PCJ
Jeweller for generations

Date: August 9, 2014

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, BandraKurla Complex,
Bandra (East), Mumbai - 400051

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

Sub.: Management Presentation & Results Analysis for the Quarter ended June 30, 2014

Dear Sir/Madam,

Please find enclosed herewith the Management Presentation & Results Analysis for the Quarter ended June 30, 2014.

Kindly take the same on record.

Thanking you,

Your's faithfully,
For **PC Jeweller Limited**,

PC JEWELLER LIMITED New Delhi

(SANJEEV BHATIA)
Chief Financial Officer

Encl.: As above

PC Jeweller Limited

Q1 FY 2015 Results Update

August 2014

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.

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PC Jeweller today

India's **leading** jewellery retail chain

45 showrooms across 36 cities and 15 states (~2,64,000 sq. ft. of retail space)

Targeting **$50 bn** Indian Jewellery Market

Clocked **Rs. 53,248 (US$ 890 mn)** in total sales in FY 2014

Domestic retail sales contributed to **~75%** of FY 2014 total sales

Established B2B exports contributed to **~25%** of FY 2014 total sales

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

Backed by a strong promoter group and professional management, governed by an independent board

Q1 FY 2015 - Opened 3 showrooms; 1 in July 2014

Ranchi, Jharkhand
(3,300 Sq. Ft.)

Guwahati, Assam
(4,350 Sq. Ft.)

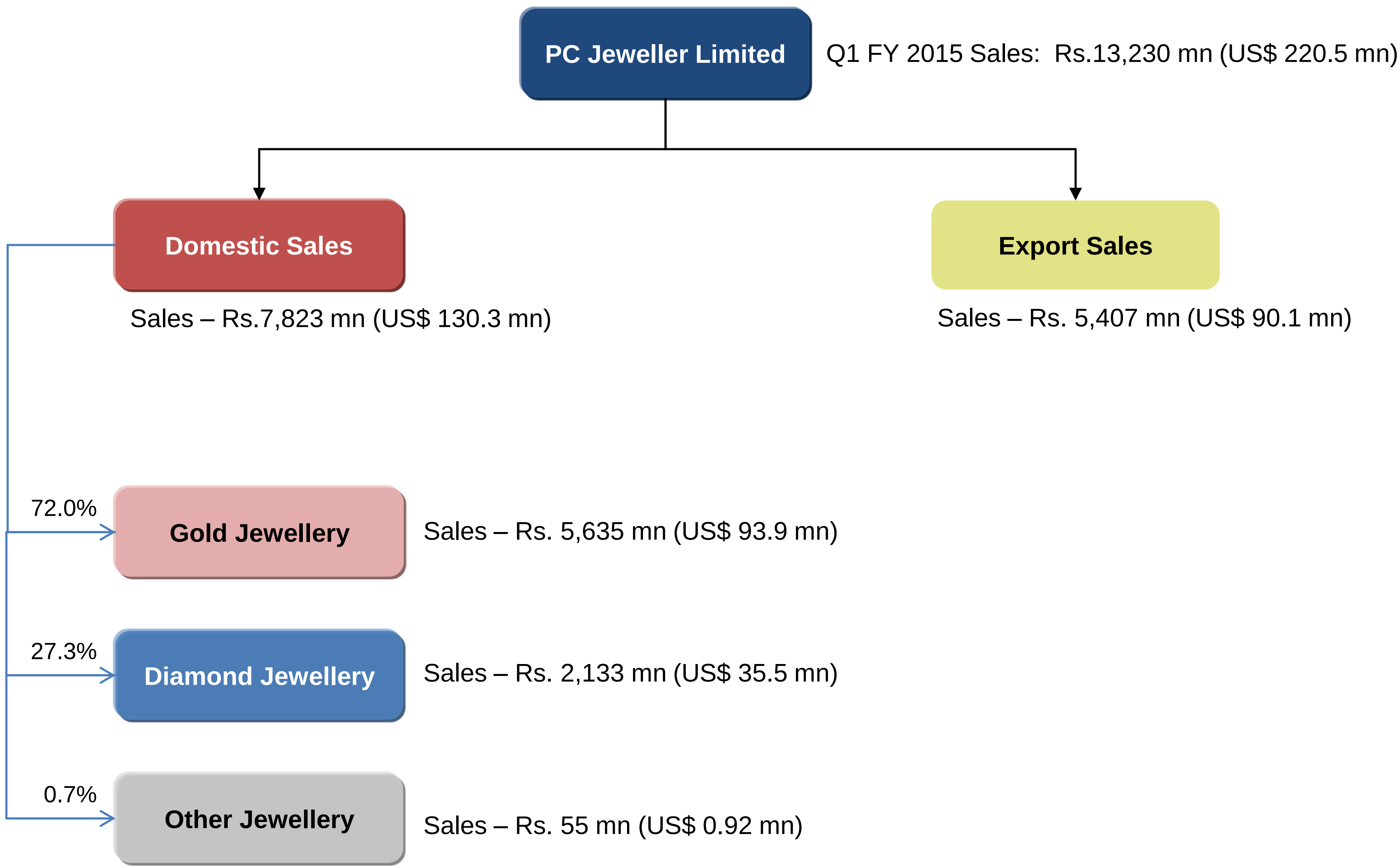
Jammu, J&K
(3,250 Sq. Ft.)

Patna, Bihar
(6,378 Sq. Ft.)

Extensive Retail Network – Pan India Reach

- **45 showrooms across 36 cities and 15 states**
- **Expansion plans are well on track with 11 new showrooms opened in FY2014**
- **Target to open 20 new showrooms in FY 2015 (already opened 4 showrooms)**
- **All showrooms are large format showrooms at high street locations**
- **<u>Not a single showroom closed till now</u>**

Q1 FY 2015 – Result Analysis



Note: 1 USD = ~60 INR

Q1 FY 2015 – Domestic Retail Sales Analysis

	Q1 FY15	Q1 FY14
Showrooms *(as on last day of the quarter)*	44	36
Total retail area (in sq. ft.)	2,58,000	1,98,000
Total Domestic Sales (Rs. mn)	7,823	11,780
Volume of Gold sold (Kgs.)	2,001	2,987.86
Percentage of Diamond jewellery sold	27.26%	25.72 %
Gross Margins (Domestic Sales)	18.76%	17.99%

Q1 FY 2015 – QoQ Analysis

Particulars	Q1 FY 15 (3 months)	Q1 FY 14 (3 months)	FY 14 (Annual)
Revenue from Operations	**13,230**	**13,790**	**53,248**
Domestic Operations	59.13%	85.42%	75.16%
Export Operations	40.87%	14.58%	24.84%
Gross Margins	**14.02%**	**16.03%**	**15.20%**
Domestic Operations	18.76%	17.99%	17.99%
Export Operations	7.17%	4.57%	6.76%
Expenses (% of total Revenue)			
Employee Cost	0.93%	0.73%	0.84%
Advertisements	0.29%	0.98%	0.94%
Rentals	0.48%	1.04%*	0.55%
Other Costs	1.56%	3.73%	2.09%
EBIT Margins	**10.76%**	**9.55%**	**10.78%**
PBT Margins	**7.49%**	**8.37%**	**8.81%**
PAT Margins	**5.26%**	**6.52%**	**6.69%**

* *The rental expenses for Q1 FY 14 include straight lining of lease rent of Rs 81.60 mn as per AS 19.*

Thank You

Q1 FY 2015 Result Analysis

The salient financial parameters of the company's performance are as under:

Key Headings (in Rs. Lakhs)	Q1 FY 2015	Q1 FY 2014	FY 2014
Total Sales	1,32,302.26	1,37,900.11	5,32,482.91
Domestic Retail Sales	78,230.84	1,17,802.55	4,00,208.32
Export Sales	54,071.42	20,097.56	1,32,274.59
Gross Profit	18,548.83	22,105.25	80,937.40
Gross Profit (%)	14.02%	16.03%	15.20%
Other Expenses			
Employee Benefit Expenses	1,231.46	1,006.46	4,474.06
Rental Expenses	636.04	1,428.60	2,924.53
Foreign Exchange Fluctuation	519.99	3,416.65	2,378.80
Other Expenses	1,396.96	2,801.10	12,525.74
EBITDA	14,764.38	13,452.44	58,634.27
EBITDA (%)	11.16%	9.76%	11.01%
Finance Cost	5,135.55	3,070.03	15,187.75
Profit Before Tax (PBT)	9,914.70	11,538.35	46,938.28
PBT Margins	7.49%	8.37%	8.81%
Profit After Tax (PAT)	6,959.07	8,995.41	35,631.34
PAT Margins	5.26%	6.52%	6.69%

Q1 FY2015 has been a good quarter for us. We opened 3 new showrooms at Ranchi, Guwahati and Jammu with a total covered area of ~10,900 sq. Ft. across three new states (Jharkhand, Assam and J&K). Our total showroom count as of today (including one showroom opened in July 2014) is 45 showrooms (across 37 cities and 15 states)

On the regulatory front, some of the key developments in this quarter have been as follows:

- Restoration of Gold Lease scheme for domestic operations (was earlier withdrawn by RBI in August 2013). Consequently, we have started procuring gold under the Gold Lease scheme again from Bank of Nova Scotia, Kotak Mahindra Bank and HDFC Bank
- Classification of JFL scheme as ''Deposits'' under the Companies Act 2013. We have stopped accepting subscription under the JFL scheme and have given an option to its members for premature payment either in form of cash refunds or jewellery purchase. We are confident of getting most of the redemptions in the form of jewellery purchase only.

The company has received the following recognitions in this quarter

- Dun & Bradstreet listed our Company amongst India's Top 500 Companies for 2014
- Outlook Business, a leading business magazine of the country, included PC Jeweller amongst the fastest growing companies of India. Some of the other companies which have been included in this select list are Godrej Consumer Products, Tech Mahindra, Jubilant Foodworks, TTK Prestige, Hindustan Media Ventures

- We have also been awarded '<u>Regional Retail Chain of the year 2014</u>' by The Retail Jeweller, a leading jewellery
- Business World has also categorized PC Jeweller as one of the <u>fastest growing companies</u> in their recent edition. Some of the other companies who are a part of this coverage are TCS, Tech Mahindra, Ultra Tech, Cairn India and GAIL

Our continued focus on diamond jewellery has resulted in improvement of diamond jewellery contribution to the sales mix (from 25.7% in Q1 FY 14 to 27.3% in Q1 FY 15)

%age	**Diamond Jewellery contribution to total Retail sales**
Q1 2015	27.26%
Q1 2014	25.72%
FY 2014	26.40%

Our expansion plans are well on track with 11 new showrooms opened in FY2014 as we continued to get gold regularly owing to our strong relationship with banks and robust export operations. We target to open 20 new showrooms in FY 2015 (have already opened 4 showrooms till date)

	Existing Showrooms	**New Showrooms**	**Total Showrooms**
FY 2013	24	6	30
FY 2014	30	11	41
FY 2015	45	15 (target)	60 (target)

<u>Commentary on Financial Indicators</u>

1. Domestic Sales
    a. Our Q1 FY 2015 Domestic Sales were Rs. 782.31 crores as compared to Rs. 1178.02 crores in Q1 FY 2014.
    b. Q1 FY 2014 had an unanticipated high sales due to significant decline in gold prices during that quarter. Jewellery sales increased by around 40-50% for the entire sector. This was an exceptional quarter from that perspective.
    c. First one and half month of Q1 FY 2015 was slow as the sentiments were subdued due to the on going Election process. This impacted sales as customers avoided high ticket purchases during this period.
    d. However, now we are observing improved sentiments as well as increasing footfalls in our stores. Consequently we are confident of a substantial uptick in the domestic sales figures of Q2.

2. Export Sales
    a. Our Q1 FY 2015 Export Sales were Rs. 540.71 crores as compared to Rs. 200.97 crores in Q1 FY 2014.
    b. The company had nearly constant export turnover during the FY 2012 and FY 2013

c. However, after implementation of 20:80 rule in Aug 2013, the Company started to think about boosting exports in order to protect its domestic business (and ensure steady supply of Gold).
d. Consequently, it held several exhibitions overseas in order to gain additional customers for exports which resulted in increase in exports during FY 2014
e. Since the company had pending export orders and the sentiments were low in the domestic markets, it executed those export orders during Q1 FY 2015 which resulted in increased exports and will help it in procuring gold for the upcoming festival season
f. However, the company continues to retain its focus on Domestic Sales and will maintain an annual Domestic Sales and Export Sales mix at 75:25.

3. Gross Margins
    a. Our Q1 FY 2015 gross margins were 14.02% as compared to 16.03% in Q1 FY 2014.
    b. Reduction in the gross margins was due to increased weightage of exports in the overall sales mix.
    c. However, the gross margins improved in the domestic segment due to increased proportion of diamond sales in the overall sales mix.

4. Other Expenses
    a. Rental expense - Rentals in Q1 FY 2015 are reflective of actual payouts. Rentals in Q1 FY 2014 were high on account of straight lining of rent as per AS 19.
    b. Foreign Exchange Fluctuation –This component is due to fluctuation in exchange rate on gold procurement date and book closing date. In Q1 2015, we procured significant component of gold on outright basis. As a result this notional adjustment is limited in this quarter.
    c. Advertisement expense – Due to elections in Q1 FY 2015, the Company reduced its marketing spend. The same is expected to bounce back in Q2 FY 2015

5. Other Income
    a. Other income in Q1 FY 2015 was Rs. 8.09 crores as compared to Rs. 14.43 crores in Q1 FY 2014.
    b. The reduction is on account of decline in MF investments and FDRs as the Company utilized cash in this quarter for Gold purchase on outright basis.

6. Finance Cost
    a. Due to withdrawal of Gold Lease facilities w.e.f. Aug 2013, Company started procuring Gold on outright basis which increased the finance cost from Rs. 30.70 crores in Q1 FY 2014 to Rs. 51.35 crores in Q1 FY 2015
    b. With restoration of Gold Lease policy, we expect the corresponding finance costs to reduce in future.

7. Tax Expense
    a. Tax expense has increased from Rs. 25.42 crores in Q1 FY 2014 to Rs. 29.55 crores in Q1 FY 2015
    b. This was due to reduction in exemption limit of our Dehradun manufacturing unit from 100% tax exempt to 30% tax exempt.
    c. The company is now almost within the full tax bracket.