

# PC Jeweller

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## Q4FY17 Conference Call Transcript

### Moderator:

Ladies and gentlemen, good day and welcome to the Q4 FY2017 Results conference call of PC Jeweller hosted by Emkay Global Financial Services. We have with us Mr. Balram Garg, MD & CEO and Mr. Sanjeev Bhatia, CFO. As a reminder all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sameep Kasbekar from Emkay Global. Thank you and over to you Sir!

### Sameep Kasbekar:

Thank you Stanford. Good evening everyone. I would like to welcome the management and thank them for giving us this opportunity. I now hand over the call to Mr. Bhatia for his opening remarks, over to you Sir.

### Sanjeev Bhatia:

Good evening friends. I welcome you all to this Q4 and results earnings call. Our results are in front of you and I am happy to note that the Company has closed the FY2017 on a strong note. There has been a growth in both the topline as well as bottomline and we are very happy to advise that the Q4 performance has been very good in the domestic segment as well.

The figures both on the standalone basis as well on a quarter-to-quarter comparison thus it also tell us that the impact of demonitisation is finally behind us and we can move now forward fast on our journey. The year gone by saw a lot of regulatory changes and actions the biggest of which was the imposition of excise duty on this sector. It was preceded by the imposition PAN card requirement in the month of January and then obviously demonitisation announcement had a huge disruptive effect on the consumer sentiments, luckily for a shorter period only.

On the export segment the imposition of duty on jewellery, by Dubai, with effect from January 2017 was also a new factor. However, PCJ has not stopped on its growth track. We opened 15 new stores in the previous year. The very interesting point is that out of these 15, four were franchisee stores. This increased our number of franchisee stores to five as on March 31, and we are planning to open 10 more franchisee stores during this fiscal as well.

The past year has only vindicated our belief that the jewellery demand in Indians remains strong. However, the strong demand will convert in sales only when we are in a position to provide the consumers their exact requirement. Also in the case of jewellery, especially, one needs the physical presence. Hence for any jewellery companies opening new point of sales, or new stores remain a necessity for growth.

We thus see a huge potential for growth, not only for PCJ, but also for other branded players in this country. The Indian jewellery market is huge and we feel that there is enough scope for more branded players. Also it is relatively easy to shift the consumer from an unorganized jeweler to an organized player hence it is very important to have a first mover advantage and PCJ's expansion policy is to achieve the same. Accordingly, we would aim at opening 20 – 25 new stores during this current fiscal. But one cannot have growth at the expense of bottomline. For us growth is immaterial without profits. So the second focus point for us is how to further improve our margins and some of the steps which we are planning and we are actually taking now also, is to, number one, increasing the number of franchisee stores, it does not require any investment by the company, number two, small stores have limited capital requirements, quicker break even and higher ROE.

### Analyst:

**Mr. Sameep Kasbekar**  
Emkay Global Financial Services

### Management:

**Mr. Balram Garg**  
Managing Director & Chief Executive  
Officer  
PC Jeweller Limited

**Mr. Sanjeev Bhatia**  
Chief Financial Officer  
PC Jeweller Limited

Reduction in the quantum of inventory by digitizing the same and making it available across all stores rather than physical inventory this would be especially useful for reducing the quantum of high valued jewellery. Number fourth is, leveraging technology to create virtual store and that minimize the investment in physical stores. Number five, strengthening our online vertical, enables us to target consumers across wide area and achieve sales again with minimum capital investment. We have also seen a large number of customers coming to our stores after browsing jewellery online. So, there is a good synergy, which we are seeing, in online offline.

Number six is, emphasis continues on improving our inhouse designing and manufacturing and which would enable us to create more high margin jewellery of the life of Flexia, Augrav etc. Currently our exports consist of only plain gold jewellery, which are limit in margins. We are working hard to include more high value jewellery items under our own brand name in our export portfolio.

We would continue to invest on strengthening and manufacturing on designing capabilities. I seriously believe that our sector becomes more and more organized. The only differentiating between the two organized or branded place will be the availability of maximum numbers of designs at all price points. Having strong manufacturing capabilities permits us to reduce production cost, retail skilled workers, shorter production development and develop capability to introduce new collections rapidly.

This will enable the company to gain a sustainable competitive advantage over its competitors. Creating investor value remains our top priority and our Board decision of today for going in for one-to-one bonus issue is a very major step towards the sales. Thank you very much and I now leave the forum open for Q&A.

**Moderator:**

Thank you very much. Ladies and gentlemen we will now begin with the question and answer session. We take the first question is from the line of Sameep Kasbekar from Emkay Global. Please go ahead.

## Question and Answer Session

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**Sameep Kasbekar:**

Thank you for taking my question Sir. Just wanted to understand what is our diamond share for Q4?

**Sanjeev Bhatia:**

Diamond jewellery share is around 31%. If you compare to the last year Q4, the Q4 was only 20% but from 20% it is now to 31%.

**Sameep Kasbekar:**

Sir did we do our activations or sales season for our diamond jewellery during the quarter, would that be a reason why it has increased? Sir, just want to understand the reason for this increase of our studded jewellery, is it largely because we do our activations on a discount sales around this period or is it typically around the Akshaya Tritiya time?

**Sanjeev Bhatia:**

Yes, actually there is no discount scheme in this quarter but because to increase the diamond jewellery sales, in every quarter we launch new collections and when start the year, we set the target for around 30% sale of diamond jewellery for the whole year. So, last year it was down because of some one month was complete close last year but this year this quarter is good and because we launched some collections, that is why the diamond jewellery sale is 30%. If you see the whole year, the diamond jewellery sale is around almost 30%.

**Sameep Kasbekar:**

The reason for slight muted revenues in exports is largely a function of the UAE?

**Sanjeev Bhatia:**

Actually there was some preponement of orders in December quarter. If you see the December quarter there was a growth export business, because the growth was more than 35%, because of some early preponement of order because of import duty. So that is why the export bigger size is stable in this quarter.

**Sameep Kasbekar:**

Sir, what would be our exposure to UAE in terms of percentage export sales?

**Sanjeev Bhatia:**

Actually, if you talk about the UAE consumption, it is around almost 50%.

**Sameep Kasbekar:**

Lastly Sir, could you just help us with the capex guidance, because I understand that there could be a potential in adding capacities, so any thought on that?

**Sanjeev Bhatia:**

Actually we were about to close our factory deal, but because after the demonitisation and we stopped for one or two months and we want to see the market and after January the business is picking very well and second thing is, because of GST, in GST some states are giving benefits under the GST if you set up the new manufacturing some states are not giving. That point is not clear. So we will wait further for two months, which state is giving the maximum benefit under this GST if we set up a new factory there? So after that we definitely we have plan, in next three four months we will set up a factory either in UP or this Rajasthan or Haryana.

**Sameep Kasbekar:**

Thank you Sir. That is all from my side.

**Moderator:**

Thank you. We take the next question is from the line of Chith Bhanu Nagri an individual investor. Please go ahead.

**Chith Bhanu Nagri:**

First of all congratulations on the fantastic Q4 result. I have been an investor of the last three to four years. This is obviously a great roadmap for the company. When I am looking at the Q4 result (audio break) 10.36 to total sales, it is in the range of probably 5% - 6% and I am connecting back to the initial pitch where you were saying that there is a huge focus on turning more profitable. So I wanted to know your thoughts on is there a benchmark you have of what is the right profitability that you would want to achieve offer a period of time and is there a time horizon you have in mind to reach there?

**Sanjeev Bhatia:**

Actually there are two things; our purpose is to increase the ROE. If you compare our Q4 results, if you see the domestic gross margins, it has increased from 14% - 16% and there is an increase in the EBITDA margin also. So first of all to increase we are more focusing on the studded jewellery, diamond jewellery to increase the profitability number one, number two, when we compare the large format and the small format, so ROE is better in the small format. So we are making the balance. We are opening large format also and we are opening the small format store also. Third, we have started the franchise model also. So we are taking more steps how to increase the ROE and profitability. So right now we have not set any target as for any percentage but definitely we are more focusing how to time to time because we have to change the decision

according to the market but focus of the company is to how to increase the ROE and how to increase the margin.

**Chith Bhanu Nagri:**

Got it, thank you so much.

**Moderator:**

Thank you. We take the next question from the line of Manish Poddar from Religare Capital Markets. Please go ahead.

**Manish Poddar:**

I joined in the call late. So could you give me the number of stores we are looking to open in FY2018?

**Sanjeev Bhatia:**

Actually last year we opened 15 stores and this year we are planning to open 25 stores. Out of this 25, we are planning to open 10 franchise stores and 15 company owned stores.

**Manish Poddar:**

When you are giving this total square foot for FY2017, 3,86,000 this is inclusive of franchise or this is only for own stores?

**Sanjeev Bhatia:**

Yes, including franchisee.

**Manish Poddar:**

So, effectively the store sizes is going down effectively, because last year I think the average size was about 15900, now you are getting around that 5000 odd square feet mark?

**Sanjeev Bhatia:**

Yes, because earlier we were opening only the large format stores, now we are opening small format store also and we are opening franchise store. So typically in Tier 1 and metros we are opening our own store and Tier 2, Tier 3 we are opening our franchise stores. So in Tier 2, Tier 3 and Tier 1 the store sizes are typically small but we are expecting it per square foot sale, there is increase in the per square foot sale in future.

**Manish Poddar:**

Okay and how much was the SCB this quarter?

**Sanjeev Bhatia:**

This quarterly is definitely around 10%

**Manish Poddar:**

And for the year?

**Sanjeev Bhatia:**

For the year there is no SCB earlier there were same store sale growth but because of this November and December, that was after demonization there was impact on our company and if you see as a whole year the SCB is not there and sale is flattish.

**Manish Poddar:**

What is the gold and the diamond studded ratio in FY2017 versus FY2016, could you give me that number?

**Sanjeev Bhatia:**

Yes, actually if you see in FY2016 the diamond jewellery studded jewellery is somewhere around 28% and now it is 29.5% as a whole.

**Manish Poddar:**

This is for the full year?

**Sanjeev Bhatia:**

Full year.

**Manish Poddar:**

And if you could give me the breakup of the inventory, which we have on hand roughly about 4000 odd, what is split in gold and diamond right now?

**Sanjeev Bhatia:**

We do not have the split right now.

**Manish Poddar:**

But how much would it be roughly let us say if I have to look at it?

**Sanjeev Bhatia:**

I think roughly it is around 40% is diamond or 60% gold you can say roughly but I do not have the exact figure right now.

**Manish Poddar:**

And this would be similar last year also, right?

**Sanjeev Bhatia:**

Yes.

**Manish Poddar:**

Okay fine that is all sir, thank you so much Sir.

**Moderator:**

Thank you. We take the next question from the line of Nisha Jain from NJ Limited. Please go ahead.

**Nisha Jain:**

Thank you for the opportunity. Sir I just wanted to know what has been our same store in the past year, in the years, in the last year basically?

**Sanjeev Bhatia:**

Actually if you see the last year, last two years, there is only 2% - 3% same growth if you see the last year Q3, our same store sale growth was there around 7% but Q4 there was complete close for one month. Because of that there was impact on the same store sale growth for the whole year.

**Nisha Jain:**

Okay and Sir I wanted to know what is the average ticket size for our large stores versus our small stores?

**Sanjeev Bhatia:**

If you talk about the large store it is around one lakh and if you talk about the small store, less than 50,000.

**Nisha Jain:**

Sir what is our payback cycle for our small stores?

**Sanjeev Bhatia:**

Actually if you compare to the last store, it is definitely lesser time and the payback period for the last store is three years. So it is around less than two years.

**Nisha Jain:**

Okay and Sir on the quarterly numbers, can you just throw some light, why your margins have been flat for this quarter?

**Sanjeev Bhatia:**

If you see the total, you have to compare the difference. The domestic margins and the export margins, if you compare the domestic margins versus domestic margin last year, it has increased around 14% - 16%. If you look at, in totality definitely because export percentage has increased and export margins are less if you compare the domestic. That is why as a whole the margins are less but you compare to the export margin versus export and domestic versus domestic so domestic margin has increased from 14% to 16%.

**Nisha Jain:**

Okay but export margin has been down?

**Sanjeev Bhatia:**

Yes, little bit because of the appreciation in the rupee. So there is a little bit impact on the margin in the export market.

**Nisha Jain:**

Okay, thank you so much. That is it from my side.

**Moderator:**

Thank you. We take the next question from the line of Anirudh Joshi from ICICI Securities. Please go ahead.

**Anirudh Joshi:**

Hello Sir. Just wanted an update on the online venture what was the sales in FY2017 and what was the year-on-year growth?

**Sanjeev Bhatia:**

Actually online venture, if you direct sales Flexia or Augrav is not much but definitely our total offline sales, the 3% sales are coming from the lead generation on the online business. So definitely there is a very good combination with online and offline and we are aggressively marketing this year for the online business also because one thing is that we are getting the direct sales but sales are small ticket size only but because of the online there is a lead generation in online basis and customers come to the offline store and they buy jewellery offline. They see online and they buy offline. So there is a 3% sales growth total our offline coming from the online.

**Anirudh Joshi:**

Okay, also what is the tax rate that you are looking at for FY2018 and FY2019?

**Sanjeev Bhatia:**

Taxes are stable. It is around 25% - 26%.

**Anirudh Joshi:**

Fine, lastly regarding the preference shares, I guess they are convertible in one year. So I guess they are due for conversion in FY2018?

**Sanjeev Bhatia:**

Yes.

**Anirudh Joshi:**

If so what will be the total addition to equity, number of shares?

**Sanjeev Bhatia:**

Few lakhs of share are there. We will let you know because we do not have the figure right now but we will let you know.

**Anirudh Joshi:**

And roughly indicating, can you indicate the timeline, whether it will be...

**Sanjeev Bhatia:**

In September.

**Anirudh Joshi:**

September. Thank you.

**Moderator:**

Thank you. We take the follow up question from the line of Sameep Kasbekar from Emkay Global. Please go ahead.

**Sameep Kasbekar:**

Sir, how is our "Jewels for Less" doing, the scheme?

**Sanjeev Bhatia:**

Yes, scheme is picking up very well and month on month there is a growth in that "Jewels for Less" scheme and right now we have a deposit, because we started only one-and-a-half years back. So now it is picking up very good and deposit in the scheme is around Rs.125 Crores.

**Sameep Kasbekar:**

And Sir with post demonitisation and with GST upcoming, are we seeing more closures of unorganized players or alternatively more enquiries of franchises, could you throw some light on how the scenario is building up there?

**Sanjeev Bhatia:**

Yes, definitely because after excise we are seeing that there is a demand for the franchised store and because of the GST also, that is why we are having a aggressive target to open 10 stores this year and 20 stores next year in the franchise model, because we are getting very good response under this franchise model and because in the GST, there are a lot of legal requirements or there are so many compliance and it is very difficult for an unorganized player to comply in the GST regime. So that is why from the August 1 onwards, there will be compulsory hallmarking also. Because of that there is a lot enquiry of the franchise model and this year we are opening 10 and next year we have set a target to open 20 stores in franchise model.

**Sameep Kasbekar:**

Thank you. That is all from my side.

**Sanjeev Bhatia:**

I also want to say that the number of shares will be converted after this will be Rs. 67 lakhs.

**Moderator:**

Thank you. We take the follow up question from the line of Nisha Jain from NJ Limited. Please go ahead.

**Nisha Jain:**

Thanks again for the opportunity. Sir on the recent one like GST they recently announced, so I just wanted to know your view, what are your expectation as you said that if is more in a favour of organized sector. How do you look at PC Jewellers in next years, how you will bang on these opportunities, and any guidance on that front?

**Sanjeev Bhatia:**

Actually in GST regime there are two things, one is the rate of the GST we have not yet decided. Secondly in GST, there are so many returns a company has to file and there is an end-to-end credit. You have to maintain every report, the manufacturing report everything because we have system and everything for organized players there is no difficulty to maintain all these records and everything. We are already maintaining these end-to-end records. So, what we are looking that these small players they do not want to increase the cost for compliance, numbering the cost of compliance. Second is, because they are not organised and they are not showing their complete sale in the books. So it is very difficult for them to comply in the GST regime. In the next two years we are looking that after this GST and this compulsory hallmarking. Earlier we were thinking that this organised sector growth is around 25%. So we are expecting more than 40% growth for the organised sector because after that there will be a huge shift unorganized to organised.

**Nisha Jain:**

Okay, fair enough. And Sir, on our overseas market, we are seeing that many of the people have opened the retail stores. Since we are right now currently supplying doing B2B business, so anything on that front, any plans on going in a retail and going B2C?

**Sanjeev Bhatia:**

Actually not this year but definitely we have a plan for the future to sell jewellery in our own brand name like Flexia, Augrav and so we are developing some different brand for the overseas market and definitely from the next onwards we will open some stores in the oversea market.

**Nisha Jain:**

Okay all the best, thanks again for the opportunity.

**Moderator:**

Thank you. We take the next question is from the line of Ashish Agarwal from Kotak. Please go ahead.

**Ashish Agarwal:**

Just a quick question on the store opening strategy in terms of the geo focus, would it continue to be around the at NCR region or would you look more in Tier 2 town and also if you could share the split of the plant openings across large and small format?



**Sanjeev Bhatia:**

Actually right now our presence is in 18 states. And out of these 77 stores we have around 20 stores in Delhi NCR and in Delhi NCR there is a population of 3 Crores and every 10 lakhs population we can open one store. So there is a potential to open 5 – 7 stores in Delhi NCR and we are right now in 18 states and our main focus will be 50% store in the north and other 50% store in other states also. So like Kolkata, we have a store, we are planning to open 2 – 3 stores in Kolkata. In south, we are not going to the Deep South our planning is to open in the cosmopolitan city like we have a store in Bengaluru and we have a store in Hyderabad. So we are planning for 2 – 3 stores in those markets also and for our own model we are opening in Tier 1 and metros and Tier 2 Tier 3 tier 4 we will go by the franchise model.

**Ashish Agarwal:**

That is it. Thank you.

**Moderator:**

Thank you. We take the next question from the line of Chith Bhanu Nagri an individual investor. Please go ahead.

**Chith Bhanu Nagri:**

Thank you. In my limited visibility, my observation has been that some of the other competitors like Tanishq, Gitanjali are much more aggressive on their advertising and marketing campaigns especially on TV and national newspapers. I wanted to get your thought that is it intentional that PC Jeweller is relatively more reticent and how do you see it going forward?

**Sanjeev Bhatia:**

Actually if you see our market strategy, few years back we were doing more advertisement on the national TV and national channel we were sponsoring the main national events like Filmfare or something. So after that we have changed our strategy and we were more focused on the regional solo based advertisement and now the company has decided from this year onwards for the national TV and all national channels and we will announce in a week or 10 days, we are in the process to sign a brand ambassador and that is a very big star of the film industry. So we are announcing definitely in the next seven or ten days we are announcing that deal and we are signing that and after that you will see that we have just increased the budget of marketing for this year. And the budget will be around, earlier we were spending on 1% now we will spend 2% on the total sales. So definitely this year you will see our ad in all the national channels for the media. Time-to-time we have to change the decision.

**Chith Bhanu Nagri:**

Wonderful. Thank you.

**Moderator:**

Thank you. We take the next question from the line of Srinivas Seshadri from Mirabilis. Please go ahead.

**Srinivas Seshadri:**

Good afternoon Sir. Thank you for the opportunity. I have two questions; firstly, you mentioned earlier on the call that the company's focus is improving the return on equity, could you highlight certain areas where you think the company can improve its profitability or the balance sheet in whatever way, which can lead to higher return on equity in the future. That is the first question. The second question is on the receivables, which you report in the balance sheet, the debtors. Is it largely related to the export business or whether there is some kind of a domestic portion also here related to franchise or something, if you can give some more colour on that?

**Sanjeev Bhatia:**

First, I will answer your second question so mainly the debtors are on export debtors only. In domestic only there are some short debtors you can say are negligible because of some credit card or something. So there is no credit to the franchise and first, to improve the ROE, we right now out of 77 stores we have only five franchise stores and we opened last year only so company has decided to open more franchise stores in future and we are getting very good response from our franchise model. So there is along queue to sign the franchise. So if we open the franchise store definitely there is no requirement of the working capital on the franchised model and without investing a little or anything our ROE will improve. So first step we have already taken this and second when we compare with our small store model versus the large store model. In small store model basically ROE is better if you compare it to the large format. So now we are opening small store also and we are opening large format also. So with this small store model and this franchise model, definitely in further in next three years we will be able to improve the ROE and now one more thing is, now we are reducing some inventory from our large format store because right now there are some 30% sale is the order sale. So we are reducing some inventory and we will show that inventory in the digital form so that there is a less requirement of working capital and we have tested this model, this model is successful. So now in future we are taking all the tests to raise the working capital requirement and for higher ROE.

**Srinivas Seshadri:**

Sir just a couple of follow up questions. I think in your presentation you have mentioned that the steady state margin for the export business is about 6% - 8% but at the same time the level of the collection period from your customers seems to be on the higher side based on what you said just now. So wanted to understand is that business per se a very attractive one to do from a longer term perspective given the amount of collection period and relatively lower margins and secondly, is there any kind of target you have in terms of which you can give inventory reduction or in terms of these working capital etc., which could give better collection on the potential for ROE improvement?

**Sanjeev Bhatia:**

First of all, in export business, definitely the margins are lower but ROE is very good in the export business. If you see there is a less working capital requirement and the model is, when we get order, we take gold on the lease from the bank and after the manufacturing, we export our goods and when we get the payment we make the payment. So typically there is a negative working capital requirement for this. There will be a very less capital employed in the export business. So basically ROE is better in the export business. Definitely margins are lower and this old transaction when we get orders we take gold on the lease for 180 days and we manufacture the jewellery and we export the jewellery and after getting the payment we make the payment to the bank. So this whole cycle is completed in less than 180 days. It is a period of holding back, goods, and manufacturing, exporting and getting the payment. So business is good and less capital requirement business, this export business is a very less capital requirement business. Secondly, to increase the ROE for the future to reduce the inventory we have already started. If you compare our last four to five years balance sheet earlier if we opened around 15 stores, there is an increase in the inventory also. This year there is a less increase in the inventory if you compare to the last three to four years. In future also, you will see when we open more and more stores, you will see every year that there is a less working capital requirement and we are opening more stores.

**Srinivas Seshadri:**

Okay Sir, understood. Sir, may I just extend my question. On the gold lease model, typically what is the kind of financing cost for us, which we incur when we take the gold lease for 180 days?

**Sanjeev Bhatia:**

Yes, it is around 3% per annum.

**Srinivas Seshadri:**

So basically, if it is a say, a 180-day cycle, during which you manufacture and collect, if you consider it as margin kind of a requirement, would be fair to assume that net of gold lease interest on a pre-tax basis the export business is something like a 4.5% - 5% pre-tax margin with a negligible working capital, is that the right way to look at the business?

**Sanjeev Bhatia:**

Yes, definitely set on 3%. You can say this PBT margin is around 4%, you are right.

**Srinivas Seshadri:**

4% with a negligible.

**Sanjeev Bhatia:**

Yes.

**Srinivas Seshadri:**

Got it Sir. Thank you so much for the clarification.

**Moderator:**

Thank you. We take the question from the line of Roshini Devi from Cogencis. Please go ahead.

**Roshini Devi:**

Sir just wanted to confirm, you are planning to open 25 stores in FY2018, right?

**Sanjeev Bhatia:**

Yes.

**Roshini Devi:**

Out of which 10 will be franchisees?

**Sanjeev Bhatia:**

Yes.

**Roshini Devi:**

Thank you Sir.

**Moderator:**

Thank you. We take the next question from the line of Govind Raja an individual investor. Please go ahead.

**Govind Raja:**

Thank you for taking my call. Sir, can you throw some light on the growth rate, which we are looking at in FY2018 in terms of revenue?

**Sanjeev Bhatia:**

Yes, we are expecting more than 25% growth for this year.

**Govind Raja:**

Thank you.

**Moderator:**

Thank you. We take the next question from the line of Anand Krishnan from Kotak Infina. Please go ahead.

**Anand Krishnan:**

Sir, good evening. Sir just wanted to understand with respect to margins on wedding jewellery business and a normal jewellery business and with respect to diamond jewellery, if you could just give us a bifurcation of the same that will be helpful?

**Sanjeev Bhatia:**

We cannot separate the wedding jewellery margin differently. There are two types of items in our business; one is the plain items, coins, plain items, plain bangles, plain chains, so in these items the margins are lower if you compare to the other items. So almost in our business 20% - 30% items are the plain items where the margins are lower and 70% items for our company the margins are higher because these are the designer items and these can be worn in any occasion, either wedding on another occasions but definitely we can segregate in two parts – one is plain jewellery item in gold and one is the designer item. And second in credit jewellery the margins are higher, it is more than 30% in the credit jewellery and the gold jewellery it is around 12% - 13%.

**Anand Krishnan:**

In the plain items?

**Sanjeev Bhatia:**

In the plain items is 6% - 9%.

**Anand Krishnan:**

Thank you so much. The other question was with respect to market share. Sir, in the last two quarters with respect to your peers, Titan has been gaining a lot of market share. They have been saying that they have been gaining from the organised as well as the unorganized. Last quarter also one thing that was actually mentioned is that the North Indian market did really well and the wedding jewellery market also did really well, which is actually a forte for PC Jewellers. Why is that a discrepancy in what they are reporting and what we are reporting?

**Sanjeev Bhatia:**

I cannot comment on the other company but definitely we are more focusing on how to increase the margin and our growth is more related to margins and we have not launched any scheme in this quarter. We are more focused on how to increase the margin. Definitely we are more focusing on top line also but our motto is to how to increase the bottomline also. So our company strategy is to sell more profitable item, to sell more designer jewellery, to sell more studded jewellery so that the margin can be increased in future for this year definitely we have set a target of and this quarter also the sales are very good and we are getting very good response for our all the collections which we have launched. So we are expecting a minim of more than 25% growth for the whole year.

**Anand Krishnan:**

Okay Sir and when is it that your diamond activations happen and when is it that your gold activations happen in the whole year?

**Sanjeev Bhatia:**

Actually this year we have a target to launch eight collections out of which four gold jewellery collections and four diamond jewellery collections for the whole year. So it means sometimes once in month, sometimes twice in a month we are launching new collections and last year also we launched around seven collections.

**Anand Krishnan:**

Sir my question was more with respect to activation, what is the period?

**Sanjeev Bhatia:**

Schemes, main scheme will be at the time of Diwali only.

**Anand Krishnan:**

Alright, so it is only once in a year, is it?

**Sanjeev Bhatia:**

Mainly once in a year but we run some short scheme also at the time of Akshaya Tritiya, so there are two schemes; one is just for the short period and one is for the longer period and we do not have separate schemes for gold. At the time of scheme, we give discount on gold also and diamond also.

**Anand Krishnan:**

Alright Sir, thank you so much, good luck Sir.

**Moderator:**

Ladies and gentlemen, as there are no further questions from the participants I now hand the conference over to Mr. Sameep Kasbekar from Emkay Global for closing comments.

**Sameep Kasbekar:**

I would like to thank the management once again, Thank you all for joining in the call.

**Moderator:**

Thank you very much. Ladies and gentlemen on behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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- Note:**
- 1.This document has been edited to improve readability.
  2. Blanks in this transcript represent inaudible or incomprehensible words.

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BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

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