

Date: August 10, 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 June 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



PC Jeweller Ltd

Results Presentation

August 10th, 2018

Safe Harbor

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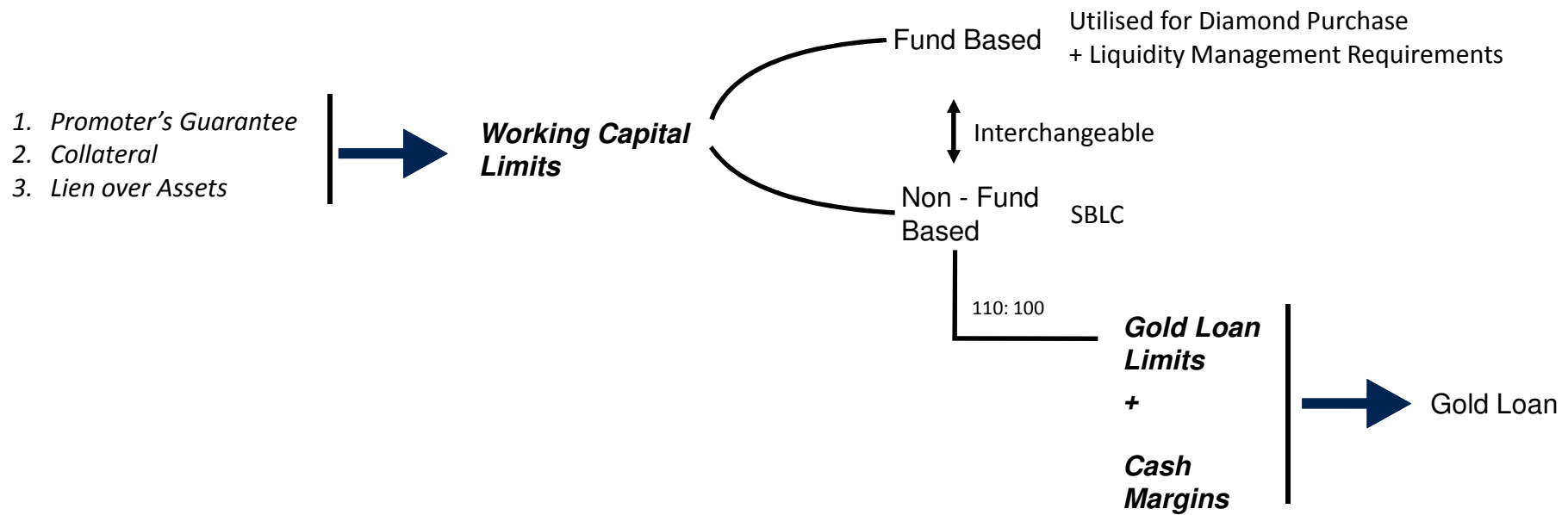
PCJ - Snapshot



Consolidated (Rs. crores)	FY13	FY18	Growth Multiple
# of Cities	23	73	3.2
# of Stores	30	92	3.1
Area (sq ft)	1,64,572	4,19,963	2.6
Domestic Sales	2,987	6,522	2.2
Revenue from Operations	4,018	9,616	2.4
EBIT	375	758	2.0
PAT	291	536	1.8
Networth	1,389	3,881	2.8
BV / Share		98	
EPS		14	



How Gold Loan Works



Gold Loan availed reflects as Trade Payables on the liability side of the balance sheet and as Inventory on the asset side.
 Gold Loan is a very good hedging tool which protects the company from gold price volatility.

Domestic : 180 days repayment period
 Export : 270 days repayment period



Debt Reduction & Cash Position

Debt Position

Standalone (Rs. Crores)	31 Mar 18	30 Jun 18
Total Bank Exposure (including gold loans)	4,490	4,064
Funds Returned to Banks		426

Cash Position

Standalone (Rs. Crores)	31 Mar 18	30 Jun 18
FDs	908	812*
FD – Lien	217	168
Cash On Books	366	182*
Total Cash on Books	1,491	1,162

PCJ has voluntarily repaid bank debt of Rs 426 crores in Q1 FY19

* We propose to utilize these funds to further reduce our Bank liabilities to less than Rs 3,000 crores by September end.



Key Balance Sheet items

Liabilities

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

Assets

Standalone (Rs. Crores)	31 Mar 18	30 Jun 18
Inventory	5,161	4,842

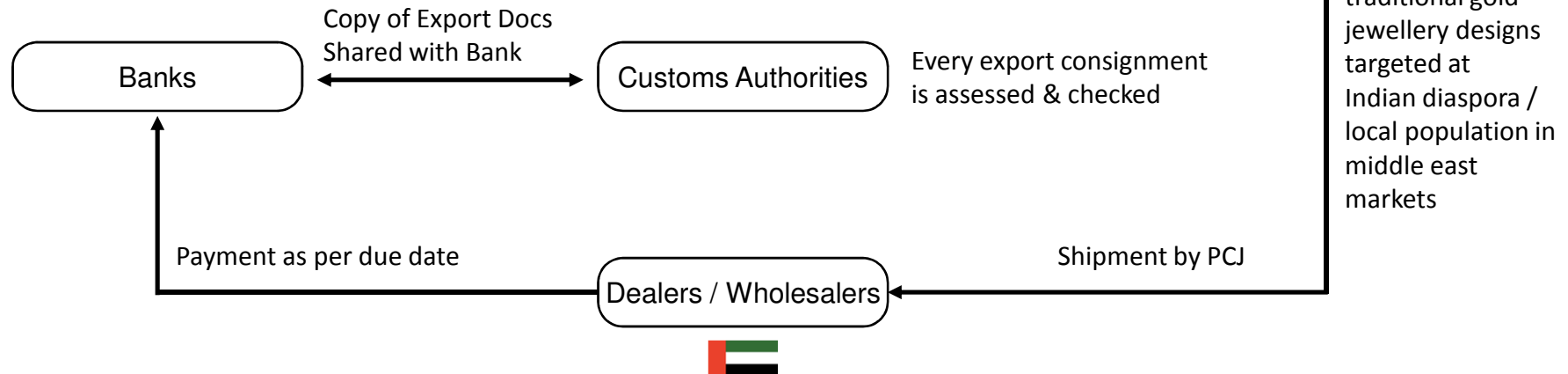
PCJ has reduced its bank liabilities from internal accruals and better realisations from inventory



Note on Exports



PCJ Export Manufacturing Unit
Export Manufacturing Unit NOIDA SEZ
PCJ Jeweller Jeweller for generations



PCJ Exports traditional gold jewellery to wholesale buyers in Dubai



Audit Process

The Company undergoes a rigorous audit process along with other items for stock, cash, receivables and payables at stipulated intervals by (1) Statutory Auditors (2) Stock Auditors appointed by Bank every quarter and (3) Internal Auditors.

Statutory Auditors	Stock Auditors	Internal Auditors
<ul style="list-style-type: none"> Audit at year end Limited Review every quarter 	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> Quarterly
<ul style="list-style-type: none"> Verification of Physical inventory by direct site visits Quality verification by gemmologist 	<ul style="list-style-type: none"> Verification of physical inventory by site visits. Verification of Hall Marking Quality check by independent gemmologist 	<ul style="list-style-type: none"> Verification of physical inventory by site visits. Verification of Hall Marking Checking of various reconciliations (e.g. bank reconciliation, credit card proceeds reconciliations etc.)
<ul style="list-style-type: none"> Verification of Cash & Bank Balances by obtaining balance confirmations directly from all the Banks 	<ul style="list-style-type: none"> Verification of Company's books 	<ul style="list-style-type: none"> Verification of Books at the showroom level as well as physical cash verification, physical verification of company's fixed assets
<ul style="list-style-type: none"> Obtaining balance confirmations directly from all the major debtors & creditors . Verification of documents trail 	<ul style="list-style-type: none"> Verification from Company's books. Scrutiny of documents 	<ul style="list-style-type: none"> Checking of compliance with various laws (e.g. proper statutory deductions such as TDS/TCS, proper deposit of GST etc.). Scrutiny of vouchers for their compliance with delegation of powers/approving authority.

Statutory Auditors are Walker Chandio & Co.



Strategy for FY 19



Strategy

- Focused targeting and expansion of customer base
- New customer acquisition channels :
 - Online
 - Gift cards
 - Redemption of online gold balances
 - Bank card partnerships
- Enhanced customer experience : augmented / virtual reality, refurbished stores

FY19 is likely to be a year of consolidation for industry at large

PCJ will focus on stronger branding, customer acquisition & same store sales growth along with expansion of franchisee network



Quarterly highlights

Q1 2019 Sales : Rs 2,423 crores (14.4% growth over Q1 2018)

Q1 2019 EBITDA : Rs 281 crores (9.1% growth over Q1 2018)

Q1 2019 PAT : Rs 142 crores (4.5% growth over Q1 2018)

Q1 2019 PBT : Rs 194 crores (1.8% growth over Q1 2018)

Q1 2019 Domestic Retail Sales : Rs 1,616 crores (16.8% growth over Q1 2018)

Q1 2019 Export Sales : Rs 807 crores (9.7% growth over Q1 2018)



Financial Updates



Highlights: Overall Business

Particulars (Rs. Crores)	Q1 FY 2018	Q1 FY 2019
Revenue from Operations	2,119	2,423
Domestic Retail	1,383	1,616
Exports	736	807
Gross Margins (%)	14.4%	13.1%
Domestic Retail	19.4%	15.9%
Exports	5.0%	7.5%
Expenses (% of total Revenue)		
Employee Expenses	1.0%	1.1%
Advertisements	0.3%	0.4%
Other Costs	2.0%	1.3%
Other Income	1.0%	1.3%
EBITDA Margins	12.1%	11.6%
PBT Margins	9.0%	8.0%
PAT Margins	6.4%	5.9%



Highlights: Domestic Retail

Particulars (Rs. Crores)	Q1 FY 2018	Q1 FY 2019
Revenue	1,383	1,616
Gross Margins (%)	19.4%	15.9%
Expenses (% of total Revenue)		
Employee Expenses	1.4%	1.4%
Advertisements	0.5%	0.6%
Other Costs	2.9%	1.6%
Other Income	1.0%	(0.2%)
EBITDA Margins (%)	15.6%	12.1%
PBT Margins (%)	12.3%	10.1%
PAT Margins (%)	8.8%	7.1%



Highlights: Export Business

Particulars (Rs. Crores)	Q1 FY 2018	Q1 FY 2019
Revenue	736	807
Gross Margins (%)	5.0%	7.5%
Expenses (% of total Revenue)		
Employee Expenses	0.3%	0.6%
Advertisements	-	-
Other Costs	0.1%	0.7%
Other Income	1.0%	4.4%
EBITDA Margins (%)	5.7%	10.6%
PBT Margins (%)	2.7%	3.7%
PAT Margins (%)	1.9%	3.3%



Business Updates



Business Updates for the Quarter

- The business environment remained tough during this quarter and there was an overall decline in the industry.
- The company's emphasis therefore remained on customer acquisition even at the cost of margins. Accordingly it ran two promotional Schemes during this quarter and was successful in gaining market share. This coupled with reduction in the diamond jewellery sales percentage has resulted in lowering of gross margins in the domestic segment.
- In the export segment the gross margins have increased by more than 2 %. However, this increase is due to increase in lease cost as well as hedging costs (Go Fo) which the company recovers from its buyers and which gets built up in the sale price of jewellery and gets reflected in the higher Gross margins. However, this extra margin does not come in the company books but gets included in finance costs.



Business Updates for the Quarter

- The Re depreciation during the quarter has resulted in the positive MTM which has increased the export margins at the EBIDTA level by nearly 4%
- The Re depreciation however has had a negative impact on the domestic EBIDTA margins and the negative MTM has depressed the margins by approximately 1.05%.
- There is an absolute increase in the quantum of finance cost, but as explained above the company's finance costs also includes the lease charges on the MGL as well as hedging costs (Go Fo) which has increased the same in the export segment. There is no increase in the finance costs of the domestic segment on QoQ basis and a decline between Q4 of FY 18 & Q1 of FY 19.
- The company operates through its retail stores and there is a constant monitoring of individual store performance. This monitoring of store performance has resulted in changing the store format from small to large like in its Ghaziabad Store, reducing the store size and shifting to a different market with more customer footfalls like Rajouri Garden (Delhi), Hyderabad, Jodhpur. Company has also shut down its stores at Bengaluru and Kolkatta. The company will carry on this store rationalization exercise in future as well.
- The company has opened two franchisee stores at Pune & Hyderabad in the month of April 2018.



AZVA - Boutique



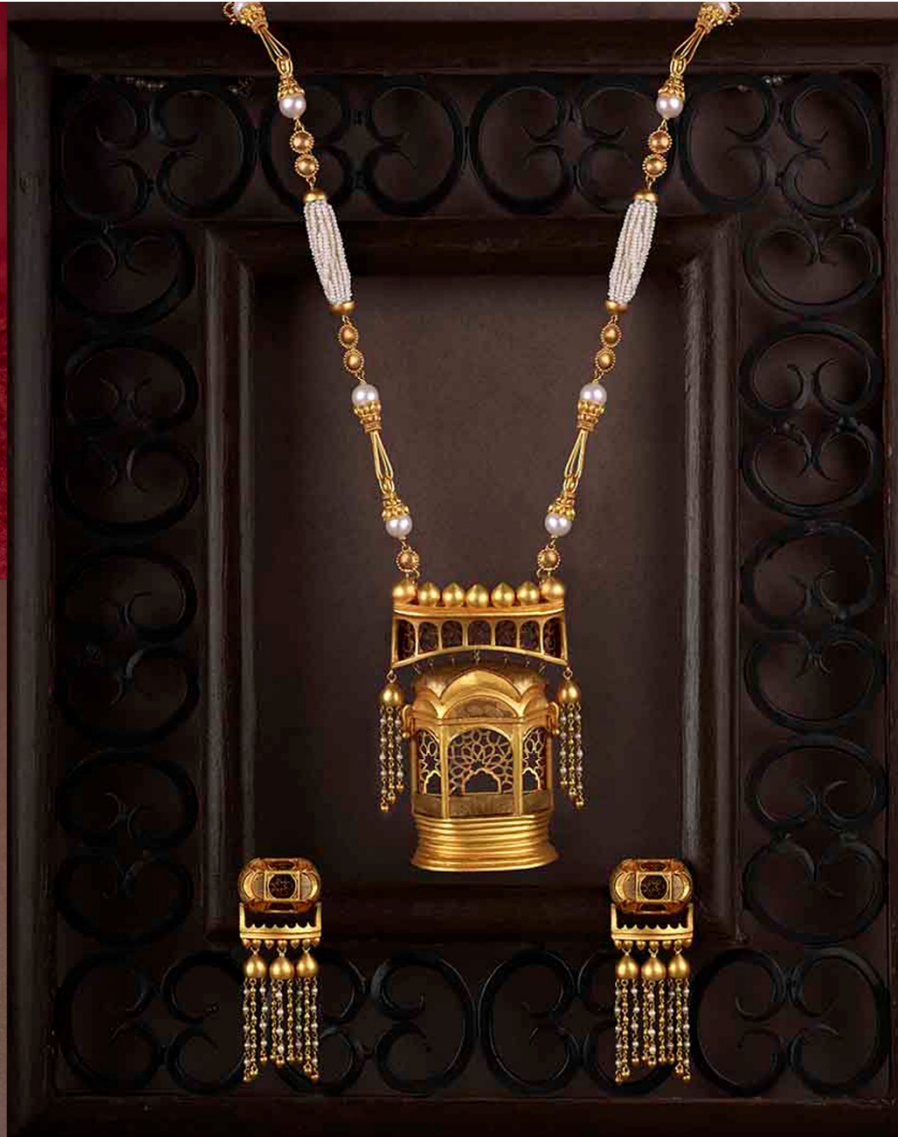
Designed by Italian Architects, first flagship boutique of AZVA is now operational at the Taj Santacruz, Mumbai.



Successfully running collection – *LAL QUILA*



Successfully running collection – *LAL QUILA*



New Showrooms (already opened in FY 19 till now)



Pune, Maharashtra



Hyderabad, Telangana



Deoria, Uttar Pradesh



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Investor Relations Advisors :

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