT Margin (%)

■ Total PAT (in Rs. crores) ◆ PAT Margin (%)

Q2 FY 2016 – Key Highlights (Cont'd)

➤ **Inventory**

- ✓ The inventory for us has increased from Rs. 3,055.31 (ending Q2 FY 2015) to Rs. 3,784.30 (ending Q2 FY 2016)
- ✓ This growth has been primarily on account of (i) 8 new stores opened in last one year (ii) built up inventory for the festive season commencing in October 2015, and (iii) proposed opening of approximately 6 new stores in Q3 FY 2016

➤ **Jewel for Less**

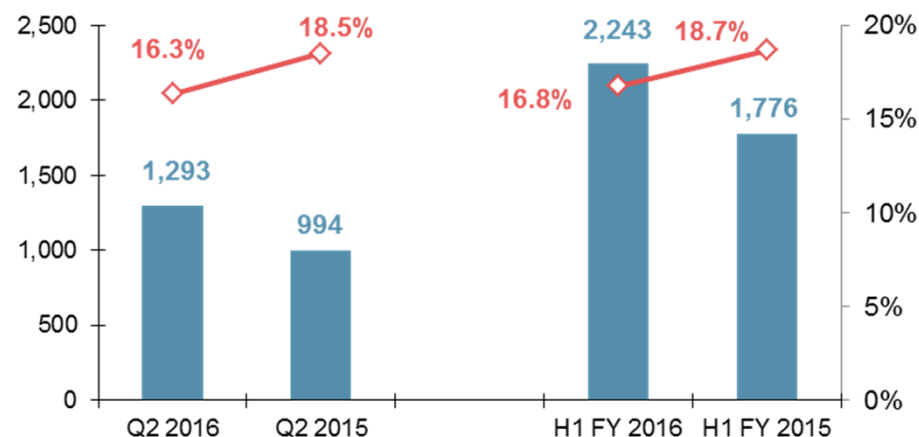
- ✓ We started Jewel for Less scheme in this quarter
- ✓ This newly designed scheme is as per the Companies Public Deposit Acceptance Rules
- ✓ We have started advertising the same and have also reached out to our previous JFL holders – we expect this scheme to start pick up shortly

Q2 FY 2016 - Domestic Retail

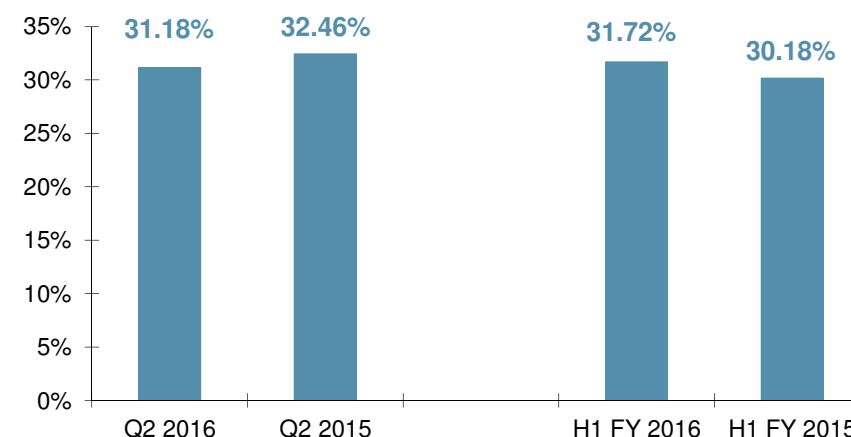
Particulars	Q2 FY 16	Q2 FY 15	H1 FY 16	H1 FY 15
Revenue	1,293.4	993.8	2,242.9	1,776.1
Gross Margins*	211.4	183.9	376.2	331.9
Gross Margins %age	16.34%	18.50%	16.77%	18.69%
Expenditure				
(i) Salary	16.8	11.6	31.2	21.8
	1.30%	1.17%	1.39%	1.23%
(ii) Rental	10.9	11.2	21.4	17.5
	0.84%	1.12%	0.95%	0.99%
(iii) Advertisement	7.1	6.8	15.0	10.7
	0.55%	0.69%	0.67%	0.60%
(iv) Others	4.7	7.0	16.6	17.0
	0.36%	0.71%	0.74%	0.96%
EBIDTA	172.0	147.3	292.1	264.9
	13.30%	14.82%	13.02%	14.91%
Finance Cost	34.3	37.2	71.2	72.3
	2.65%	3.74%	3.17%	4.07%
Other Income	-4.5	7.1	-0.3	13.8
	-0.35%	0.71%	-0.01%	0.78%
Depreciation	5.4	5.2	10.1	10.1
	0.42%	0.52%	0.45%	0.57%
PBT	127.8	112.0	210.6	196.3
	9.88%	11.27%	9.39%	11.05%
No of Stores	54	46	54	46
% of diamond Jewellery	31.18%	32.46%	31.72%	30.18%

* including forex gains and losses

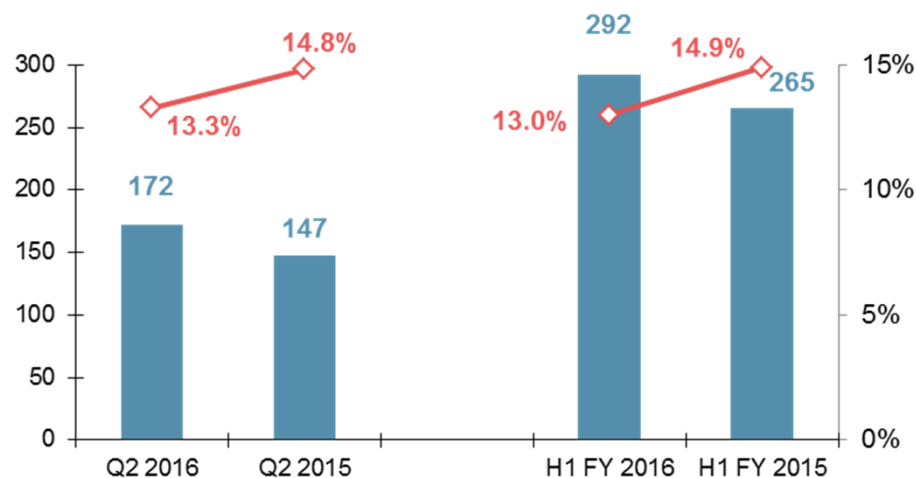
Q2 FY 2016 - Domestic Retail (Cont'd)



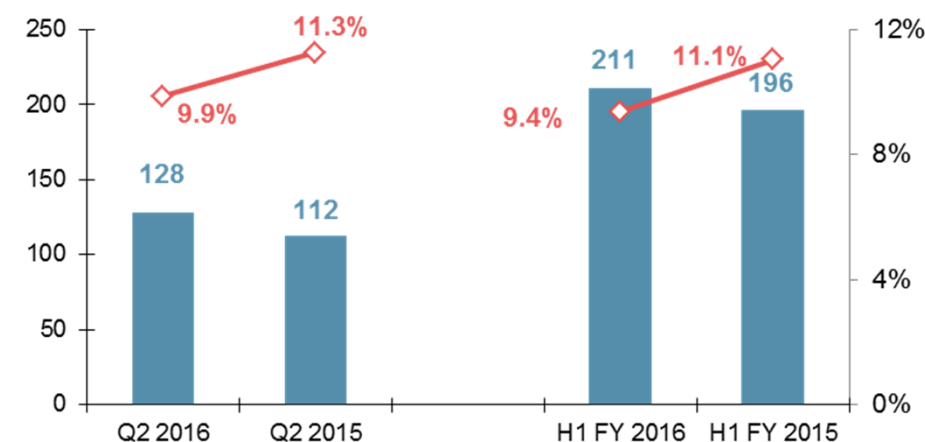
Domestic Retail Revenue (in Rs. crores) Gross Profit (%)



Diamond Jewellery Contribution



Domestic Retail EBITDA (in Rs. crores) EBITDA Margin (%)



Domestic Retail PBT (in Rs. crores) PBT Margin (%)

Q2 FY 2016 - Domestic Retail (Cont'd)

➤ **Retail Sales**

- ✓ Domestic Retail Sales witnessed a healthy QoQ growth of ~30.14% for Q2 FY 2016 (as compared to Q2 FY 2015) to touch Rs. 1,293.4 crores
- ✓ This has been primarily due to overall moderation in gold prices and good pick-up in the 9 showrooms opened in FY 2015
- ✓ We have also started seeing good traction from the brand new 4 showrooms opened in Q1 FY 2016

➤ **Volume and Same Store Growth**

- ✓ The volume of the gold sold has increased by ~37.04% (from 2,273 kg in Q2 FY 2015 to 3,115 kg in Q2 FY 2016)
- ✓ Of the overall sales growth of ~30.14% (Q2 FY 2016 vs. Q2 FY 2015),
 - ✓ ~10% is contributed by same store sales growth (i.e. from stores in operation as on 30 Sep 2014)
 - ✓ Remaining ~20% by newer stores opened in last one year (opened between Sep 2014 and Sep 2015)

Q2 FY 2016 - Domestic Retail (Cont'd)

➤ Margin Analysis

- ✓ Domestic Gross margins for Q2 FY 2016 were ~16.34% as compared to ~18.50% in Q2 FY 2015. Diamond jewellery contributed ~31.18% to the total retail sales (as compared to ~32.46% in Q2 FY 2015)
- ✓ This decline in Domestic Gross Margins was primarily owing to decline in the gold premiums that were prevalent in Q2 FY 2015. After the relaxation on gold procurement norms, the premiums on gold have disappeared and also due to marginal decline in the percentage sales of diamond jewellery
- ✓ On a steady state basis, we expect our domestic gross margins to be in the range of ~16%-17%
- ✓ The minor decrease in the contribution from Diamond Jewellery (~31.18% from ~32.46%) is because of more that proportionate increase in Gold Jewellery sales on account of moderation in gold prices in Q2 FY 2016

➤ Costs

- ✓ The key costs namely Salary, Rental and Advertisement have remained more or less steady (as a % of the total revenue)
- ✓ As our retail presence grows, we are focussing on increased marketing and advertisement. Owing to the festive season, we expect the advertisement cost (as % of total revenue) to grow in the coming few quarters, especially Q3 and Q4
- ✓ Rentals in Q2 FY 2016 were Rs. 10.8 crores as compared to Rs. 11.2 crores in Q2 FY 2015. There was a prior period adjustment in rentals which increased the component in Q2 FY 2015 by Rs. 2.35 crores

➤ Finance

- ✓ Finance Costs have reduced to 2.65% (of the total domestic revenue) in Q2 FY 2016 from 3.74 % in Q2 FY 2015
- ✓ This reduction in finance cost is primarily owing to renewal of gold on lease (around 90% of our gold is already being procured on lease model)

Q2 FY 2016 - Exports

Particulars	Q2 FY 16	Q2 FY 15	H1 FY 16	H1 FY 15
Revenue	376.2	189.8	937.3	730.5
Gross Margins*	25.7	26.8	72.74	59.1
Gross Margins %age	6.83%	14.12%	7.76%	8.09%
Expenditure	9.05	3.60	12.61	5.90
EBIDTA	16.7	23.2	60.1	53.2
	4.43%	12.22%	6.42%	7.28%
Finance Cost	16.4	18.0	28.0	34.2
	4.36%	9.48%	2.99%	4.68%
Other Income	9.4	2.3	11.2	3.8
	2.49%	1.21%	1.19%	0.52%
Depreciation	0.03	0.4	0.47	0.8
	0.01%	0.21%	0.05%	0.11%
PBT	9.6	7.1	42.8	22.0
	2.55%	3.74%	4.57%	3.01%

* including forex gains and losses

Q2 FY 2016 – Exports (Cont'd)

➤ Export Sales

- ✓ We have been in the export business for a fairly long time and focus is only on handmade designer gold jewellery
- ✓ In the past 2 years (owing to 80:20 scheme), to ensure availability of gold for our domestic retail operations, we participated in several global jewellery exhibitions to boost our export sales. Corresponding we have got some good orders for exports
- ✓ However, on a long term, the export market potential for handmade jewellery is limited and we do not we expect much growth – in volume terms or margin terms. We continue to focus all our energies and management bandwidth on domestic retail business, which we believe has high growth potential
- ✓ On an annual basis, we expect the export sales to be steady with +/- 5% variation

➤ Margin Analysis

- ✓ Steady state export margins are ~7-8%
- ✓ Margins in Q2 FY 2015 were much above the steady state margins due to significant forex gains (due to rupee depreciation)

Showrooms opened in FY 2016 till date

Showroom	Area in Sq. Ft.	Opening Date
Bhagalpur, Bihar	6,000	May-15
Durgapur, West Bengal	5,000	May-15
Siliguri, West Bengal	3,600	Jun-15
Yamuna Nagar, Haryana	6,840	Jul-15
Bhilai, Chattisgarh	5,100	Oct-15
Gwalior, Madhya Pradesh (Franchisee)	3,035	Oct-15

Showrooms opened in FY 2016 till date (Cont'd)



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.)



Bhilai, Chattisgarh
(5,100 Sq. Ft.)



Gwalior, Madhya Pradesh (Franchisee)
(3,035Sq. Ft.)

Thank You
