



PC Jeweller Limited



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Our Vision

PC Jeweller today

One of the Fastest and Profitably Growing Jewellery Retail Company in India with 36 Showrooms across 28 Cities, across 10 states

- Complete Back-end integration, 100% Gold Hedging, Robust Internal Processes and a Professional Management ensures Profitable Business Model replication across Stores and across Cities

Our Vision for PC Jeweller

To be amongst the top 2 Jewellery Retail Companies of India, in terms of Market Share and Mind Share with a Pan India presence

- Maintain Focus on Wedding Jewellery customers
- Continue thrust on growing Diamond and other high-margin jewellery

Discussion Outline

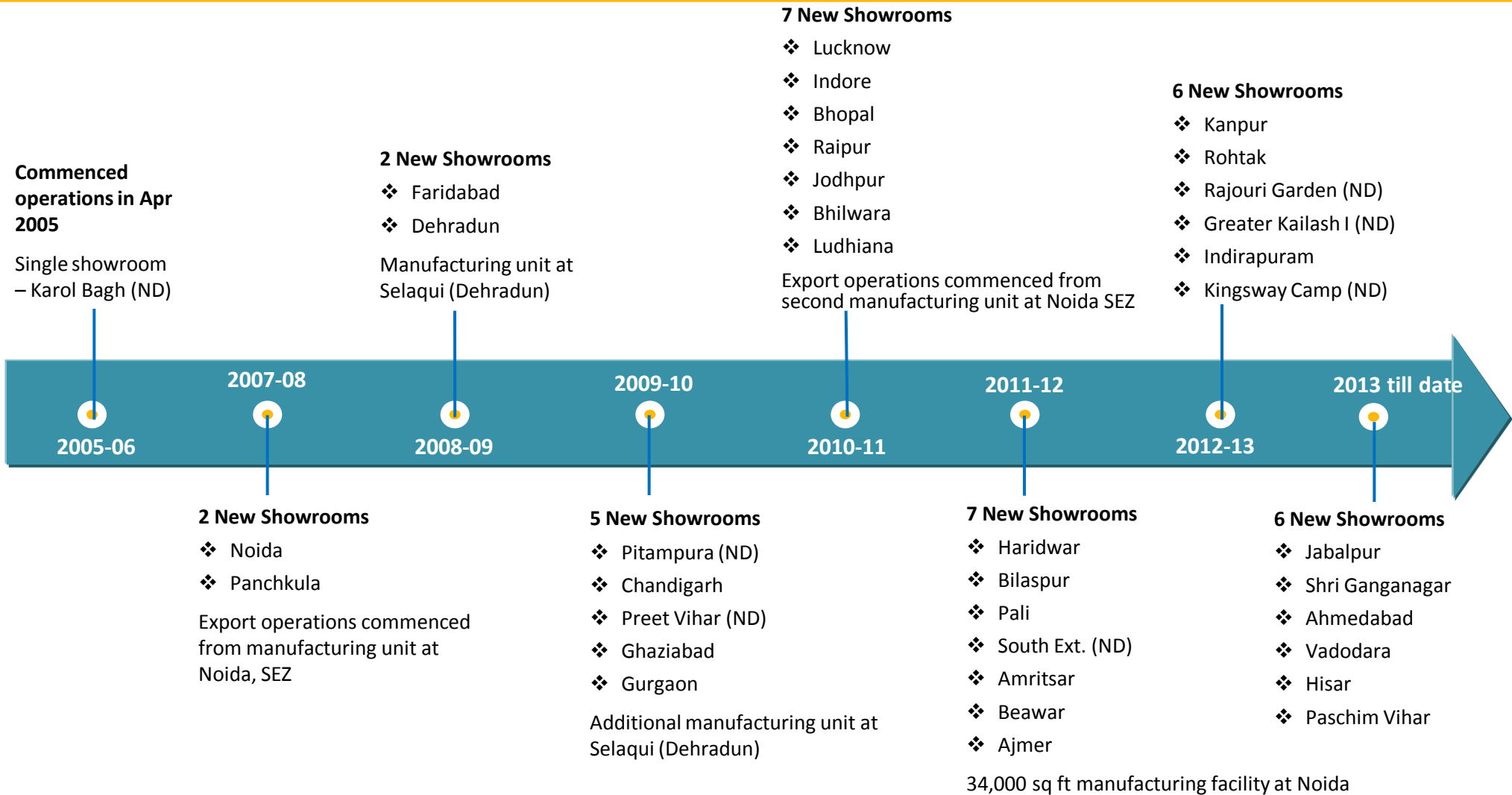
- 1.** The Journey of India's fastest growing "Jeweller for Generations" brand
- 2.** Business Model and Overview
- 3.** Key Competitive Strengths and Business Strategy
- 4.** Financial Performance

The Journey of the 'Jeweller for Generations' began here



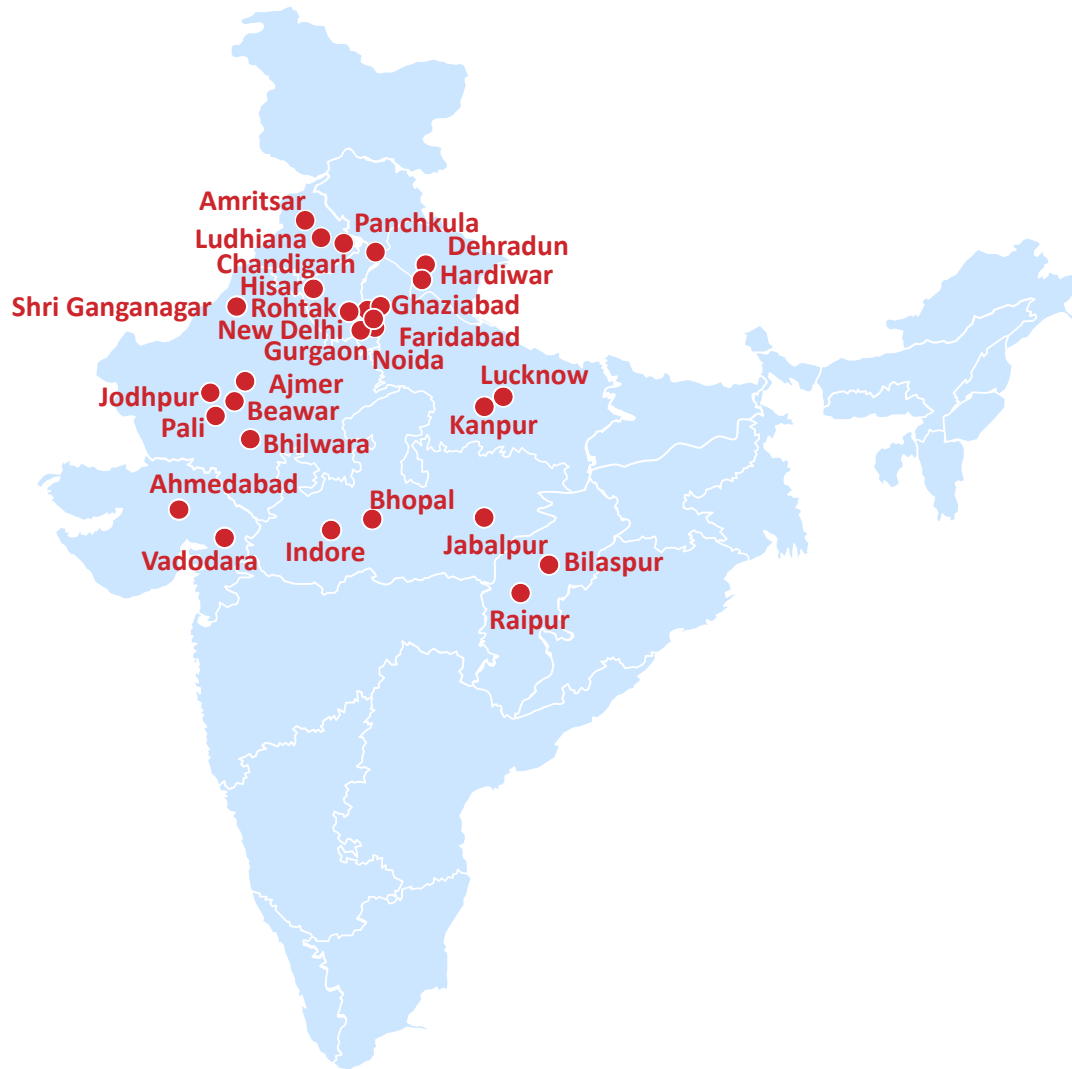
PCJ showroom at Karol Bagh (New Delhi) – Single showroom in 2005

Right Business Plan + Execution Speed + Careful Optimism over the years



Not a Single Store closed till now – Cash break-even achieved for all Stores

Strategically Located 36 Showrooms across 28 Cities, across 10 States





36

Jewels of PCJ

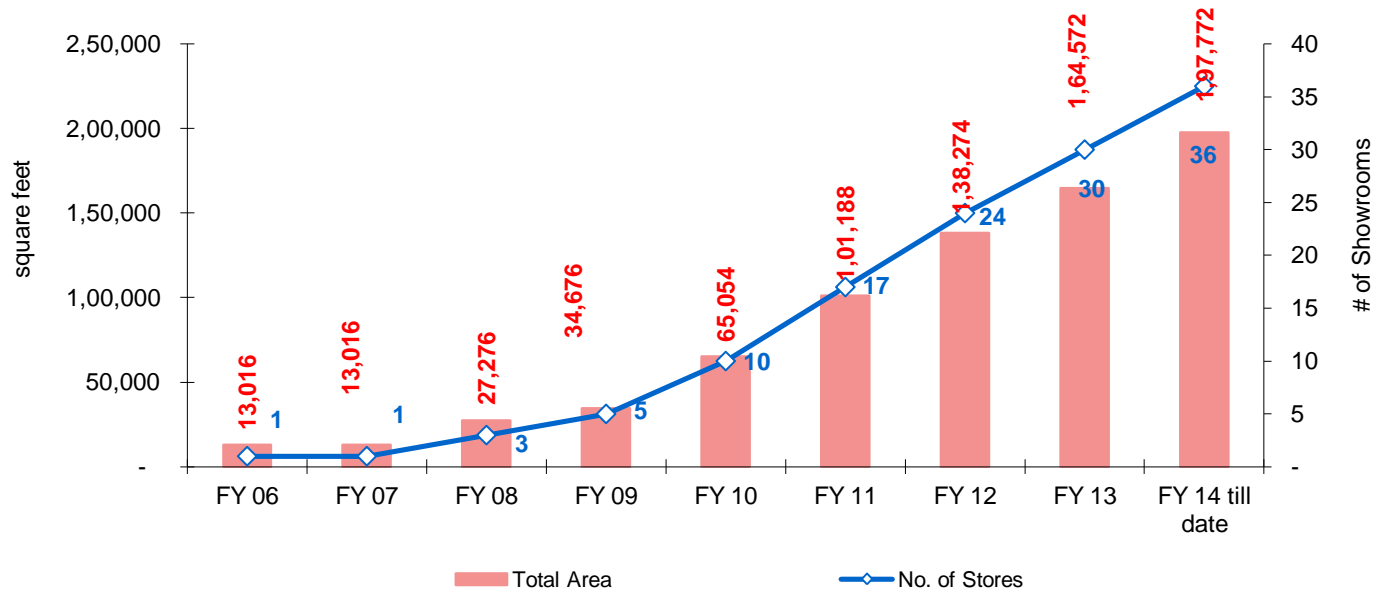


KAROL BAGH				
 Preet Vihar	 Pitampura	 South Extn., Part-I	 Rajouri Garden	 Greater Kailash-I
 Kingsway Camp	 Paschim Vihar	 Ghaziabad	 Indirapuram	 Lucknow
 Noida	 Kanpur	 Gurgaon	 Panchkula	 Faridabad
 Rohtak	 Hisar	 Chandigarh	 Dehradun	 Haridwar
 Indore	 Bhopal	 Jabalpur	 Raipur	 Bilaspur
 Jodhpur	 Bhilwara	 Beawar	 Pali	 Ajmer
 Sri Ganga Nagar	 Amritsar	 Ludhiana	 Ahmedabad	 Vadodara

*As on 15 May, 2013

All showrooms, except Chandigarh showroom, are directly managed

Growing Retail Footprint – Over 1,97,000 sft. of Retail Area



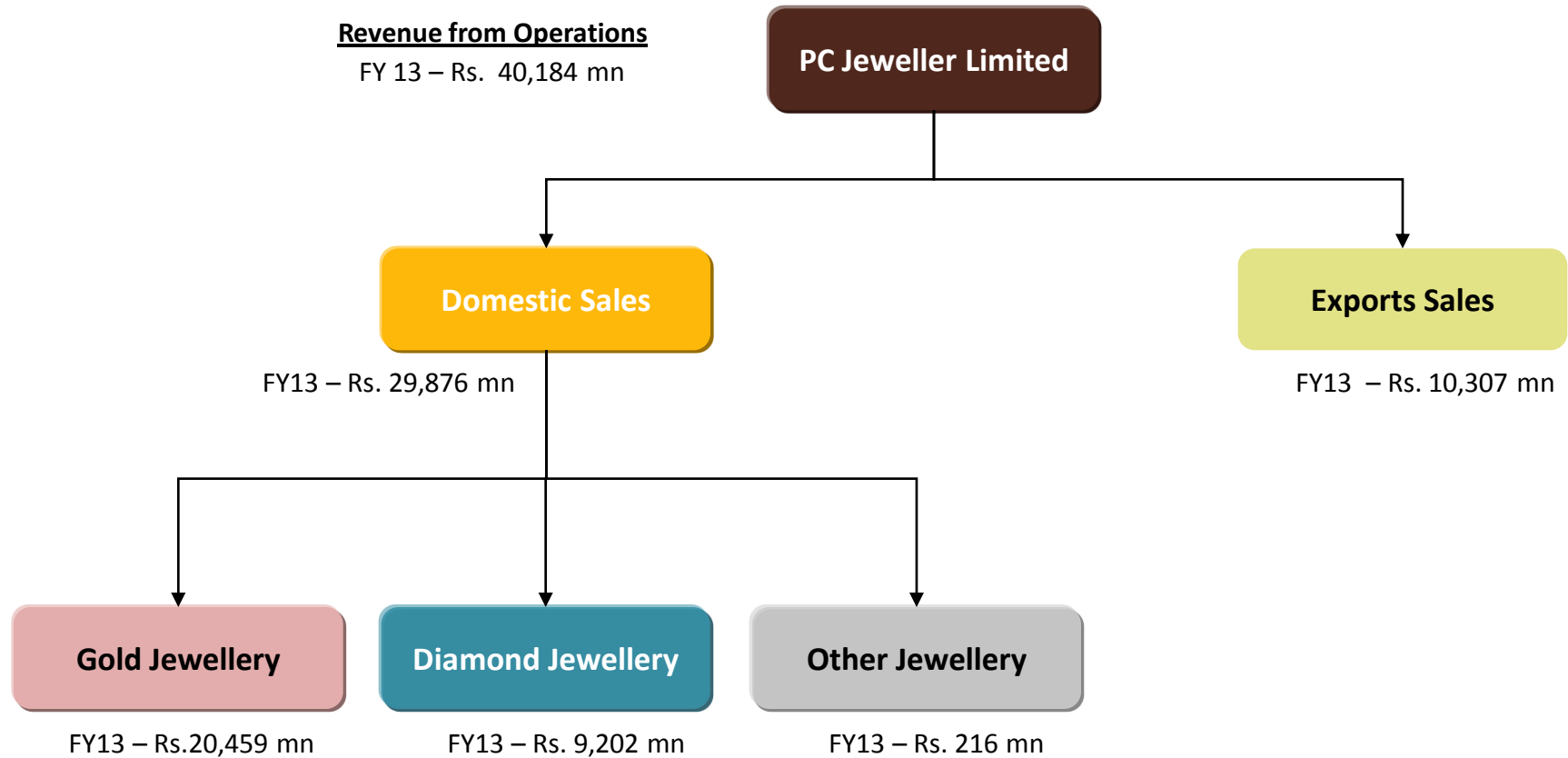
- ❖ Out of 36 showrooms, 33 showrooms are large format with area over 3,000 sq. ft. Of these, 4 showrooms have area over 10,000 sq. ft.
- ❖ High street locations, high location visibility and strong customer traffic are key factors in showroom selection process
 - ✓ Large Showroom gives comfort to Customers on our Credibility and Size in newer places
 - ✓ Our Showroom set-up ensures high visibility for diamond jewellery - on ground floor of our multi-floor showrooms

*As on 15th May 2013, All showrooms, except Chandigarh showroom, are directly managed

Discussion Outline

1. The Journey of India's fastest growing "Jeweller for Generations" brand
2. **Business Model and Overview**
3. Key Competitive Strengths and Business Strategy
4. Financial Performance

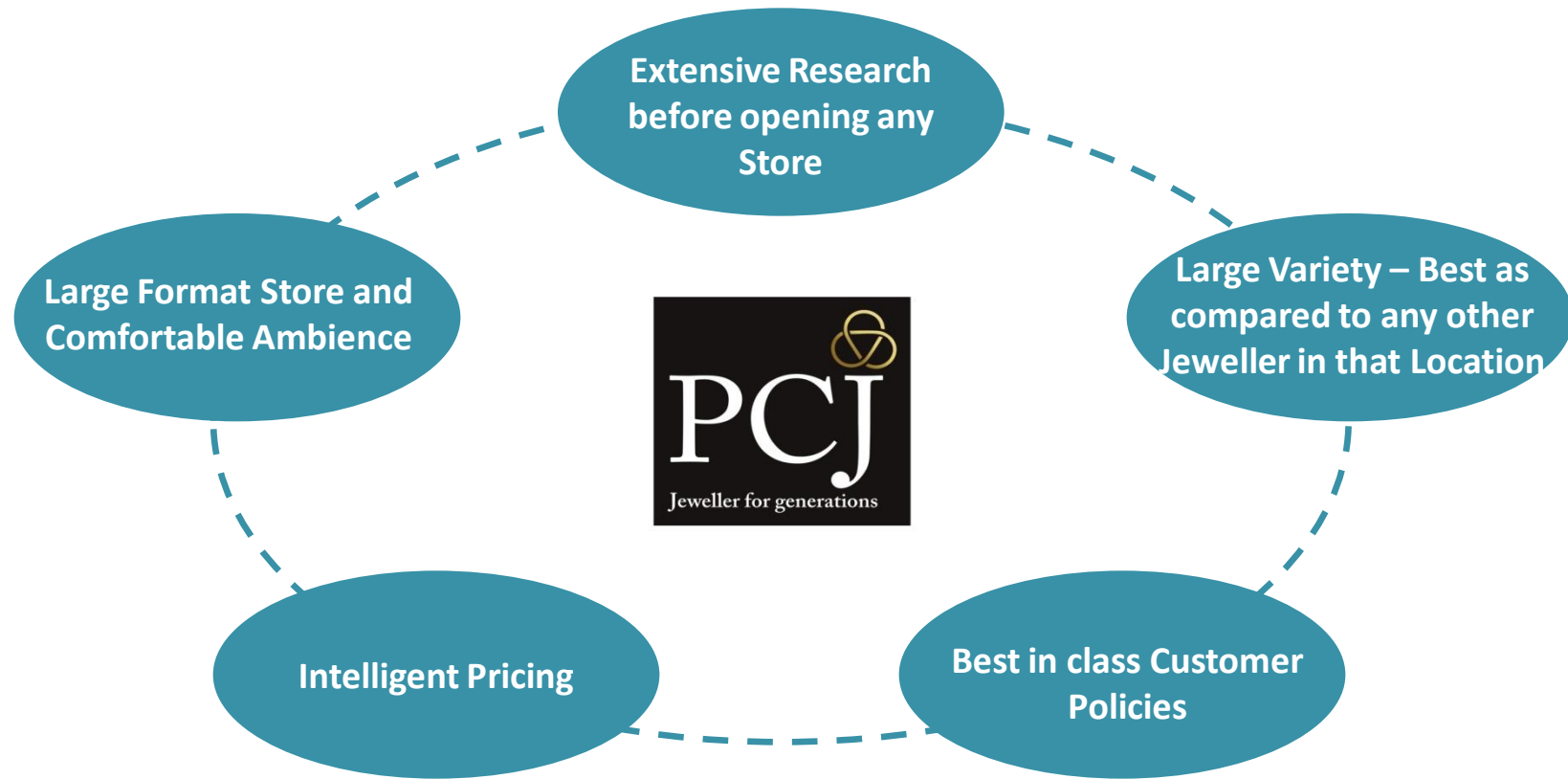
Robust Business Model



Strong Focus on Domestic Retail Business – High margins Diamond jewellery and Wedding jewellery

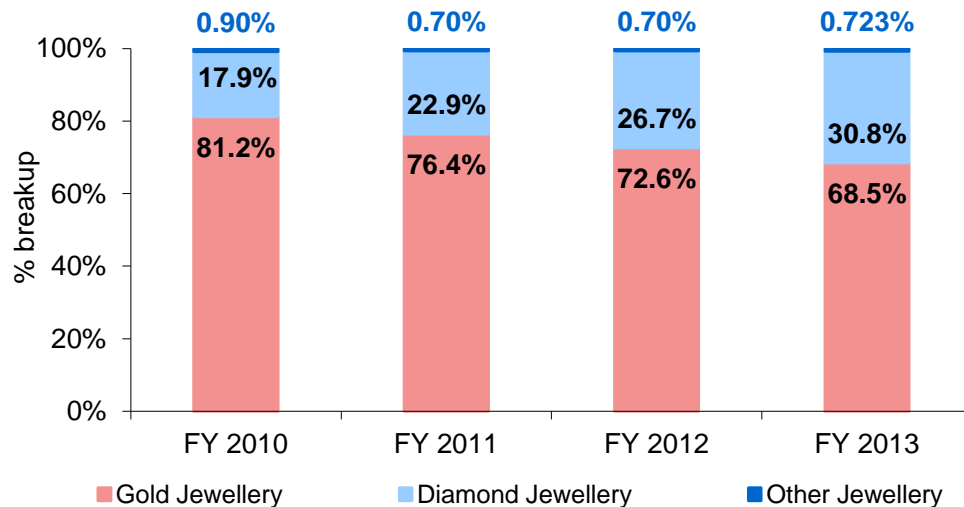
Company exports Gold and Diamond jewellery on a wholesale basis to international distributors in Dubai and Hong Kong

Key Pegs of PCJ Business Model



Key is to Develop Customer Trust and Confidence in PCJ Brand, Quality, Variety and Pricing

Product Mix - Increasing Focus on Diamond Jewellery

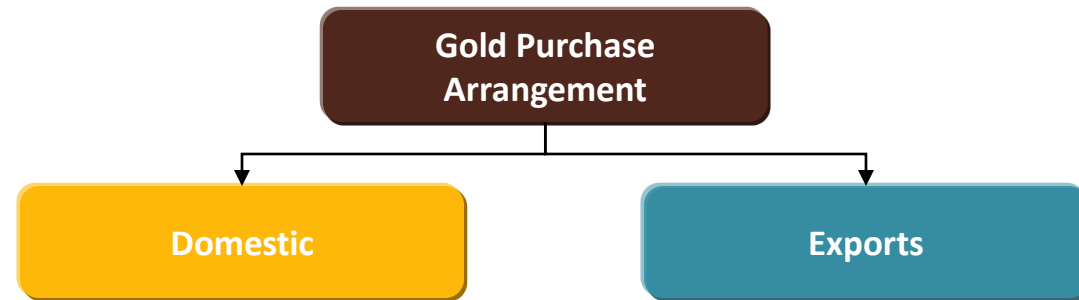


Diamond Jewellery contribution to domestic sales grew from 17.9% in FY10 to 30.8% in FY 2013

- ❖ **Focus on diamond jewellery as average margins on Diamond jewellery are significantly higher as compared to Gold jewellery**
 - ✓ ~30% margins on Diamond Jewellery as compared to ~9%-10% margins on Gold Jewellery
- ❖ **Consumer demand for Diamond (studded) jewellery in India has increased at relatively higher rates compared to the demand for Gold jewellery and we expect this trend to continue in future.**
- ❖ **Actively working to shift our Jewellery sales toward Diamond (studded) jewellery**
 - ✓ We have augmented our diamond jewellery manufacturing and designing capabilities
 - ✓ The setup of our showrooms ensures increased visibility for diamond jewellery on the ground floor of our multi – floor showrooms

Business De-risked from Gold Price Fluctuations

We hedge our gold and do not seek to profit from gold price movements



Mode of Purchase
Credit Days
Type of Security

◆ RBI Nominated Agency/ Nominated Banks
◆ Upto 180 Days from date of procurement
◆ Stand By Letter of Credit

◆ Direct Import for SEZs / RBI Nominated Agency/ Nominated Banks
◆ Upto 270 Days from date of procurement
◆ Stand By Letter of Credit

❖ **Price of the gold procured by us is fixed on the basis of then prevailing gold rates on sale to customers**

- ✓ No risk relating to gold price fluctuations between the time of raw material procurement and sale of finished product to customers
- ✓ In our domestic operations , we are typically entitled to fix such prices within a period of 90 to 180 days from the date of procurement
- ✓ In our export operations, we are generally entitled to fix such prices within a period of up to 270 days from the date of procurement.

Strong Manufacturing Set-up

Manufacturing Setup

S. No	Location	Area (sq ft.)	Focus of Operations
1	Sector 63, Noida, Uttar Pradesh	34,000	Domestic market
2	F-50, Selaqui, Dehradun, Uttarakhand	8,611	Domestic market
3	G-54, Selaqui, Dehradun, Uttarakhand	2,300	Domestic market
4	65 Noida SEZ, Uttar Pradesh	34,247*	Exports
5	142A/3 Noida SEZ, Uttar Pradesh	3,938	Exports

Note: Area is covered area ; * Total area mentioned in the lease agreement, not the covered are of the manufacturing facility

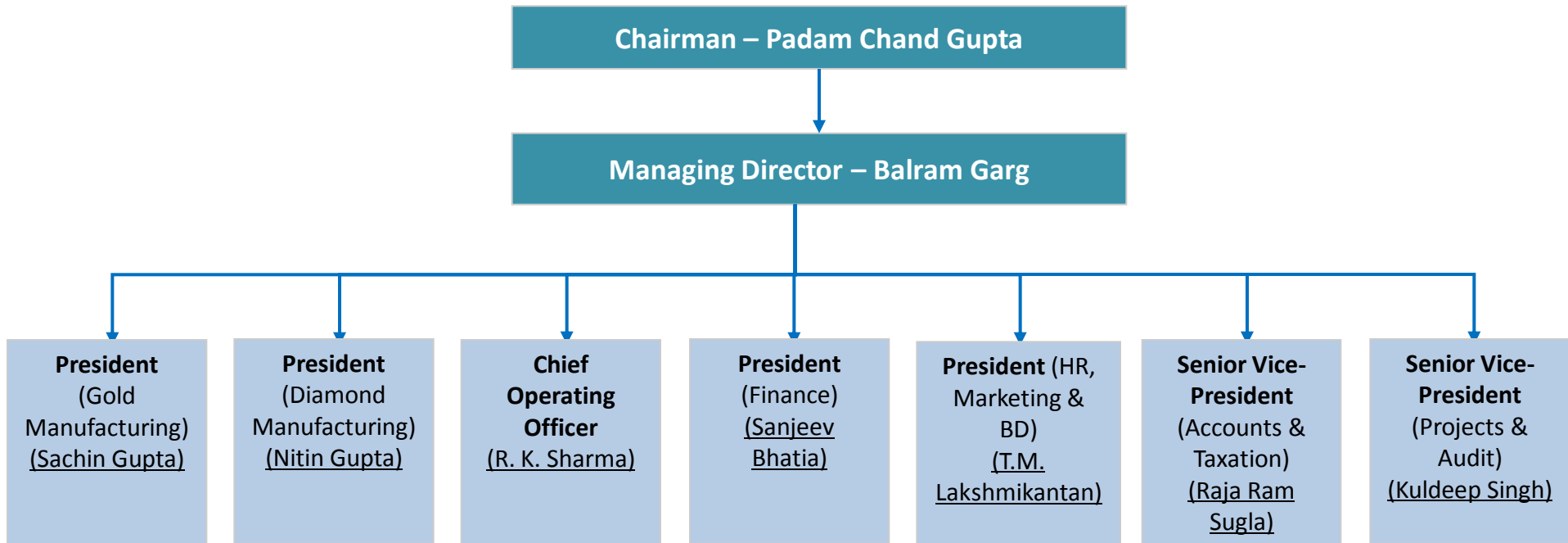


Sector 63 Noida Facility

Key Highlights

- ✓ A certain portion of jewellery manufactured in-house; ~6,230 kg of gold processed in FY13 at our own facilities
- ✓ Some jewellery manufactured from independent contractors as well which gives an insight into customer preferences across different markets
- ✓ Source gold for operations under gold loan scheme from various established canalizing agencies
- ✓ Company procures cut and polished diamonds from various diamond traders in India. Certain diamond suppliers are DTC sight holders
- ✓ Large and skilled manufacturing workforce
- ✓ Ability to capture margins across the jewellery value chain
- ✓ Efficient material procurement and inventory management

Experienced Promoters and Senior Management Team



- ❖ Promoters Balram Garg and Padam Chand Gupta have over two decades of experience in jewellery business
- ❖ Established relations with various suppliers and export customers
- ❖ Supported by management team consisting of various divisional and functional heads

PC Jeweller - Brief Overview

PCJ – An Established and Trusted Brand

- ◆ Trusted name - Ensures purity by selling only Hallmarked Gold jewellery and Certified diamonds
- ◆ Consistent focus on Quality, Design and Unique Customer Centric Policies - Helps gain customer loyalty and referrals
- ◆ Exclusive brand image and top of mind recall amongst the customers by nationwide advertising campaigns and event sponsorships

Strategically located Large Format Showrooms

- ◆ 36 Showrooms across 28 Cities, across 10 States
 - 33 showrooms are large format with area over 3,000 sq. ft. Of these, 4 showrooms have area over 10,000 sq. ft.
- ◆ **Large Format showrooms at High street locations with high visibility and customer traffic are key factors for showroom selection**
 - Additionally, Diamond jewellery is displayed on the ground floor of our multi– floor showrooms to ensure high visibility for diamond jewellery

Unmatched Product Range

- ◆ Focus on High Margin and High Ticket wedding segment of the industry
- ◆ **Gold Jewellery accounts for ~68.5% of our domestic revenues (operates at ~9% - 10% gross margin)**
- ◆ **Diamond Jewellery accounts for ~30.8% of domestic revenues (operates at ~30% gross margin)**
 - Contribution of diamond jewellery to domestic sales increased from 17.9% in FY10 to 30.8% in FY13

Business De-risked from Gold Price Fluctuations

- ◆ We procure gold on gold-lease from canalizing agencies and international bullion suppliers
- ◆ Price of most of the gold purchased is fixed on the basis of then prevailing gold rates on sale to customers
- ◆ This mechanism minimizes any risk relating to gold price fluctuations between the time of raw material procurement and sale of finished product to customers
- ◆ We do not seek to profit from gold price movement

PC Jeweller - Brief Overview (Cont'd)

Manufacturing Set-up

- ◆ Manufacturing units at Dehradun (Uttarakhand), Noida (Uttar Pradesh) and Noida SEZ (Uttar Pradesh)
 - Over 44,900 sq. ft.* of manufacturing facility exclusively for Domestic operations
 - Over 38,000 sq. ft.^ of manufacturing facility exclusively for Export operations
- ◆ ~6230 kg of gold processed in FY13 at our own facilities
- ◆ Some jewellery manufactured from independent local contractors - gives insight into local tastes and customer preferences across regions
- ◆ Our Manufacturing facilities, large skilled workforce with knowledge and expertise in jewellery-making is a key competitive strength that has helped us improve our margins and establish and maintain our reputation and brand

Product Development and Design

- ◆ State of art Design Centre in our Noida manufacturing facility
- ◆ In-house team that conducts customer surveys, market researches and based on feedback from various sources including Indian and international trade shows and jewellery fairs, designs and develop new product lines

Management

- ◆ Promoters Balram Garg and Padam Chand Gupta have over two decades of experience in jewellery business
- ◆ Supported by professional management team consisting of various divisional and functional heads including COO and CFO

*Area is covered area ; ^Total area mentioned in the lease agreement, not the covered are of the manufacturing facility

Discussion Outline

1. The Journey of India's fastest growing "Jeweller for Generations" brand
2. Business Model and Overview
3. **Key Competitive Strengths and Business Strategy**
4. Financial Performance

Key Competitive Strengths

#1

PCJ – An Established Brand

#2

Growing Network of Strategically Located Large Format Showrooms – 36 Showrooms in 28 Cities, 10 States

#3

Growing Diamond: Gold Sales ratio, better Margin Profile and increasing Same Store Sales

#4

Business De-risked from Gold Price Fluctuations (Gold hedging mechanism is in place)

#5

Strict internal systems and controls for Sourcing, Designing, Manufacturing, Inventory Monitoring and Sales

#6

Experienced Promoters and Professional Management Team

Business Strategy

#1

Focus on profitable growth of Retail network

#2

Continue thrust on growing Diamond and other high-margin jewellery – Target 35% Diamond jewellery sales in next 3 years

#3

Continue to explore introducing Luxury market Brand focused on High-end Gold, Diamond & Precious stones jewellery

#4

Customer-oriented marketing initiatives - Increase customer touch-points through Online and Offline Events, Jewellery fairs, Store-level, Regional as well as National marketing campaigns

Innovative Customer Oriented Marketing Initiatives

Customer oriented Schemes

- ◆ “Jewels for Less” Scheme
 - enables our customers to make advance payments in monthly installments during the scheme period to purchase, at the end of such period, jewellery of a value higher than the aggregate advance amounts paid
 - Over 54,000 customers under “Jewels for Less “ scheme as on 31 March 2013
- ◆ Full refund policy for jewellery items returned within seven days of purchase (30 days if purchased online)
- ◆ Offer a buy-back policy for our diamond jewellery at a minimum of 90.0% of the invoice price (excluding applicable taxes), and gold jewellery, at the value of gold in such jewellery at then prevailing market rates
- ◆ Free lifetime repair service

Advertising

- ◆ Invest in nationwide, regional and local store-level advertising campaigns, marketing initiatives and event sponsorships to increase our visibility and customer traffic at our showrooms
- ◆ Focus on jewellery fairs, trade shows and other industry forums to introduce and market our products and new designs
- ◆ Associate sponsors of the grand finale of India International Jewellery Week 2012, Filmfare Awards in 2010, 2011, 2012, 2013, Delhi Couture Week 2012 and title sponsors for the Mijwan Welfare Society charity event held in September 2012

Promotional Events

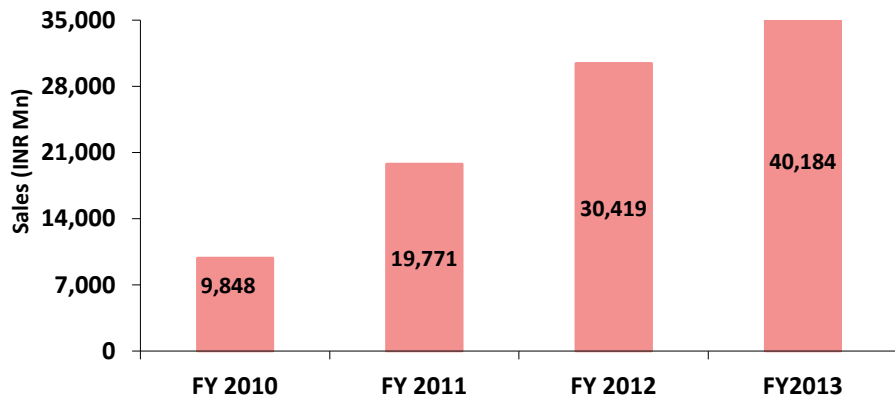
- ◆ Host events such as the PCJ Gold Bangle Festival, PCJ Diamond Festival and PCJ Kundan Festival in order to increase footfalls in our showrooms
- ◆ Events during festivals and other occasions such as Durga Puja, Akshay Tritiya, Dhanteras, Diwali and Christmas

Discussion Outline

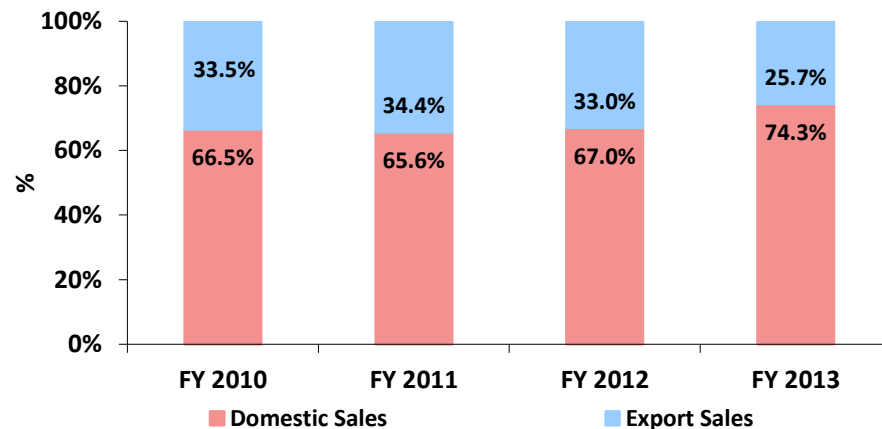
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Annual Performance Trends

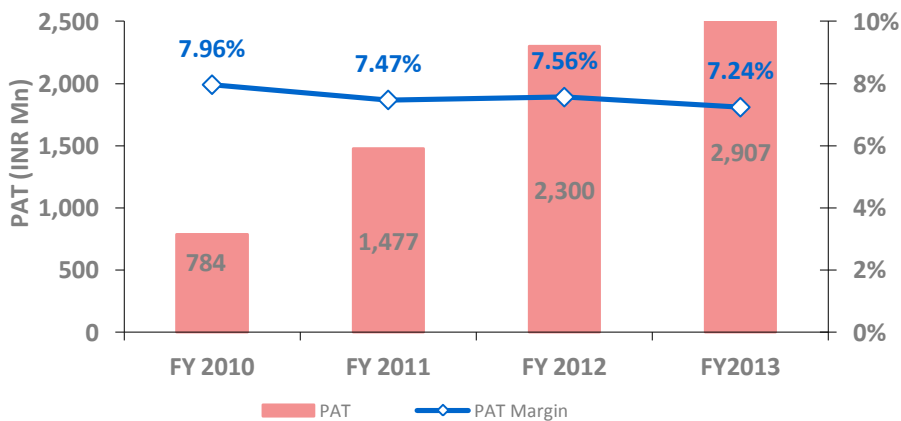
Revenue from Operations



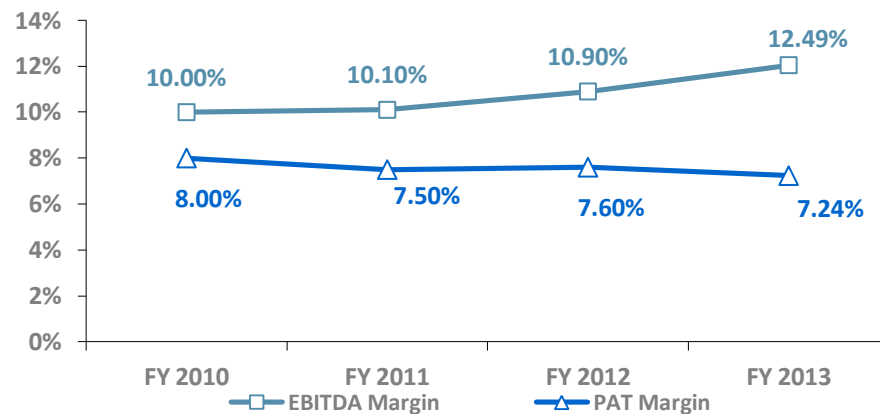
Sales breakup - Consistently growing Domestic Sales



Steady PAT Growth



EBITDA and PAT Margins



EBITDA margin computed as EBITDA / (Revenue from Operations)

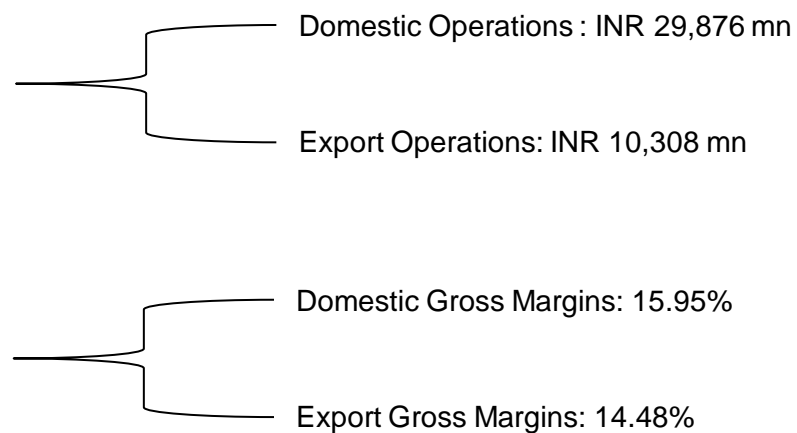
PAT margin computed as PAT / (Revenue from Operations)

Strong Balance Sheet

- ◆ Crisil Long Term Rating – Crisil A
- ◆ Crisil Short Term Rating – Crisil A1
- ◆ Networth – Rs. 13,888 mn (as on 31 March, 2013)
- ◆ Debt (Short Term and Long Term) – Rs. 2,309 mn (as on 31 March, 2013)
- ◆ Debt/ Equity ratio – 0.16

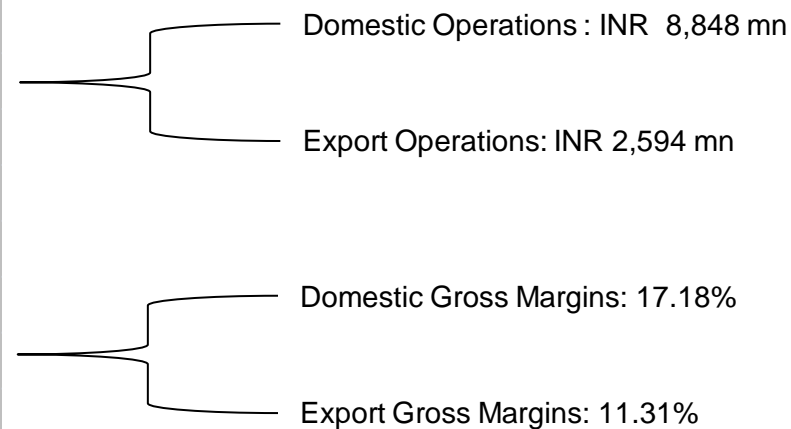
Key Financials for FY 2013 – P&L Items

Particulars for FY 2013	INR Mn
Revenue from operations	40,184
Cost of materials consumed	33,659
Purchases of traded goods	19
Manufacturing Expenses	249
Gross Profit	6,257
Gross Margins	15.57%
Other Income	97
Employee benefit expenses	353
Rental expense	213
Other expenses	873
EBIDTA	4,915
EBITDA Margins	12.23%
Finance Costs	1,170
Depreciation and Amortisation expense	100
Profit before tax and prior period items	3,645
Tax	738
Profit for the Period	2,907
PAT Margins	7.24%



Key Financials for Q4 2013 – P&L Items

Particulars for Q4 FY 2013	INR Mn
Revenue from operations	11,442
Cost of materials consumed	9,559
Purchases of traded goods	10
Manufacturing Expenses	60
Gross Profit	1,813
Gross Margins	15.85%
Other Income	86
Employee benefit expenses	99
Rental expense	55
Other expenses	350
EBIDTA	1,396
EBITDA Margins	12.20%
Finance Costs	338
Depreciation and Amortisation expense	27
Profit before tax and prior period items	1,031
Tax	206
Profit for the Period	825
PAT Margins	7.21%



Comparing Q4 FY 2013 and Q3 FY 2013 (P&L Items)

Particulars (INR Mn)	Q4 FY 2013	Q3 FY 2013
Revenue		
Revenue from Operations	11,442	10,185
Revenue from Domestic Operations	8,848	8,523
Revenue from Exports Operations	2,594	1,662
Gross Profit	1,813	1,492
Gross Margins	15.85%	14.64%
Gross Margins for Domestic Operations	17.18%	14.91%
Gross Margins for Exports Operations	11.31%	13.26%
EBIDTA	1,396	1,147
EBITDA Margins	12.20%	11.26%
Profit for the Period	825	669

Diamond Jewellery share has improved from 26.85% in Q3 2013 to 32.15% in Q4 2013

Comparing FY 2013 and FY 2012 (P&L Items)

Particulars (INR Mn)	FY 2013	FY 2012
Revenue		
Revenue from Operations	40,184	30,419
Revenue from Domestic Operations	29,876	20,395
Revenue from Exports Operations	10,308	10,024
Gross Profit	6,257	4,216
Gross Margins	15.57%	13.86%
Gross Margins for Domestic Operations	15.95%	15.17%
Gross Margins for Exports Operations	14.48%	11.20%
EBIDTA	4,915	3,325
EBITDA Margins	12.23%	10.93%
Profit for the Period	2,907	2,313
PAT Margins	7.24%	7.60%

Diamond Jewellery share has improved from 26.70% in FY 2012 to 30.80% in FY 2013

Comparing FY 2013 and FY 2012 (BS Items)

Particulars (INR Mn)	As on 31 March 2013	As on 31 March 2012
A. Equity and Liabilities		
1 Shareholders' funds	13,888	5,558
(a) Share capital	1,791	1,340
(b) Reserves and surplus	12,097	4,218
2. Non current liabilities	24	28
3. Current liabilities	20,439	15,392
(a) Short term borrowings	2,309	5,751
(b) Trade payables	16,250	8,525
(c) Other current liabilities	1,322	868
(d) Short term provisions	557	248
Total – Equity and Liabilities	34,352	20,978
B. Assets		
1. Non-current assets	1,637	1,292
(a) Fixed assets	638	576
(b) Long term loans and advances	800	632
(c) Other non current assets (incl. deferred tax assets and non-current investmen	198	85
2 Current assets	32,715	19,686
(a) Current investments	4,429	0
(b) Inventories	17,137	11,724
(c) Trade receivables	6,748	6,866
(d) Cash and bank balances	2,649	748
(e) Short term loans and advances	1,700	325
(f) Other current assets	53	22
Total – Assets	34,352	20,978

Thank You

Annexure

Opened 6 showrooms post IPO in Dec 2012



Jabalpur, Madhya Pradesh



Shri Ganganagar, Rajasthan



Ahmedabad, Gujarat



Vadodara, Gujarat



Hisar, Harayana



Paschim Vihar, New Delhi

Today, PCJ has 36 Showrooms across 28 Cities, across 10 States