



Date: February 13, 2020

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 Management Presentation on the standalone financial results of the Company for the quarter ended December 31, 2019.

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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PC Jeweller

PC JEWELLER LTD

Results Presentation

February 13th, 2020

Safe Harbor



PC Jeweller

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Quarterly highlights



PC Jeweller

Q3 2020 EBITDA at 10.50% vis a vis 13.45% in Q3 2019

Q3 2020 PBT at 3.79% vis a vis 9.05% in Q3 2019

Q3 2020 PAT at 2.02% vis a vis 6.53% Q3 2019

Q3 2020 Domestic Retail Sales : Rs 1,357.07 crores

Q3 2020 Export Sales : Rs 231.30 crores



Business Updates



Highlights: Overall Business



PC Jeweller

Particulars (Rs. Crores)	Q3 FY 2020	Q3 FY 2019	9M FY 2020	9M FY 2019
Domestic Retail Sales	1,357	1,819	3,611	4,985
Export Sales	231	300	451	1,193
Gross Margins (%)	11.62%	14.81%	14.26%	14.64%
Domestic Retail	12.98%	16.51%	15.65%	16.52%
Exports	3.67%	4.49%	3.13%	6.79%
Expenses (% of total Revenue)				
Employee Expenses	1.00%	1.44%	1.38%	1.41%
Advertisements	0.21%	0.42%	0.28%	0.35%
Rentals	0.06%	0.58%	0.09%	0.68%
Other Income	(2.10%)	(2.12%)	(1.46%)	(1.70%)
Other Costs	1.95%	1.04%	2.12%	0.96%
EBITDA Margins	10.50%	13.45%	11.85%	12.94%
PBT Margins	3.79%	9.05%	4.37%	8.37%
PAT Margins	2.02%	6.53%	2.96%	6.05%



Highlights: Domestic Business



PC Jeweller

Particulars (Rs. Crores)	Q3 FY 2020	Q3 FY 2019	9M FY 2020	9M FY 2019
Revenue from Operations	1,357	1,819	3,611	4,985
Gross Margins (%)	12.98%	16.51%	15.65%	16.52%
EBITDA Margins (%)	10.81%	13.18%	12.82%	12.93%

Highlights: Export Business

Particulars (Rs. Crores)	Q3 FY 2020	Q3 FY 2019	9M FY 2020	9M FY 2019
Revenue from Operations	231	300	451	1,193
Gross Margins (%)	3.67%	4.49%	3.13%	6.79%
EBITDA Margins (%)	8.65%	15.09%	4.11%	12.99%



Key Balance Sheet items



PC Jeweller

Liabilities

Standalone (Rs. Crores)	31 st Mar 19	30 th June 19	30 th Sep 19	31 st Dec 19
Total Bank Exposure (including gold loans) (A)	3,243	3,199	2,995	2,974
Operational Creditors	207	185	150	118
JFL	142	126	86	50
Unsecured loan from Promoter	-	16	215	215
Other Liabilities (B)	349	327	451	384
Total (C) = (A) + (B)	3,592	3,526	3,446	3,358
Net worth (D)	3,936	3,970	4,012	4,045
TOL/TNW (C/D)	0.91	0.89	0.86	0.83

Assets

Standalone (Rs. Crores)	31 st Mar 19	30 th June 19	30 th Sep 19	31 st Dec 19
Inventory	4,988	5,092	5,310	5,297
Receivables (Export)	1,773 (1,745)	1,618 (1,589)	1,631 (1,581)	1,623 (1,563)



Financial Analysis – Q3 FY 2020



PC Jeweller

- The company's sales have fallen by 25% during Q3 (on Q-o-Q basis)
- The consumer sentiments have remained weak even during the festive season mainly on account of nearly 20-25% increase in the gold prices during Q2 as well continuing slowdown in the economy.
- As per the WGC Report there was a 17% y-o-y drop in Q3 FY20 gold demand in India. Key factors behind this decline were:
 - Higher gold prices (having reached record levels in Q2)
 - Domestic economic slowdown and muted rural demand.
- Dhanteras – the first day of Diwali (the Festival of Light) which fell on 25th October – failed to bring cheer to gold demand in Q3 as the higher domestic gold price and weak economic sentiment curtailed gold sales. Festival demand received some support from advance wedding purchases and a dip in the gold price ahead of the November wedding season released some pent-up wedding-related demand, but volumes were nevertheless soft compared with 2018.



Financial Analysis – Q3 FY 2020



➤ Decline in Profitability

- The domestic gross margin have declined from 16.51% in Q3FY 19 to 12.98% in Q3 FY20. This is due to relatively higher discounts and incentives given to increase customer foot falls. There has also been a decline in the percentage sale of studded jewellery vis a vis the comparable quarter.
- The company's profitability is after accounting for total provisions of Rs. 15.97 cr towards Impairment & ECL, which is mainly on account of delay in the receipt of export receivables. The Company is confident that these provisions will be reversed in due course and will be added back to its profits.



Business Updates – Q3 FY 2020



- At the same time India's gold market continues to strive towards regulation and standardisation.
- The opening weeks of 2020 saw two important developments in the gold market:
 - Notification on mandatory hallmarking for gold jewellery. Effective from 15th January 2021, hallmarking will become mandatory for all gold jewellery sold as 14K, 18K or 22K. Retailers have a one-year period in which to become compliant, selling or melting any stocks of non-hallmarked jewellery and registering with Bureau of Indian Standards (BIS).
 - Introduction of Indian gold delivery standards for gold bullion.
- The company has shut down its Hyderabad store in Q3 as a part of its ongoing store rationalisation exercise.



Reply to Investor Queries



PC Jeweller

The company has been receiving various mails from its investors and wishes to reply to the major queries received as under :

➤ **Shutting down of Stores:**

The Company wishes to confirm that it is operating 84 stores at present. During the current quarter it has shut down two of its stores located at Hyderabad & Rewa respectively. The company has been updating regards store closures in its quarterly presentations. All other showrooms are operational and any rumor/news of company shutting down its stores is false.

➤ **Action by the management on the person found guilty of Insider Trading?**

SEBI in its order has alleged insider trading by some persons and the detailed Order is available on its website. The Company wants to submit that this is a Show Cause Notice (SCN) and the same is being contested by the concerned persons in their individual capacity. The Company is NOT involved in this matter at all and its business operations remain unaffected by the same.

➤ **Status of Demerger of its export Division?**

The Board in its meeting dated 09/08/2019 has decided not to pursue the Scheme of Arrangement for Demerger of Export Division and informed BSE & NSE about the same and its reasons on the same day.



Reply to Investor Queries



➤ **Regards huge discount of Rs.500 Crores on Export Receivables?**

The discounts given were a commercial decision and approved by the Board to be in the best interests of the company. The initiation of legal remedies were also considered but not found to be either feasible or practical. The amount of discount given falls within the FEMA guidelines as well as RBI norms. There is a regular recovery of receivables. The Company also wishes to inform that it does not have any borrowings against the same.

➤ **Appropriateness of the CEO pay levels / compensation when compared to the same sized other Companies?**

The Company cannot comment on the CEO compensation of other companies. However, PCJ has paid remuneration to its MD Shri Balram Garg, keeping in view his experience, expertise as well as contribution towards growth of the Company and as per the shareholders approval. Further, the Company has always kept its MD's remuneration within the norms under the Companies Act. In this connection we also want to submit that Mr. Garg had refunded the excess remuneration received (vis a vis the Company's profitability) during the FY 2018-19. In this connection it would be pertinent to mention that Mr. Garg has voluntarily deferred any payment of salary to him since August 2019. Further the top management has also volunteered for reduction in their salary.



Reply to Investor Queries



➤ Names of the exporters to whom the discount provided?

As already known the Company's export business export of gold jewellery is on a B2B basis through its dealers based in Gulf via some Dubai based firms with whom the Company is doing business for many years. Company cannot divulge their names on account of business confidentiality. However, it confirms that these Firms are established in accordance with the laws of the country of their incorporation and all their transactions with PCJ are routed through regular banking channels.

➤ Discount of Rs.500 crores given without shareholders approval?

The Company wants to submit that it is a business decision taken by the Board in the best interest of the Company and none of the applicable laws require the Company to take shareholders approval for such kind of decision.

➤ Future plans and strategies?

There is an overall slow down in the economy and a decline in the consumer spending. Thus in the present time rather than expansion, the Company is concentrating on consolidating, rationalizing its systems & procedures, working to improve the performance of its existing stores and conserving capital. The Company has adequate infrastructure as well as capability to start expansion once the ground level situation so warrants.



Reply to Investor Queries

➤ **Further Capital Infusion plans, if any to bridge the gaps created by the heavy discounts?**

The promoter of the Company- Mr. Balram Garg has already infused Rs. 215 crores in the Company and as on date the Company does not have any requirement or plans of raising additional capital or funds.

➤ **The Company is not coming out with its solid plans to restore the confidence of the investors as silence of the Company is the greatest cause of worry?**

The Company advises that it has been very regular in its official communications with its investors via its quarterly presentations in which it provides all the business updates. The company also replies to all the questions/queries raised in the AGM. However, it cannot be expected to come on the Media and start giving explanatory statements after every share price movement. The Company further submits that it is not possible for it to reply to every individual investor on a one on one basis and hence it has thought of the current format for replying to its investor queries.

➤ **Demand for Bonus shares / Buyback?**

As of now, the Company is not having any such plan.



Reply to Investor Queries



➤ **New Showrooms opening and confidence boosting measures initiated by the Company?**

As advised above this is the time for consolidation and rationalization. However, the Company has well developed infrastructure and trained staff in place and will be able to move fast in this matter once the situation so warrants.

The Company also wants to assure its customers, investors and other stakeholders that it is committed towards the growth of the business and will try to explore all the possible measures for the betterment of the Company as well as its stakeholders and to regain back the investors confidence.

➤ **Why Share Price is low despite the Company having profits?**

We can't comment on the same as the movement of share price is not in the Company's control. Besides the Company's performance, it is also driven by various factors like market conditions, global trends, economy and industry etc.

➤ **Status of Bank Accounts**

The company advises that its Bank accounts are regular with no overdrawing of any kind as on 31st December 2019.



Sub Brand



PC Jeweller



Coined from the Sanskrit word 'ashva', the name Azva symbolizes the seven vows every couple takes/says on their wedding day. Azva celebrates the wedding vows with 22-karat Indian gold jewellery designs that are resplendent.



Sub Brand



PC Jeweller



Sub Brand



PC Jeweller



Sub Brand



PC Jeweller



LoveGold has ignited the world's desire for Gold jewellery with the new generation. It has achieved to combine powerful elements like style, designers and jewellery to create aspirational content for the youth.



Sub Brand



PC Jeweller

MIROSA

EVERYDAY JEWELLERY

The Mirosa woman is younger, With aspirations and desires, she wants to be a part of this beautiful universe. She wants to stand out, she wants to leave her mark. A collection which has a variety of range for *working women*.



Sub Brand



PC Jeweller

Inayat

Weddings are celebrated in the most colorful and vivid way. Every occasion is important. So is the jewelery adorned to complete your ensemble. Inayat is the wedding wear for every occasion.



Sub Brand



PC Jeweller

Inayat



Sub Brand



PC Jeweller

Swarna dhardhar

An innate ode to the colorful mosaic of Royal Rajasthan. A collection which uniquely personifies the Grandeur of the state embedded with the spirits of crafts which have been meticulously passed on from the generations.



Sub Brand



PC Jeweller

शुवर्ना धरुधर



Collection



PC Jeweller

Lal Qūila

A Nation's Culture; Carved in Gold!

A place where our company PC Jewellers has its innate roots. Drawing inspiration from the Lal Quila's intricacy of the architecture. The collection incorporates never used before technique of "Mokumegane" made in 22k Gold which makes the collection exclusive and unique.



Collection



PC Jeweller

Lal Qūila

A Nation's Culture; Carved in Gold!



Collection



PC Jeweller

Lal Qūila

A Nation's Culture; Carved in Gold!



Collection



PC Jeweller

Lal Qūila

A Nation's Culture; Carved in Gold!





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Thank you

