

Date: May 14, 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 Financial Results of the Company for the quarter/year ended March 31, 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

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OTHER SHOWROOMS : NEW DELHI: Preet Vihar • Pitampura • Kingsway Camp • Paschim Vihar • Rajouri Garden • South Extn., Part-I • GK-I • UTTAR PRADESH: Ghaziabad • Indirapuram, Distt. Gzb. • Noida • Lucknow • Kanpur • Bareilly • Mathura • Varanasi • HARYANA: Gurgaon • Faridabad • Rohtak • Hisar • Panchkula • CHANDIGARH • UTTARAKHAND: Dehradun • Haridwar • MADHYA PRADESH: Bhopal • Indore • Jabalpur • CHHATTISGARH: Raipur • Bilaspur • JHARKHAND: Ranchi • ASSAM: Guwahati • RAJASTHAN: Jodhpur • Bhilwara • Beawar • Ajmer • Pali • Sri Ganga Nagar • PUNJAB: Amritsar • Ludhiana • GUJRAT: Ahemadabad, C.G. Road • Ahemadabad City (West) •



PC Jeweller Limited

Management Presentation

14th May 2015

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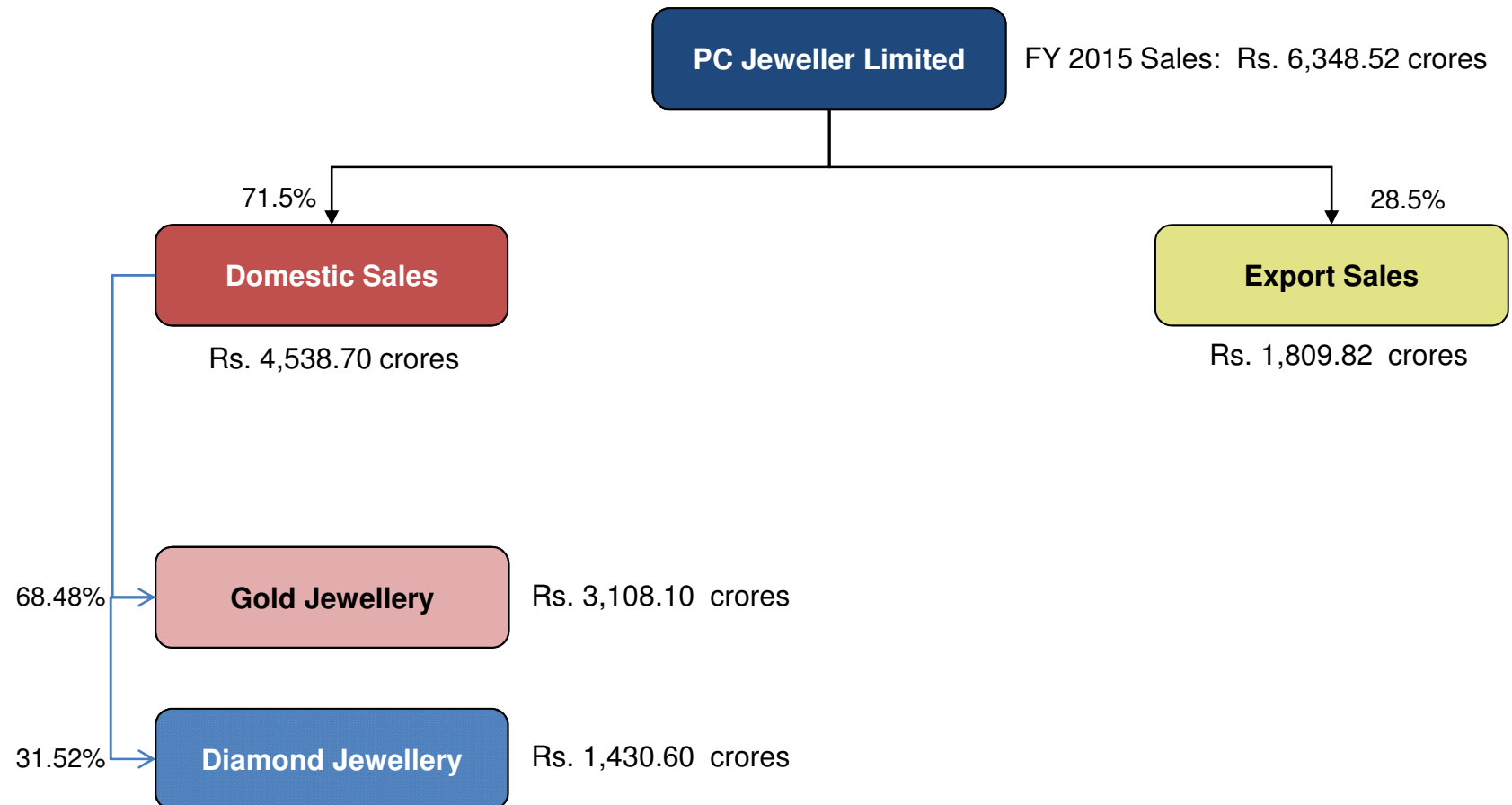
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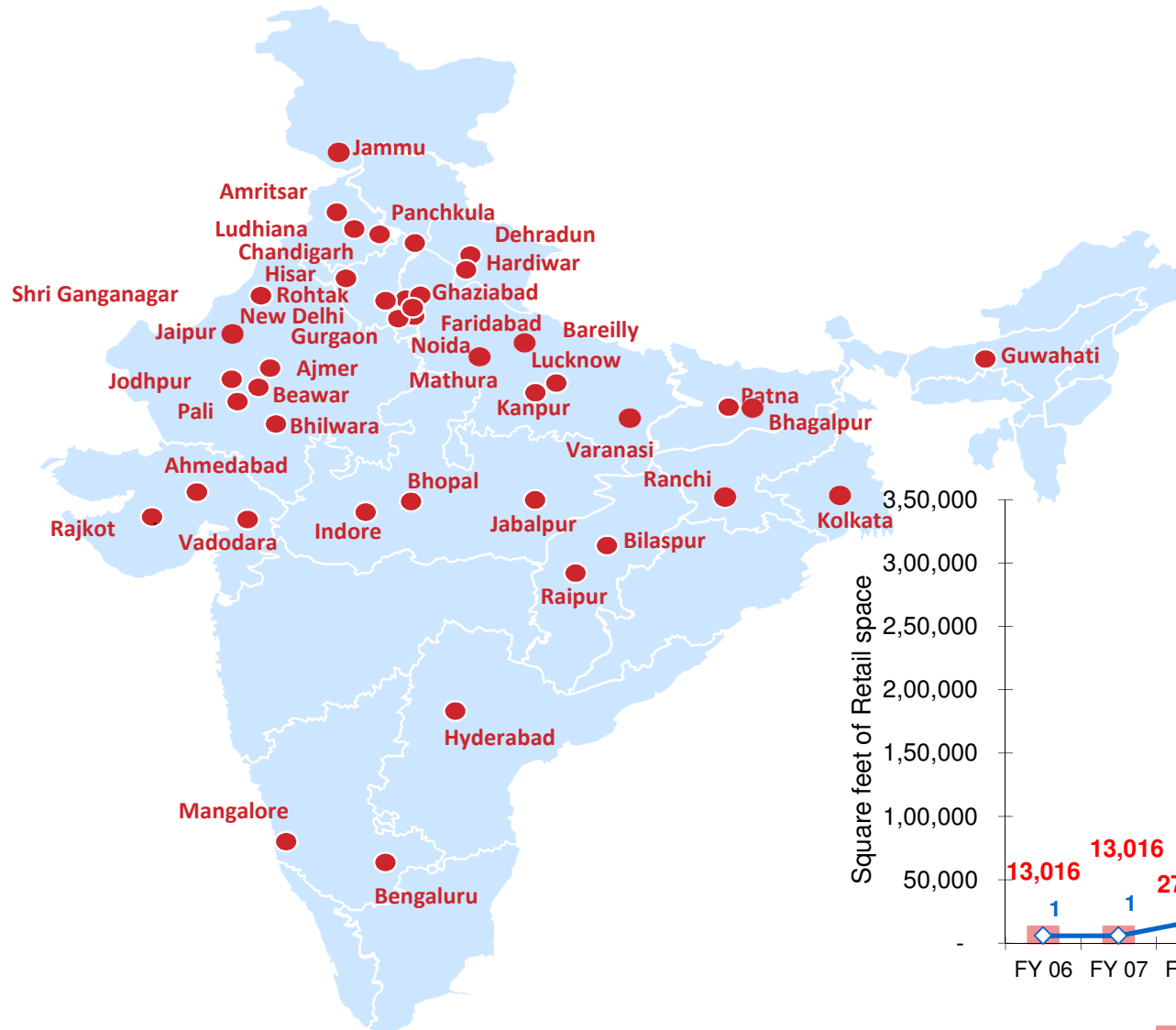
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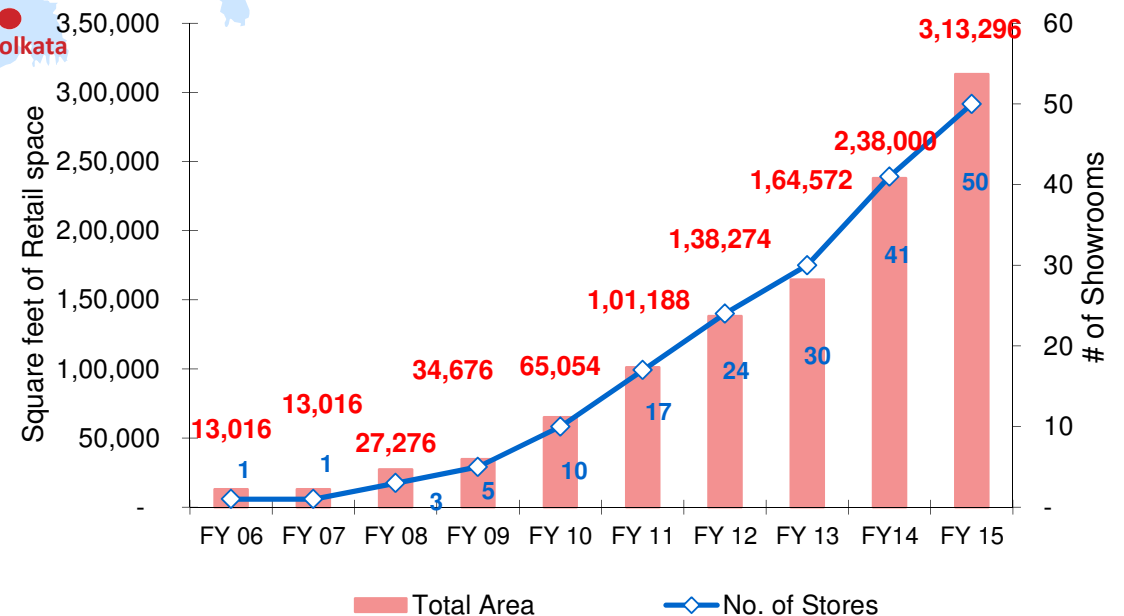
FY 2015 – Key Financials



Pan India Presence



- 51 large format showrooms
- 43 cities
- 17 states
- All showrooms are large format showrooms at high street locations



FY 2015 Result Analysis (Overall)

FY 2015 Sales: Rs. 6,348.52 crores (19.22% growth over FY 2014)

FY 2015 Domestic Retail Sales : Rs. 4,538.70 crores (13.41% growth over FY 2014)

FY 2015 Export Sales : Rs. 1,809.82 crores (36.82% growth over FY 2014)

FY 2015 EBITDA: Rs. 747.27 crores (27.45% growth over FY 2014)

FY 2015 PAT: Rs. 378.23 crores (6.15% growth over FY 2014)

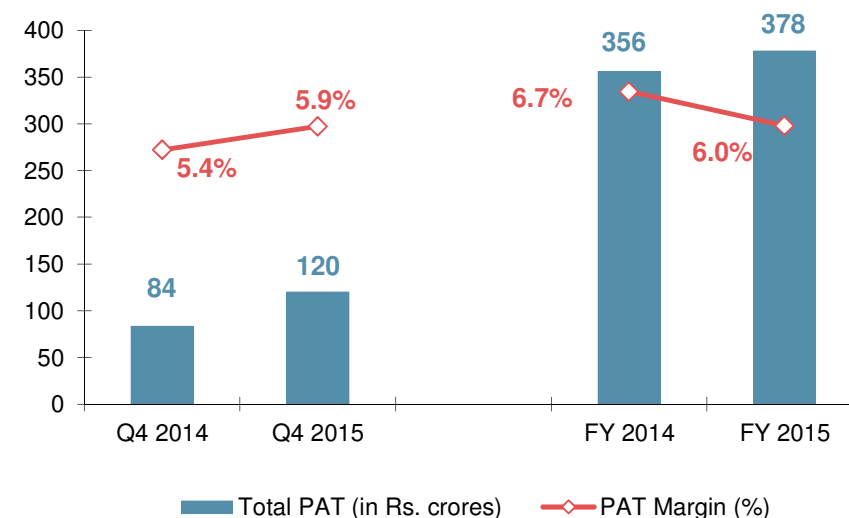
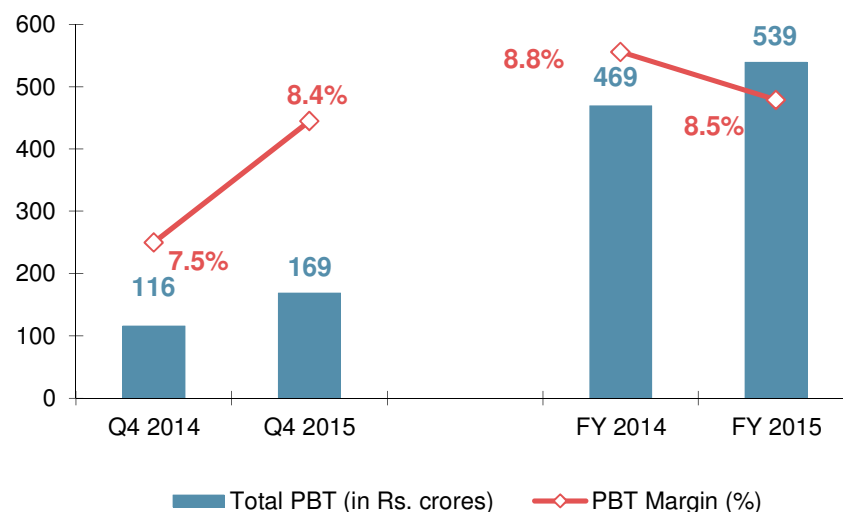
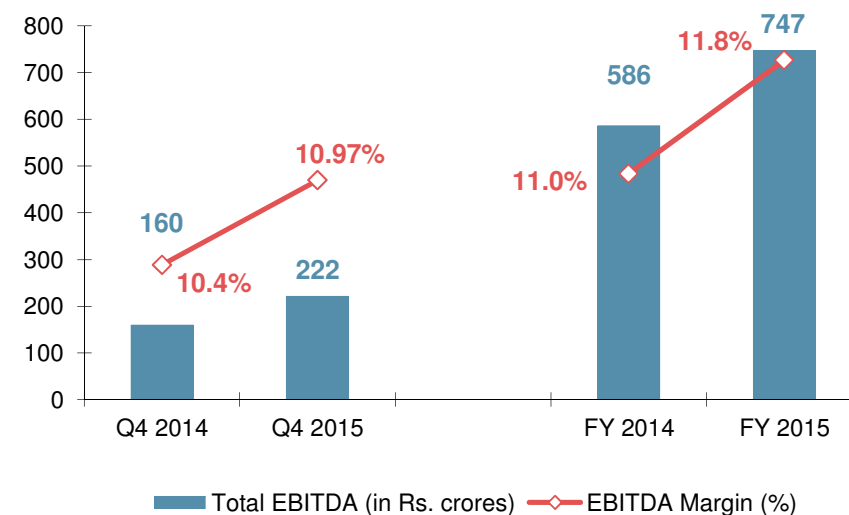
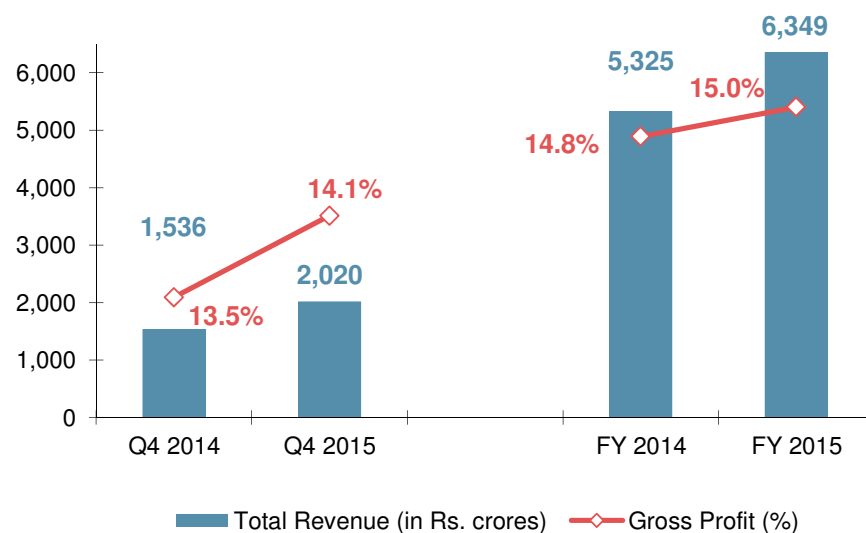
FY 2015 RoCE ~22.10% (Domestic Retail Business RoCE ~ 21.70%, Export Business RoCE ~ 23.98%)

FY 2015 RoE ~20.58% (Domestic Retail Business RoE ~ 20.79%, Export Business RoE ~ 19.64%)

FY 2015 Result Analysis (Overall) – Cont'd

In Rs. Crores	Q4 FY 14	Q4 FY 15	% Growth	FY 14	FY 15	% Growth
Revenue	1,536.15	2,020.19	31.51%	5,324.83	6,348.52	19.22%
GP %	13.47%	14.12%	4.86%	14.76%	14.99%	
EBITDA	159.78	221.56	38.67%	586.34	747.27	27.45%
	10.40%	10.97%	5.44%	11.01%	11.77%	
PBT	115.84	168.73	45.66%	469.39	539.32	14.90%
	7.54%	8.35%	10.76%	8.82%	8.50%	
PAT	83.57	120.13	43.75%	356.31	378.23	6.15%
	5.44%	5.95%	9.31%	6.69%	5.96%	

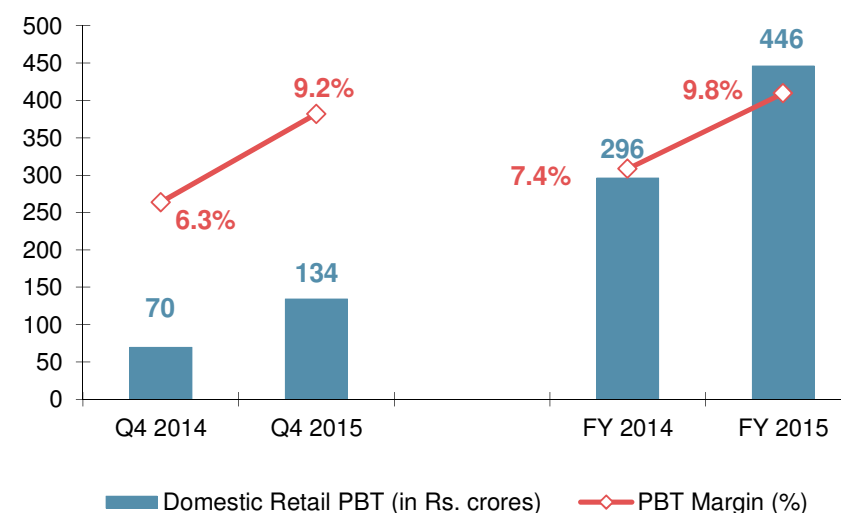
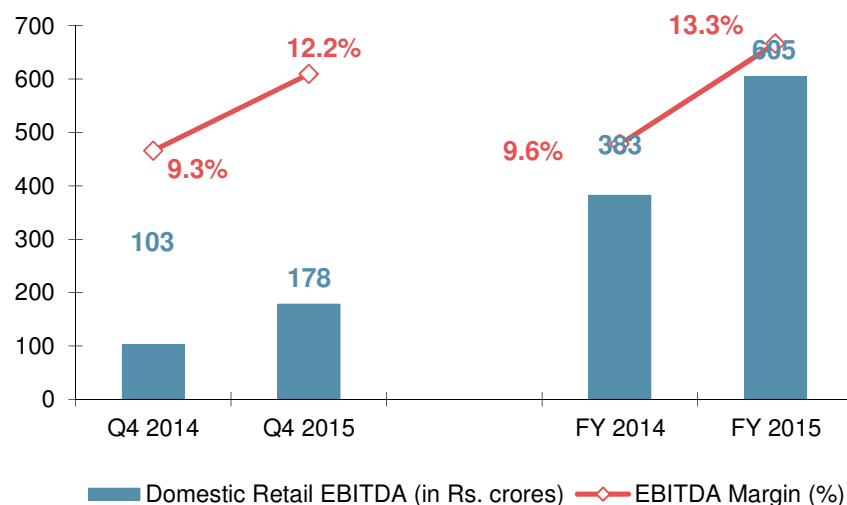
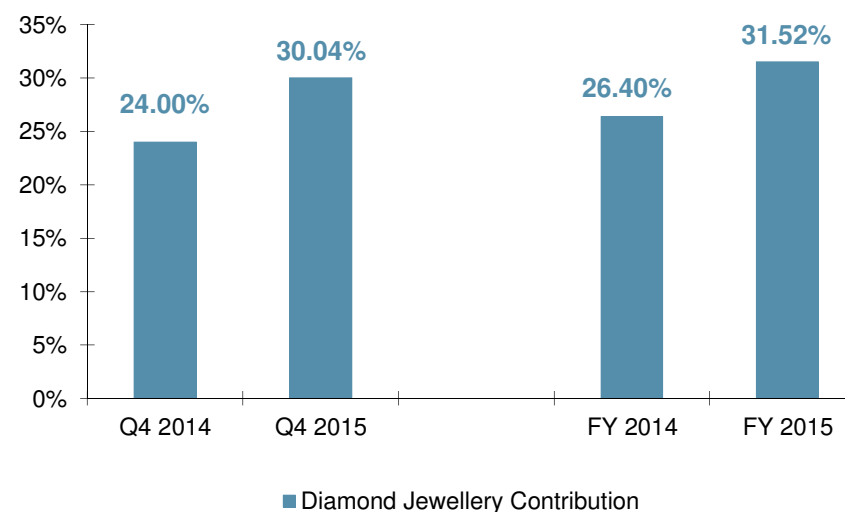
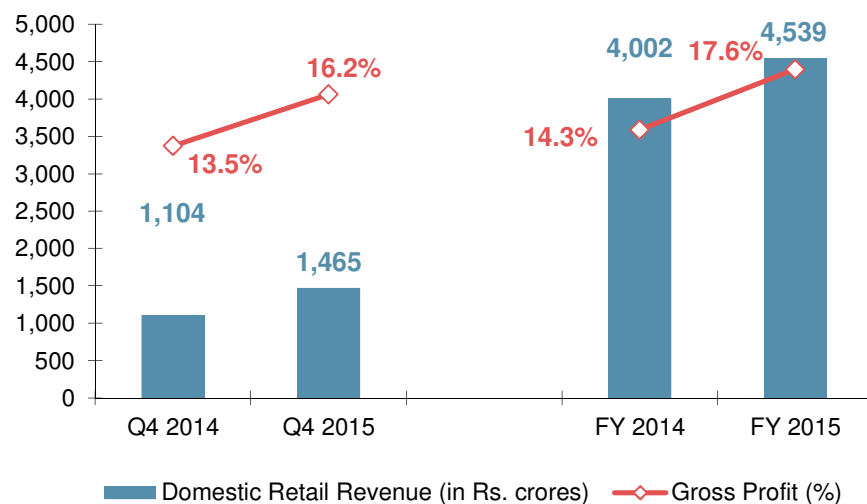
FY 2015 Result Analysis (Overall) – Cont'd



FY 2015 Result Analysis (Domestic Retail)

In Rs. Crores	Q4 FY 14	Q4 FY 15	FY 14	FY 15
Revenue	1,103.55	1,464.65	4,002.08	4,538.70
GP %	13.48%	16.24%	14.35%	17.58%
(i) Salary	10.30	14.75	40.27	49.89
	0.93%	1.01%	1.01%	1.10%
(ii) Rental	-0.84	11.47	29.19	38.99
	-0.08%	0.78%	0.73%	0.86%
(iii) Advertisement	11.72	19.95	49.95	59.48
	1.06%	1.36%	1.25%	1.31%
(iv) Other Costs	24.84	13.32	72.18	44.74
	2.25%	0.91%	1.80%	0.99%
EBIDTA	102.78	178.40	382.62	604.89
	9.31%	12.18%	9.56%	13.33%
Finance Cost	38.10	47.94	115.89	166.44
	3.45%	3.27%	2.90%	3.67%
Other Income	8.50	9.85	41.54	29.44
	0.77%	0.67%	1.04%	0.65%
Depreciation	3.32	6.12	11.92	21.85
	0.30%	0.42%	0.30%	0.48%
PBT	69.86	134.19	296.35	446.04
	6.33%	9.16%	7.40%	9.83%
No of Stores	41.00	50.00	41.00	50.00
Inventory	NA	NA	2,162.14	2,773.90
Receivables	NA	NA	10.18	11.56
% of diamond Jewellery	24.00%	30.04%	26.40%	31.52%

FY 2015 Result Analysis (Domestic Retail) – Cont'd



FY 2015 Result Analysis (Domestic Retail) – Cont'd



➤ Growth Strategy

- ✓ We continue to focus on our expansion initiatives across Metro, Tier 1 and Tier 2 cities and plan to add 1,00,000 sq. ft. in FY 2016
- ✓ We are seeing significant response from Tier 1 and Tier 2 cities wherein customers are welcoming entry of strong brand like PC Jeweller. The operating costs are also lower in these places hence, we are seeing quicker breakeven
- ✓ Franchisee Model – We are actively working towards launching the pilot franchisee operations in H2 FY 2016. The model will be asset light for us and will be based on profit sharing with the franchisees
- ✓ Flexia collection, developed by us last year, has been a significant success with our customers. We plan to focus on it as a sub-brand and are evaluating potential independent outlets/ shop-in-shop concept for Flexia

➤ Sales

- ✓ Domestic Retail Sales witnessed a healthy yoy growth of ~13.4% for FY 2015
- ✓ Q4 2015 (32.7% yoy growth), Q3 (26% yoy growth) and Q2 (45% yoy growth) have been fairly good quarters
- ✓ Q1 (-34% growth) was a degrowth quarter. However, that is more attributed to base effect as Q1 FY 2014 was an unexpectedly good quarter because of significant reduction in gold prices. General Elections in Q1 also impacted the sales

➤ Same Store Growth

- ✓ Though there has been a YoY increase in domestic sales, we have witnessed near flattish SSG this year
- ✓ This was mainly due to negative SSG in the first quarter owing to general elections. However, there has been a pick up in subsequent quarters which has compensated for the complete year
- ✓ The company is focussing on improving the sales mix in favour of diamond jewellery which helps in growing the margins even with a flattish revenue growth

FY 2015 Result Analysis (Domestic Retail) – Cont'd

➤ Margin Analysis

- ✓ Gross margins for FY 2015 (17.58%) have improved vis a vis previous year (14.35%). Key contributors to the growth have been –
- ✓ Increase in percentage of diamond jewellery sales (from 26.4% to 31.52% of the total domestic sales)
- ✓ Very good performance of newly launched Flexia jewellery collection (detachable diamond jewellery)
- ✓ Our continued focus on designer pieces for gold jewellery

➤ 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. We expect the advertisement cost (as % of total revenue) to grow in the coming few quarters
- ✓ Item 'Other Costs' has declined significantly as the component of forex loss (notional component) is not there for the domestic business in FY 2015

➤ Finance

- ✓ Finance Costs have grown to 3.67% (of the total domestic revenue) in FY 2015 from 2.90% in FY 2014
- ✓ However, with the renewal of gold on lease (around 90% of our gold is already being procured on lease model), we expect the interest costs to come down in coming quarters

FY 2015 Result Analysis (Domestic Retail) – Cont'd

➤ Inventory for Domestic Retail business

- ✓ Large format jewellery retail businesses typically requires around 200-210 days of inventory (Gold inventory is typically fast moving and less than 6 months and Diamond inventory is more than 6 months)
- ✓ However, due to store addition in the last quarters (inventory addition but not corresponding sales growth), this can vary by +/- 5-10%
- ✓ For FY 2015, our inventory was around 220 days. We added ~33,000 sft in Q4 2015. Consequently, there was inventory addition but lesser corresponding sales addition as the showrooms were new. This resulted in a 10 % deviation. On a steady state basis, we expect our inventory to be ~200 days. This inventory includes entire raw material, work in progress and finished good inventory
- ✓ All our showrooms are currently owned by us (inventory owned by us, real estate is on lease) which requires significant inventory. We are working toward launching franchisee stores shortly which will be an asset light business with minimal inventory requirement

➤ Online Business

- ✓ We launched a focussed ecommerce vertical WearYourShine.com in October 2014 with an aim to become India's finest online fine diamond jewellery portal
- ✓ The platform focuses on work-wear jewellery with ticket size ranging from Rs. 3,000 to Rs. 50,000
- ✓ We have also done tie-up with Flipkart, Amazon and Snapdeal for the same
- ✓ We are very optimistic on the growth potential of this platform and are seeing a strong positive response from customers
- ✓ We have also done an exclusive collaboration with Blue Nile, world's largest online jewellery retailer, for launch of an exclusive jewellery range in India

FY 2015 Result Analysis (Export)

In Rs. Crores	Q4 FY 14	Q4 FY 15	FY 14	FY 15
Revenue	432.60	555.54	1,322.75	1,809.82
GP %	13.42%	8.53%	15.99%	8.50%
(i) Salary	1.05	0.80	4.47	5.65
	0.24%	0.14%	0.34%	0.31%
(ii) Other Costs	0.02	3.43	3.36	5.76
	0.00%	0.62%	0.25%	0.32%
EBIDTA	57.00	43.16	203.72	142.38
	13.18%	7.77%	15.40%	7.87%
Finance Cost	12.41	9.30	35.98	54.41
	2.87%	1.67%	2.72%	3.01%
Other Income	1.49	0.82	5.70	6.48
	0.34%	0.15%	0.43%	0.36%
Depreciation	0.10	0.14	0.40	1.17
	0.02%	0.03%	0.03%	0.06%
PBT	45.98	34.54	173.04	93.28
	10.63%	6.22%	13.08%	5.15%
Inventory	NA	NA	215.00	456.00
Receivables	NA	NA	613.03	756.07

FY 2015 Result Analysis (Export) – 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 expect the export sales to remain steady at current levels
- ✓ We are also exploring export of our unique Flexia collection under our own brand
- ✓ We continue to focus all our energies and management bandwidth on domestic retail business, which we believe has high growth potential

➤ Margin Analysis

- ✓ Steady state export margins are ~8%
- ✓ Margins in FY 2014 were much above the steady state margins due to significant forex gains (increase in \$ rate on the closing dates). The same was mentioned in the earlier presentations also.

➤ Finance Cost

- ✓ Finance Cost has remained steady at ~3%

➤ Receivables

- ✓ Receivables for our export business FY 2015 were Rs. 756.07 crores (reduced from 46.3% in FY 2014 to 41.8% in FY 2015)

Thank You
