

Date: November 14, 2018



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 standalone financial results of the Company for the quarter ended September 30, 2018.

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 Ltd

Results Presentation

November 14th, 2018

Safe Harbor



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Financial Updates



Highlights: Overall Business



Particulars (Rs. Crores)	Q2 FY 2019	Q2 FY 2018	H1 FY 2019	H1 FY 2018
Revenue from Operations	1,635	2,622	4,058	4,741
Domestic Retail	1,550	1,851	3,166	3,234
Exports	85	771	892	1,507
Gross Margins (%)	16.7%	12.9%	14.5%	13.5%
Domestic Retail	17.2%	14.6%	16.5%	16.5%
Exports	7.9%	8.7%	7.6%	6.9%
Expenses (% of total Revenue)				
Employee Expenses	1.8%	0.8%	1.4%	0.9%
Advertisements	0.2%	0.2%	0.3%	0.2%
Rentals	0.9%	0.6%	0.7%	0.6%
Other Income	(1.7%)	(0.8%)	(1.5%)	(0.9%)
Other Costs	1.2%	0.7%	0.9%	0.9%
EBITDA Margins	14.3%	11.4%	12.7%	11.7%
PBT Margins	8.1%	8.3%	8.0%	8.6%
PAT Margins	5.7%	5.7%	5.8%	6.0%



Highlights: Domestic Business



Particulars (Rs. Crores)	Q2 FY 2019	Q2 FY 2018	H1 FY 2019	H1 FY 2018
Revenue from Operations	1,550	1,851	3,166	3,234
Gross Margins (%)	17.2%	14.6%	16.5%	16.5%
EBITDA Margins (%)	13.5%	12.1%	12.8%	13.5%
PBT Margins (%)	7.7%	9.7%	8.9%	10.8%
PAT Margins (%)	5.6%	6.7%	6.4%	7.6%

Highlights: Export Business

Particulars (Rs. Crores)	Q2 FY 2019	Q2 FY 2018	H1 FY 2019	H1 FY 2018
Revenue from Operations	85	771	892	1,507
Gross Margins (%)	7.9%	8.7%	7.6%	6.9%
EBITDA Margins (%)	28.5%	9.6%	12.3%	7.7%
PBT Margins (%)	14.6%	4.9%	4.8%	3.8%
PAT Margins (%)	8.9%	3.4%	3.8%	2.6%



Business Updates



Debt Position

Debt Position

Standalone (Rs. Crores)	31 Mar 18	30 Jun 18	30 Sep 18
Total Bank Exposure (including gold loans)	4,490	4,064	3,685
Cumulative reduction in Bank Exposure		426	805

Out of total cash availability of Rs 804 cr. as on 30th Sep 2018, the company proposes to further reduce its bank exposure by approx. Rs 500 cr. during Q3 and Q4 of FY 2019 and the balance cash is proposed to be utilised for working capital purposes.



Key Balance Sheet items

Liabilities

Standalone (Rs. Crores)	31 Mar 18	30 Jun 18	30 Sep 18
Liabilities			
Total Bank Exposure (including gold loans)	4,490	4,064	3,685
Less: Cash Margin	1,125	980	639
Net Liability towards Banks (A)	3,365	3,084	3,046
Operational Creditors	96	201	109
JFL	141	171	177
Total (B)	237	372	286
Total (A) + (B)	3,602	3,456	3,332
Networth (C)	3,926	4,074	4,180

Assets

Standalone (Rs. Crores)	31 Mar 18	30 Sep 18
Inventory	5,161	5,131



Domestic Sales

- The decline in domestic sales is mainly due to weak sentiments prevailing in the industry in Q2.
- The company's sales in Q2 FY 2018 had surged by nearly 30% as GST was introduced on 1st July and it had a very severe impact on the working of the unorganised sector. Consequently, the base of the comparable quarter had gone up considerably and it has resulted in a Q-o-Q decline this year.
- The company did not offer any promotional schemes during this quarter and instead concentrated on margins.
- Two large format stores namely Bangalore and Kolkata were closed during the quarter.

Export Sales

- The export business is a credit based business and the company wants to avoid credit sales as the credit availability is getting squeezed.
- The company is therefore targeting towards a de growth in the export sales during this FY (approx. Rs 2000 cr) and a decline in the Q2 export sales is a result of the same.



Financial Analysis – Q2 FY 19



Margins

- Domestic - There is an improvement in both the Gross Margins as well as EBIDTA Margins as no promotional schemes were run in Q2 as well as there was increase in the diamond jewellery sales percentage.
- Export – The gross margins are stable. However, the EBITDA margins have increased due to receipt of interest income from FD's as well as foreign exchange gains.

Expenditure

- Employee expenses – The expenditure has increased due to provisioning of approx. Rs 11 cr. for ESOP's granted during the quarter. There was no cash outflow on account of the same.
- Finance costs - the company's finance costs have increased in this quarter due to shift in the mode of utilization of its bank credit lines from SBLCs towards fund based facilities. This shift has happened mainly due to stoppage of domestic MGL facilities by various banks. In the case of exports also, foreign banks have greatly reduced their exposure limits on Indian Banks and are not accepting import SBLCs issued by many Indian Banks. The company is therefore using more of fund based limits for both domestic as well as export operations. However, the company has received additional interest income in this quarter of Rs 13 cr on account of FDR's used as collateral for procuring gold. Hence the Net finance cost needs to be reduced by this figure which comes out to be Rs 84 cr vis a vis Rs 79 cr for Q2 FY 2018.



Balance Sheet Items

- **Inventory:** As advised earlier also the company is trying to control its inventory levels and its inventory amount as on 30.09.18 is lower than that on 31.03.18. This also includes the inventory built up for coming festival season.
- **Export Debtors:** The level of export debtors has also remained stable between March & September. Any increase which is being seen in the September figure is only because of steep appreciation in the USD/Re Exchange rate. More specifically, the debtors were restated in March at a Re/USD exchange rate of 65.04 and in September at a Re/USD exchange rate of 72.547. The restatement of export debtors at higher exchange rate has resulted in an increase of Rs 224 cr vis a vis March levels. So if we adjust for the same the number of trade receivable as on 30.09.2018 will be Rs 1,752 cr (i.e. Rs 1,976 cr less Rs 224 cr) as against Rs 1,762 cr as on 31.03.2018. Going forward the company has realised nearly Rs 185 cr of export receivables in the month of October and is targeting a figure of approx. Rs 1000 cr of receivable as on 31.03.2019
- **Borrowings & Trade Payables:** The company has reduced its overall banking exposure (which includes MGL as well) in the first six months of this year. However, its pattern of utilization of credit facilities has shifted more towards fund based facilities because of the reasons advised above.



- The company has opened two new stores in Q2-at Rewa and Deoria. Both are franchisee stores. The Laxmi Nagar store has shut temporarily due to ongoing sealing drive in Delhi.
- **Introduction of Augmented Reality:**
 - ✓ The company announced the roll out of India's first Augmented Reality Jewellery buying experience on a dynamic and real time basis in August. In the first phase, the AR experience showcases the earrings catalogue and necklace catalogue across 11 showrooms in Delhi-NCR. This is expected to increase the conversions at the store as the customer can go through the inventory available at all the stores rather than one store only.
 - ✓ All the customer has to do is look into the IPAD which doubles up as a Smart Mirror with a catalogue of thousands of earrings designs and necklace designs across stores. Merely by looking into the mirror these earrings and necklaces automatically get placed on the customer's image which can then be viewed in real time.
 - ✓ This revolutionary new age customer experience will bring convenience, variety and a premium jewellery buying experience for customers
 - ✓ This will also revolutionize in-store inventory management to increase conversions with lesser inventory thereby creating leaner jewellery stores of the future.



- **O2O:**

- ✓ Online - Offline Integration is the way forward for any retailer, especially in jewellery sector. The ability to provide customers with variety of options of ready to ship products online will drive the conversions online. Considering our pan India presence, it gives us an unique opportunity to be able to showcase much wider variety of our products to the customers, without the need to wait for a long time for the product to be made and delivered.
- ✓ Currently, we have over 2500 designs from all Delhi - NCR showrooms which are live online for same day shipping. We are in process of rolling out O2O to all our owned showrooms within next couple of months and also increase number of designs available online. This will assist in increasing inventory turn and also reach a wider customer base.
- ✓ Additionally, this also helps in discovery of high value products online and conversion offline, as customers can checkout the products available at nearby locations.



Product Design

- 200+ new designs introduced including new enamel, diamonds, uncut polki and inlay techniques in handcrafted gold.



New designs in innovative collections (AZVA)



New innovative collections, designed and manufactured by in-house teams were developed. Uniquely, placing the organisation with capabilities ranging from hand-crated gold, to Uncut polkis, Diamonds and colour stones in a wide range of techniques and innovations with international experts.



Design and Manufacturing (AZVA)



LPTPL shifted to 100% in-House design and manufacturing for its product development. New team, including international talent and experience of best-practise in product development, has been set up with design studio and manufacturing in Mumbai and Jaipur. The team also conducted training and workshops to set up world in class practices for design, product development and quality.



AZVA Boutique



Sonali Kulkarani, wore AZVA jewellery to Filmfare awards, where she won the award for best actor in a leading female role in September 2018.



New Showrooms opened in Q2 FY 19

Rewa, Madhya Pradesh



Deoria, Uttar Pradesh



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