PCJ

Jeweller for generations

Date: May 22, 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, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051

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

Sub.: Management Presentation on Audited Financial Results for the quarter/year ended March 31, 2014

Dear Sir/Madam,

Please find enclosed herewith management presentation on Audited Financial Results of the Company for the quarter/year ended March 31, 2014.

Kindly take the same on record.

Thanking you,

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

PC JEWELLER LIMITED New Delhi

(VIJAY PANWAR)
Company Secretary

Encl.: As above

FY 2014 Result Analysis

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

Rs. in Mn	Domestic (Retail) Sales	Export Sales	Total Sales	Retail sales (as % of total sales)	EBITDA	EBITDA Margins	PAT	PAT Margins
FY 2014	40,021	13,227	53,248	75.2%	5,863	11.0%	3,563	6.7%
FY 2013	29,918	10,267	40,184	74.5%	4,818	12.0%	2,907	7.2%
Q4 2014	11,035	4,326	15,361	71.8%	1,598	10.4%	836	5.4%
Q4 2013	8,889	2,553	11,442	77.7%	1,322	11.6%	825	7.2%

We have consciously concentrated on our domestic retail business, which is growing at a fast pace. Our retail sales as a percentage of total sales were 75.2% in FY 2014 as compared to 74.5% in FY 2013.

In FY 2012, share of our domestic retail sales was 67%. Post that, we have consciously tried increase the share of retail sales. Owing to our efforts, share of our retail sales increased to 74.5% in FY 2013 and 75.2% in FY 2014. We have maintained exports share at 24.8% in FY 2014 to ensure availability of gold under the 80:20 scheme and will continue to do so. We have been participating in global jewellery exhibitions to tap new overseas markets and maintain our export share to ensure availability of gold for domestic operations (owing to 80:20 scheme). We will continue to review our position on export share in line with prevailing policies on gold procurement.

Though the overall jewellery industry demand growth has been slow in the last few quarters, we are seeing continuous shift of demand from unorganized to organized sector. This has been a strong driver for retail sales growth for large organized players like us.

We feel that improvement in overall economy, with a strong government in place, is expected to boost the sentiments leading to increased consumer appetite. We also envisage a custom duty cut in near future which will further improve the sentiments.

Contribution of Diamond Jewellery in Total Retail Sales

%age	Diamond Jewellery contribution to total Retail sales
FY 2014	26.4%
FY 2013	30.8%
Q4 2014	24.0%
Q4 2013	32.4%

Though there was an absolute increase in diamond sales in FY 2014 as compared to FY 2013 (~14.6% growth), the ratio of diamond jewellery sales to overall retail jewellery sales declined in FY 2014 (26.4% in FY 2014 as compared to 30.8% in FY 2013). This was an industry wide phenomenon which we believe is temporary. We continue to focus on

increasing our diamond jewellery sales and are already seeing an uptrend in the same in the current quarter.

Expansion Plans

	Existing Showrooms	New Showrooms	Total Showrooms
FY 2013	24	6	30
FY 2014	30	11	41
FY 2015	41	15 (target)	56 (target)

Last year was tough for the jewellery sector. However, we continued with our showroom expansion plans as we continued to get gold regularly owing to our strong relationship with banks and robust export operations. This showroom expansion has helped us achieve good overall growth this year.

Though the same-store growth from existing mature stores was muted this year, overall growth was primarily driven by newer stores (6 new showrooms in FY 13 and 11 new showrooms in FY 14). Consequently, company has shown a robust YoY sales growth of 32.5% in FY 2014. Of this, retail sales grew at 33.7% and export sales grew by 28.8%

Company's retail presence is spread locations in Metros, Tier I as well as Tier II towns and we will continue to open stores as per the existing pattern only.

We are planning to open 15 new showrooms in current financial year and add ~1,00,000 sq. ft. of retail space. Of these, 3 showrooms launches are already finalized - Ranchi (25 May 2014), Guwahati (1 June 2014), Jammu (15 June 2014); another showroom in Patna is expected to be opened by end June 2014

Business Profits

FY 2014 PAT is Rs. 3,563 mn. Out of this, Rs. 230 mn is related to MTM gains. Correspondingly, the business profit for FY 2014 are Rs. 3,333 mn.

As compared to this, the business profit for FY 2013 was Rs. 2,850 mn. (Rs. 2,906 mn less MTM gain of Rs. 56 mn)

Financial Indicators

As on 31 March, 2014, Company had liquid reserves (fixed deposit, mutual fund investments) of over Rs. 5,000 mn.

Company has been paying dividend consistently since listing.

Our debt to equity ratio is very comfortable (~0.60).

Crisil has reaffirmed Company's Credit Rating at A/A1 which is a testimony to our robust business model and financial health.

The Company has temporarily suspended its Jewel for Less scheme pending clarifications. However, this scheme constitutes less than 3% of our domestic sales and hence is insignificant. We do not expect any material impact on our retail sales in the event the scheme is not restored.

The Company has been successful in reducing its average export debtors days from 61 days in FY 2013 to 42 days in FY 2014.

Recent Developments

Company has received approval to hedge 5 tonnes of gold through banks.

Recent RBI circular has again permitted procurement of gold under Gold Metal Loan (GML) scheme which will provides the Company with a robust hedging tool. This will also help Company save on interest costs as well as free up its working capital.

The relaxation in 80:20 scheme is expected to improve gold supply, reduce gold premiums and hence boost consumer sentiments

PC Jeweller Limited

FY 2014 Results

22nd May 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.

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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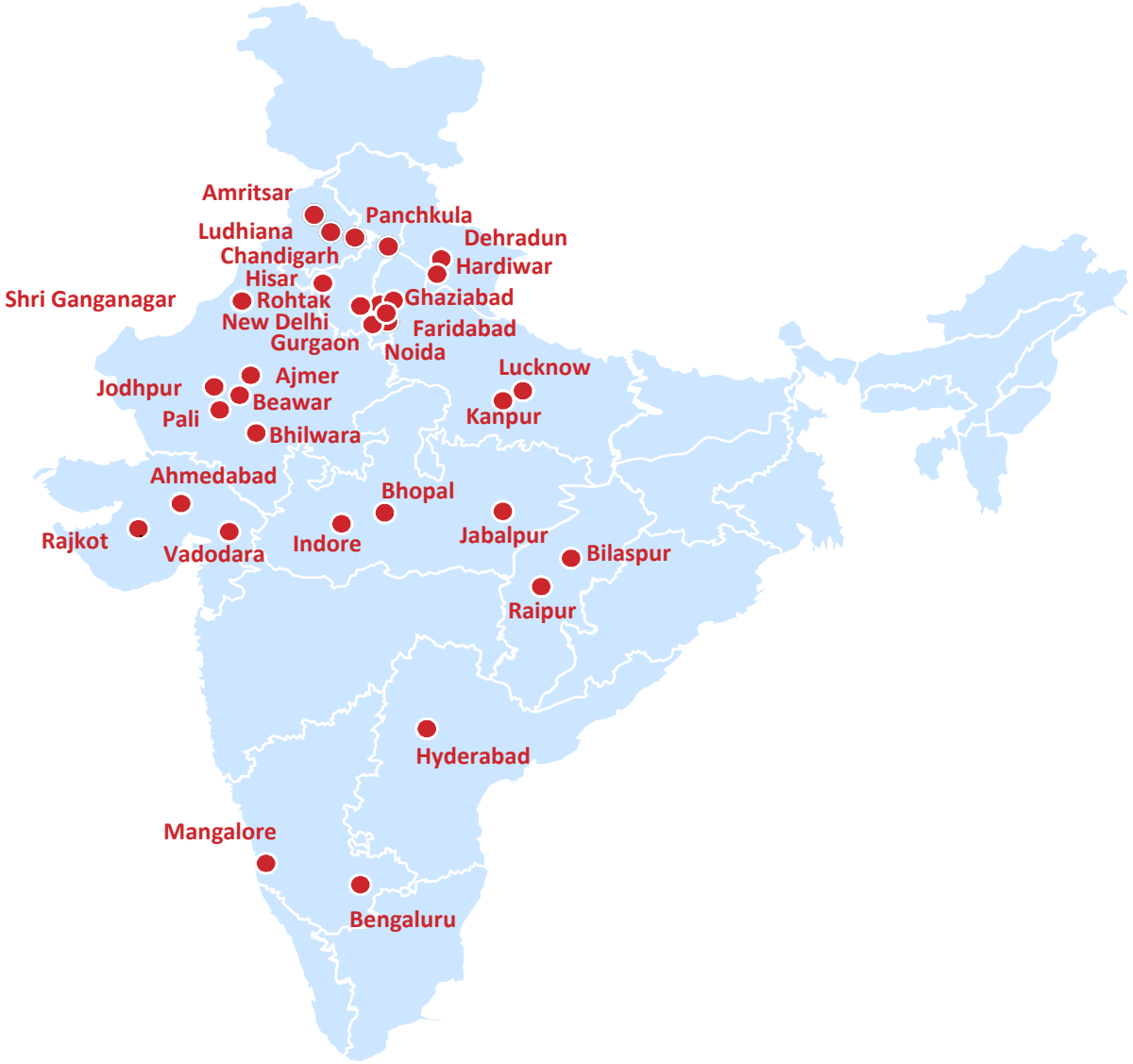
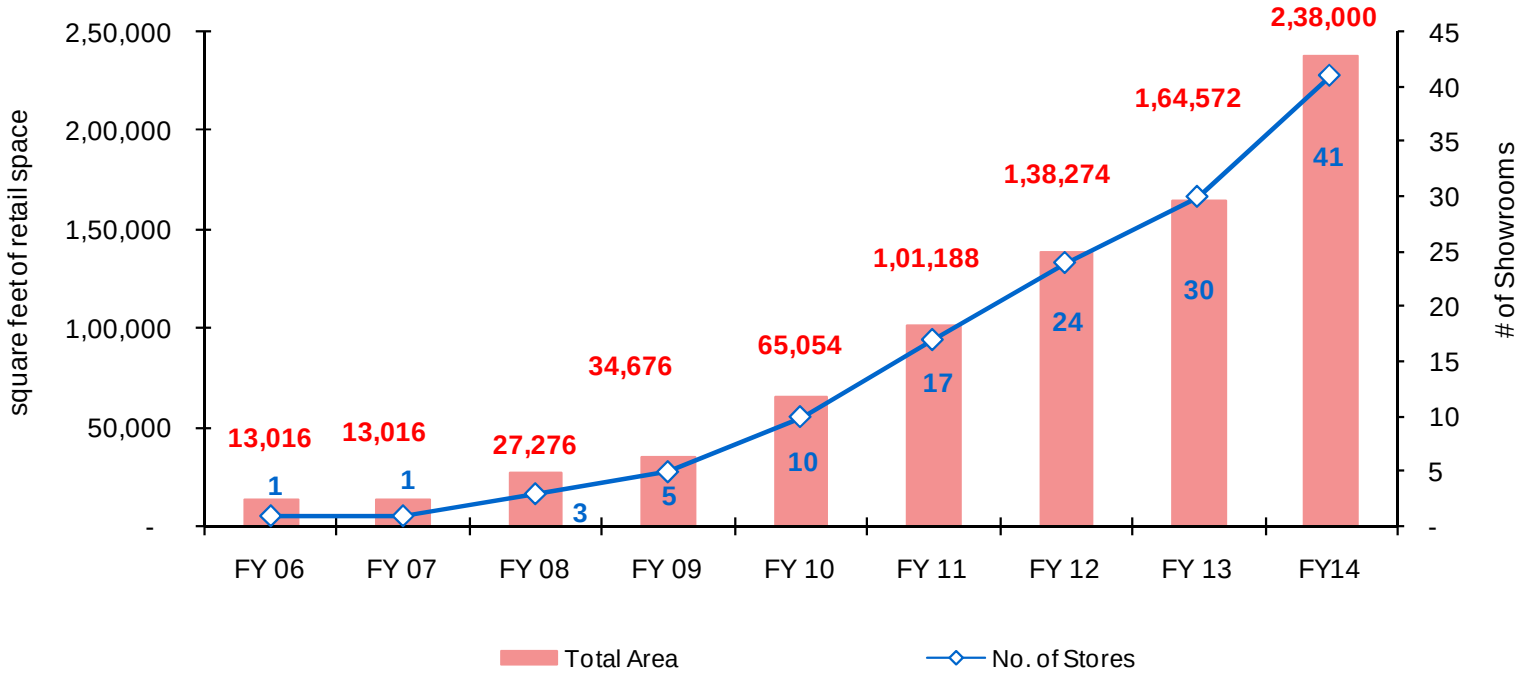
PC Jeweller Limited – Pan India presence



- 41 showrooms across 32 cities and 12 states (~2,38,000 sq. ft. Retail space)
- Our expansion plans are well on track with 11 new showrooms opened in FY2014
- We are planning to open 15 new showrooms in current financial year and add ~1,00,000 sq. ft. of retail space
  - Of these, 3 showrooms launches are already finalized - Ranchi (25 May 2014), Guwahati (1 June 2014), Jammu (15 June 2014)
  - Patna expected to be opened by end June 2014
- All showrooms are large format showrooms at high street locations
- Not a single showroom closed till now

**As on 22 May 2014,; All showrooms, except Chandigarh showroom, are directly managed*

Growing Retail Footprint



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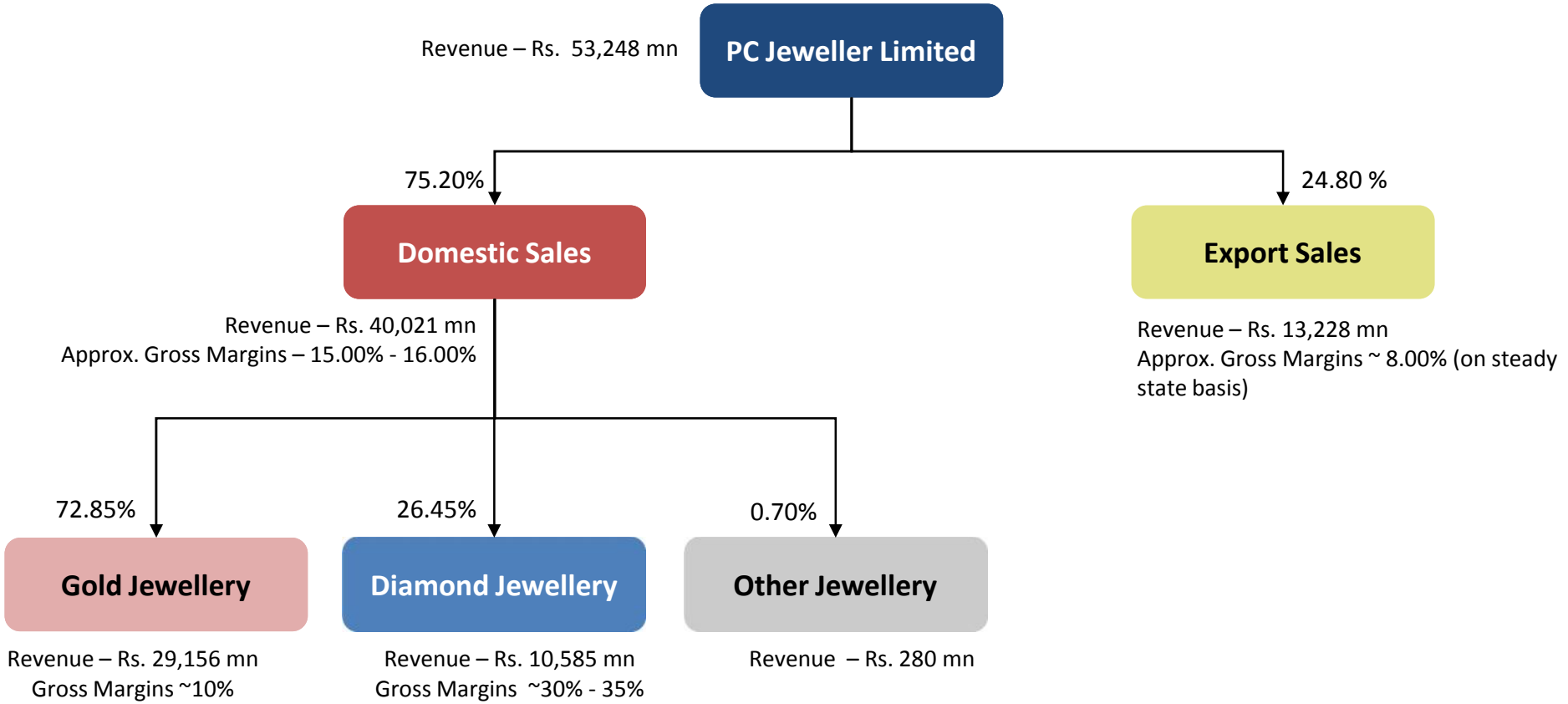
Results Analysis – FY 2014

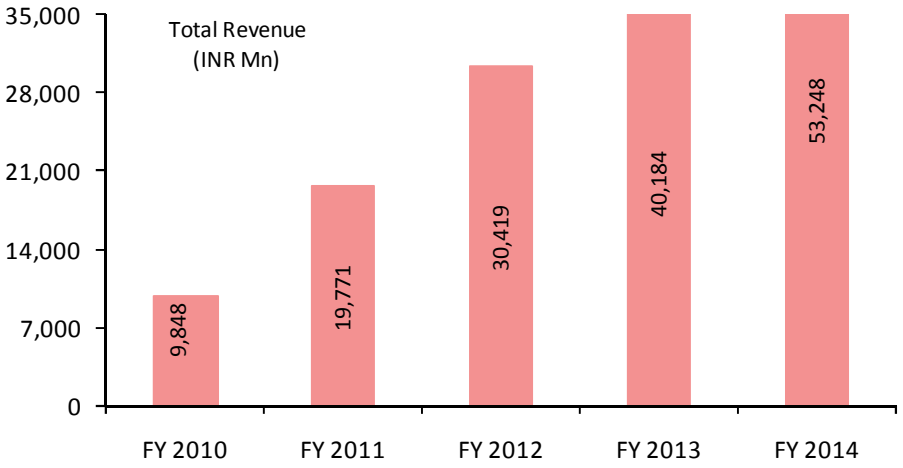


Margin Analysis

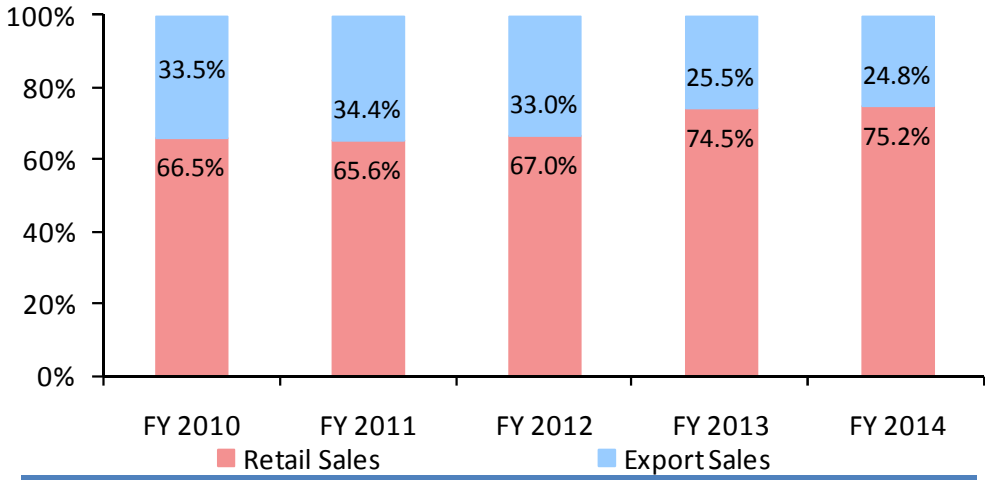
Particulars	FY 14 (12 months)	FY 13 (12 months)	Q4 FY 14 (3 months)	Q4 FY 13 (3 months)
No. of stores at the end of term	41	30	41	30
Revenue from Operations	53,248	40,184	15,361	11,442
Domestic Operations	40,021	29,918	11,035	8,889
Export Operations	13,227	10,267	4,326	2,553
Gross Margins	15.20%	15.71%	11.12%	15.18%
Major expenses (% of total Revenue)				
Employee Cost	0.84%	0.88%	0.74%	0.86%
Advertisements	0.94%	0.82%	0.76%	1.38%
Rentals	0.55%	0.53%	0.59%	0.48%
EBITDA Margins	11.01%	11.99%	10.40%	11.56%
PBT Margins	8.81%	9.07%	7.54%	9.01%
PAT Margins	6.69%	7.23%	5.44%	7.21%
22k Gold grammage (Retail sales)	10,356	7,733	3,740	2,196

Key Performance Trends

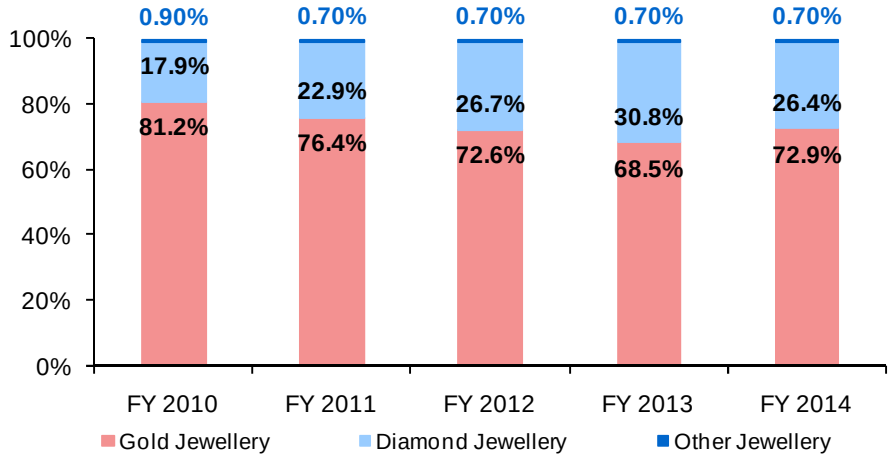
5 years CAGR in revenues ~ 52.5%



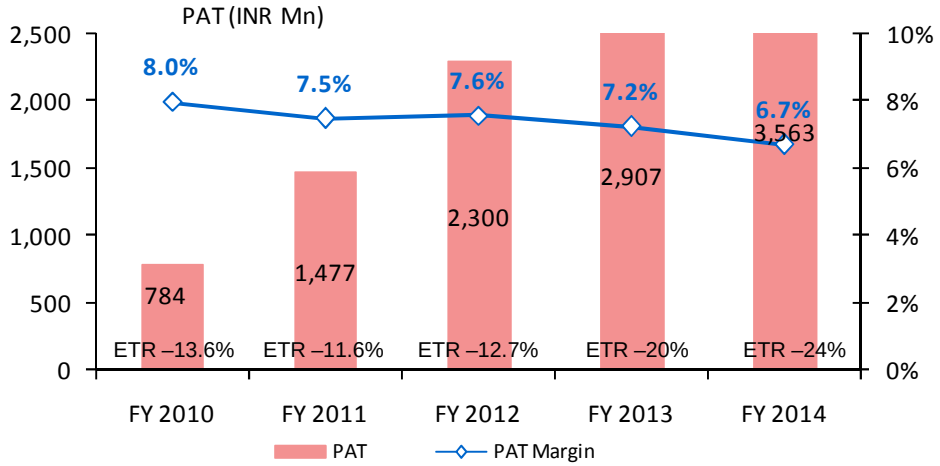
Continuously growing focus on Retail Sales



Focus on Diamond jewellery



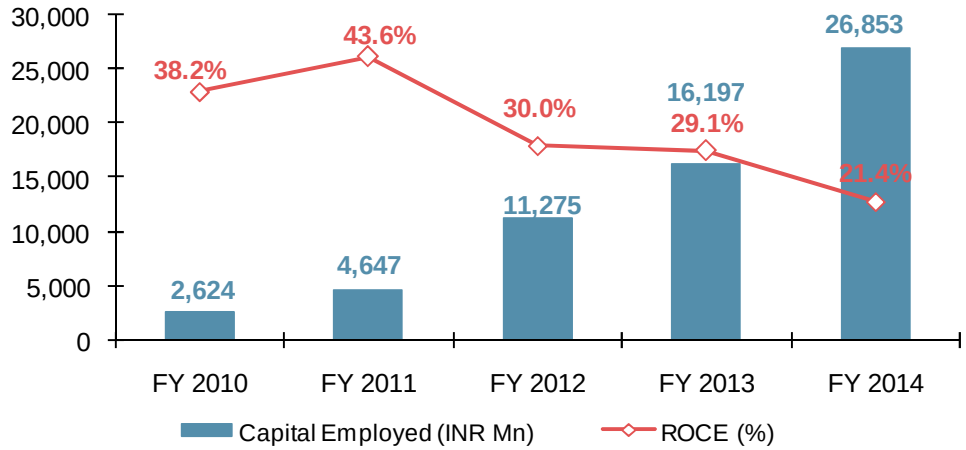
Growth while maintaining robust Profitability



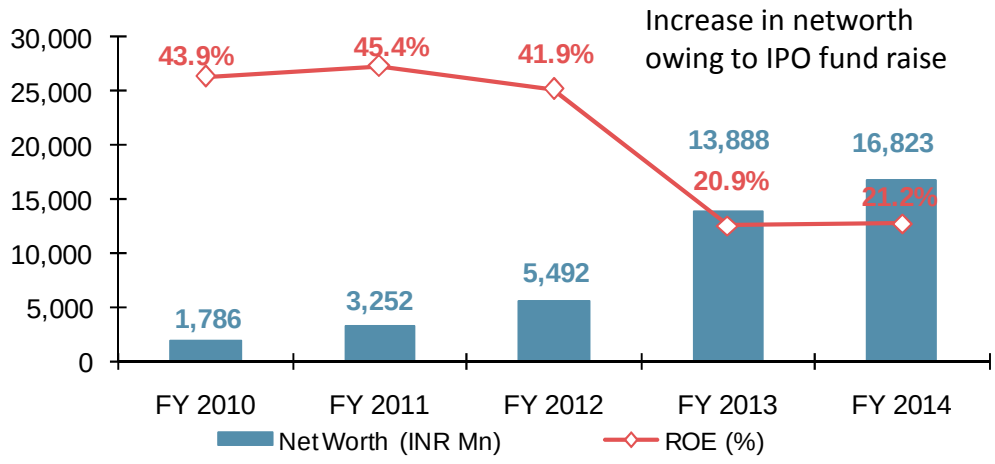
Note: ETR - Effective Tax Rate

Key Performance Trends (Cont'd)

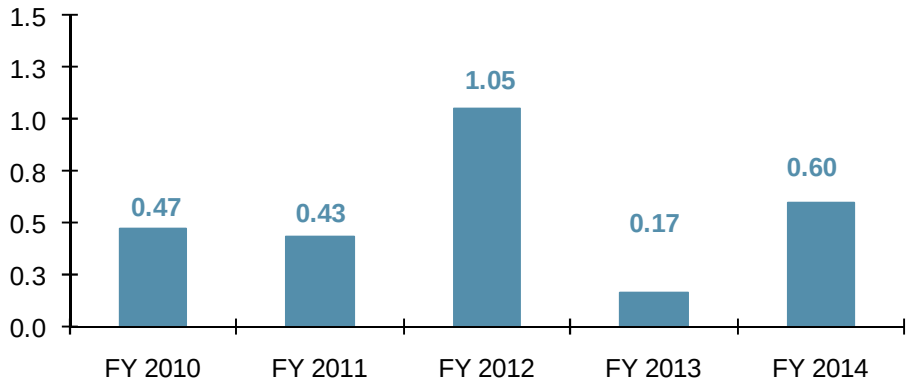
RoCE



RoE



Debt/ Equity ratio



Management Discussion and Analysis

- Demand Scenario
  - Though the overall jewellery industry demand growth has been slow in the last few quarters, we are seeing continuous shift of demand from unorganized to organized sector. This has been a strong driver for sales growth for large organized players like PC Jeweller
  - We feel that improvement in overall economy, with a strong government in place, is expected to boost the sentiments leading to increased consumer appetite
  - We also envisage a custom duty cut in near future which will further improve the sentiments
  - Though there was an absolute increase in diamond sales in FY 2014 as compared to FY 2013 (~14.6% growth), the ratio of diamond jewellery sales to overall retail jewellery sales declined in FY 2014 (26.4% in FY 2014 as compared to 30.8% in FY 2013). This was an industry wide phenomenon which we believe is temporary. We continue to focus on increasing our diamond jewellery sales and are already seeing an uptrend in the same in the current quarter.

- Sales Growth
  - Last year was tough for the jewellery sector. However, we continued with our showroom expansion plans as we did not face any gold supply constraints. This expansion helped us achieve good overall growth this year
  - Though the same-store growth from existing mature stores was muted this year, overall growth was driven by newer stores (6 new showrooms in FY 13 and 11 new showrooms in FY 14).
  - Consequently, company has shown a robust YoY sales growth of 32.5% in FY 2014. Of this, retail sales grew at 33.7% and export sales grew by 28.8%

- Business Profits
  - FY 2014 PAT is Rs. 3,563 mn. Out of this, Rs. 230 mn is related to MTM gains. Correspondingly, the business profit for FY 2014 are Rs. 3,333 mn
  - As compared to this, the business profit for FY 2013 was Rs. 2,850 mn. (Rs. 2,906 mn less MTM gain of Rs. 56 mn)

Management Discussion and Analysis (Cont'd)

- Expansion Plans
  - Our expansion plans are well on track with 11 new showrooms opened in FY2014
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- Financial Indicators
  - Company currently has liquid reserves (fixed deposit, mutual fund investments) of over Rs. 5,000 mn (as on 31 March 2014)
  - Company has been paying dividend consistently since listing
  - Our debt to equity ratio is very comfortable (~0.60)
  - Crisil has reaffirmed Company's Credit Rating at A/A1 which is a testimony to our robust business model and financial health

- Recent Developments
  - Company has received approval to hedge 5 tonnes of gold through banks
  - Recent RBI circular has again permitted procurement of gold under Gold Metal Loan (GML) scheme which will provides the Company with a robust hedging tool. This will also help Company save on interest costs as well as free up its working capital
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Thank You