


Date: 10/12/2019

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


PCJ
Jeweller for generations

Sub.: Revision in Ratings

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

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 this is to inform you that CARE Ratings Limited has downgraded the ratings to the Medium Term Instrument - Fixed Deposit Programme of the Company to CARE D (FD).

As per the Rating Rationale “the revision in the rating assigned to the medium term instrument of PC Jeweller Limited (PCJ) factors in stressed liquidity position and deterioration in the financial flexibility of the company which has led to instances of devolvement of Letter of Credits (LC) and overutilization in its working capital limits for more than 30 days. The rating further factors in continuous decline in market capitalization, declining cash and bank balance and moderation in the financial performance of the company in FY19 and H1FY20 as reflected by its declining revenue, stressed profitability, elongated operating cycle and deterioration in the debt coverage indicators.

The rating, however, continues to derive strength from experienced promoters of the company having long track record of operations in the G&J industry, established brand name of PCJ, in-house Jewellery designing and manufacturing capabilities.

The CARE Rating is specifically for the Company’s Fixed Deposit Programme which stands suspended from June, 2019 onwards and no fresh deposits has been accepted by the Company thereafter. Further, to confirm that till date the Company has never defaulted in any of its deposits repayment obligations.

In the addition to the above the Company also takes this opportunity to clarify as under:

Indian jewellery demand during Q2 at 101.6 tonnes was almost a third lower Y-o-Y due to weaker consumer sentiments and there was a decline of nearly 51% in Indian bullion imports on Q-o-Q basis and the Company is no exception to it.

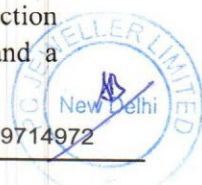
The overall jewellery demand suffered primarily due to the following reasons:

- **Sudden Price Surge** - The gold prices rallied during the quarter ended September, 2019 and breached Rs. 35,000/10g level in mid of July, 2019 and continued climbing to Rs. 38,795/10g by the end of August, 2019 before reaching an all-time high of Rs. 39,011/10g during the first week of September, 2019. The two month leap of ~Rs. 5,000/10g from Rs. 34,006/10g at the end of June, 2019 caught consumers completely off guard, prompting many to delay buying. Despite a correction in the final few weeks of the quarter, due to the decrease in the international gold price and a

PC Jeweller Limited

REGD. & CORPORATE OFF: C - 54, PREET VIHAR, VIKAS MARG, DELHI - 110 092 PH: 011 - 49714971 FAX : 011 - 49714972

info@pcjeweller.com • www.pcjeweller.com • CIN: L36911DL2005PLC134929



strengthening rupee, the impact on demand was muted as it coincided with Pitru-Paksha, an inauspicious 16 lunar day period during which Hindus pay homage to their ancestors.

- **Customs Duty** - Demand was further dented by a 2.5% rise in the customs duty on gold to 12.5%. This higher rate hit sentiments amongst both the gold trade and consumers, and fresh jewellery purchases suffered as a result. Consumers preferred gold-to-gold exchanges, which increased to an average of 50-60% of purchases.

- **Weak Sentiment** - Consumers confidence fell further over concerns around the slowing economy. Weak sentiments due to a liquidity crunch, excessive monsoon rains in some states and the absence of any festivals, also influenced demand during the quarter.

The situation has however, changed with the onset of festive season from October, 2019 onwards. The cash flows have started and the Company by the end of November, 2019 has adjusted 90% of the invoked SBLCs. There is no further invocation of any SBLC.

The Company also clarifies that there was no increase in the absolute amount of working capital limits even after SBLC invocations and there was only an intra facility exposure mismatch. There is no increase in the bank borrowings of the Company and there is actually a decline of Rs. 248 crores between March 31, 2019 and September 30, 2019.


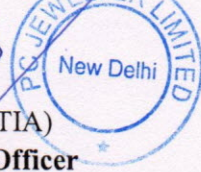
The Promoter of the Company has infused Rs.215 crores of his personal funds in the Company to improve its NWC. These funds are non-interest bearing and though the same are currently classified as unsecured loan and taken as liabilities, they will be converted in due course into equity or equity like instrument subject to receipt of necessary approvals and compliance with applicable laws and will further improve the net worth of the Company.

The financials of the Company as on September 30, 2019 shows that the Company has a healthy CR and TOL/TNW. The Company's debt service coverage ratio (EBIT/Intt) for the half year ending September 30, 2019 is also positive.

Thanking you.

Yours sincerely,

For **PC Jeweller Limited**



(SANJEEV BHATIA)
Chief Financial Officer