



PC Jeweller Limited
Q3 & 9M FY2019 Earnings Conference Call

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Moderator: Ladies and gentlemen, good day and welcome to the PC Jewellers Limited Q3 and 9M FY2019 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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. Sanjeev Bhatia, CFO, PC Jewellers Limited. Thank you and over to you Sir!

Sanjeev Bhatia: Good evening, ladies and gentlemen. We extend a very warm welcome to all of you for this Q3 earnings call of PC Jeweller Limited. I am Sanjeev Bhatia, CFO of the company and I have with me Mr. Balram Garg, MD of the company as well as Mr. Nikhilesh Govil, President Online and E-Commerce.

PCJ got listed in the last week of 2012 and has now completed six years of being in the public space. This period has seen PCJ grow at a very rapid pace and established itself amongst one of the top jewellery players of the country. PCJ has also successfully weathered the turmoil in the industry after the then government imposed various restrictions on this asset during 2013 and 2014. The introduction of the GST regime proved to be a windfall for PCJ, in line with other branded players. The company could achieve 35% to 40% both in topline as well as bottomline for the four consecutive quarters last fiscal. This fiscal is however a year of consolidation and rationalization of operation as well as conservation of capital. PCJ is also adapting itself to the changing business environment and is concentrating on ROE as initial step at all levels and all aspects of its operations. This is reflected in reduction in cost, merging and closing of showrooms whose performance was subpar or below optimum, reducing purchases, etc.. The company has also managed to improve its customer base by operationalizing its omni channel integration. We are now able to display and sell our fast selling inventory from 40 showrooms through our website and offer delivery of more than 10,000 readymade products. This provides our customer ready access to inventory across different showrooms while sitting in the comfort of their homes. The company will continue to expand this model and is working to integrate all its showrooms by the year end. The company feels this is a more efficient way to grow in the time of scarce and expensive capital. PCJ is also reducing its export turnover, which is reflected in degrowth of nearly Rs.1200 Crores on YoY basis. Though this has resulted in a decline in the absolute level of turnover and profitability figure. we feel that this is only a short-term issue as the overall margin of the company has improved on QoQ as well as YoY basis. This is also reflected on all the parameters like gross margins, EBITDA and PBT.

The profitability margins of the company have shown improvement on account of higher contribution of domestic business and overall sales. At the same time, the company’s domestic turnover during the

current quarter has increased by 3% and it has managed to almost wipe off the degrowth experienced in this domestic business in Q2. The domestic margins continue to remain stable. As committed, the company continues to deleverage its balance sheet by reducing its overall banking exposure. Of the overall reduction of Rs.500 Crores planned for Q3 and Q4, the company has achieved reduction of almost Rs.300 Crores in Q3 itself. I now leave the quorum open for question and answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rajesh Kataria from Credit Suisse. Please go ahead.

Rajesh Kataria: Sir, Congratulations on your performance. My question is around the export business. I wanted to understand since you have decided to deleverage it, who are your customers and what is the status of the AR that you had in your export business? why was it sort of so stressed out? I am a new investor and I just want to understand who your customers were in the export business and why we decided not to pursue it anymore?

Balram Garg: We are doing this export business from last 15 to 20 years. Basically, we are exporting mainly the Gulf countries and South East Asia. This is a B2B business and we export handmade jewellery. Earlier, the credit was easily available from the banks and you know that there is no credit in the domestic business.

Rajesh Kataria: Are you selling to a subsidiary of yours in the Gulf?

Balram Garg: There is no subsidiary. We are exporting to the third party only.

Rajesh Kataria: Who were those third parties and why have not they paid you on time?

Balram Garg: Let me explain this. Earlier the credit was easily available but now the credit from the banks is not available easily. So the company has decided at the beginning of the year to reduce the export business because this is a credit business. Now, they are the old customers and when you change your business models it definitely affects the payment cycle also. However, the company feels that it is on the right track in reducing its export business because it is the need of the hour and is required in the changed circumstances.

Rajesh Kataria: Can you name those customers, who are your top customers that you were selling to?

Sanjeev Bhatia: We do not disclose customer name because of business confidentiality.

Rajesh Kataria: How much was the AR and how much is it outstanding now?

- Sanjeev Bhatia:** On the month-on-month basis, the payment is coming. If you look at the last quarter, we have disclosed the debtors numbers and will now disclose the same in March. We are seeing the payment coming,
- Rajesh Kataria:** Sir, you do not even give your balance sheet right, how an investor will to understand whether the money is coming or not coming?
- Balram Garg:** We will be giving the balance sheet as per the laid down norms. We gave in September and now we will be giving in March. We are also disclosing that the company is getting funds and payments.
- Sanjeev Bhatia:** Just to add, we are also reducing the debt in Q3.
- Rajesh Kataria:** Without a sort of a weighted balance sheet audited balance sheet, I did not see your balance sheet in your disclosure this time?
- Balram Garg:** It is not required.
- Sanjeev Bhatia:** It is not required. On debt level, we have returned the Rs.300 Crores of debt in Q3. The complete balance sheet will be disclosed in March.
- Rajesh Kataria:** I understand it is not required, but in the spirit of whatever has happened to the stock and considering there are so many questions around the export business and receivables. You would think that the company in good faith would want to sort all investor concerns and want to make disclosures like that?
- Sanjeev Bhatia:** We only disclosed these numbers at the time of balance sheet. So that is why we will disclose in March only.
- Moderator:** Thank you. The next question is from the line of Dharmik Patel from Active Alpha. Please go ahead.
- Dharmik Patel:** Good afternoon. I have a couple of questions. First what is the target for the March ending 2019 for debt, cash, your inventories and receivables levels?
- Sanjeev Bhatia:** If you talk about the receivables, we already set the target for Rs.1,000 Crores. For inventory, we have not set any target, but definitely the inventory range is around Rs.5,000 Crores. If you look at our three quarters, so it will be in the same range. For the debt, we have already disclosed the debt number in September and after that we have reduced Rs.300 Crores in the third quarter and we have set a target for Rs.200 Crores this quarter.
- Dharmik Patel:** Somewhere near Rs.3000 Crores by end of March total debt?

- Sanjeev Bhatia:** Around Rs.300 Crores. The final debt will be around Rs.3000 Crores.
- Dharmik Patel:** What is the cash target or present cash by the end of December 2018? can you tell me?
- Balram Garg:** Right now, we do not have the exact numbers, but definitely it will be more than Rs.500 Crores.
- Dharmik Patel:** My second question is what is the bifurcation of own versus franchisee stores?
- Balram Garg:** Pardon own versus?
- Dharmik Patel:** Franchisee.
- Sanjeev Bhatia:** Right now, we have around 15 franchisee stores and the rest is own stores.
- Dharmik Patel:** How many stores have VR technology presently?
- Sanjeev Bhatia:** We do not have any right now. We have not started visual reality, but augmented reality we have started in some stores in Delhi.
- Dharmik Patel:** I just wanted to know how many stores you own at present?
- Sanjeev Bhatia:** It would be something around 75 own stores.
- Dharmik Patel:** And 15 are franchisee right?
- Sanjeev Bhatia:** Yes.
- Dharmik Patel:** Thank you.
- Moderator:** Thank you. We will move onto the next question that is from the line of Mangesh Barj from Capital One. Please go ahead.
- Mangesh Barj:** Good evening. I have one or two questions that is very specific and I would like to have the answers, which are very specific. so my first question is how much account receivable is due for this quarter?
- Balram Garg:** Account receivable is around Rs.1500 Crores.
- Mangesh Barj:** Rs.1500 Crores.

- Sanjeev Bhatia:** Account is around Rs.1,800 Crores and we have exported 300 Crores this quarter and we got that almost whatever we exported we got old payment of the same amount and the double of amount of old payments, so the approximate figure is Rs.1,500 Crores.
- Mangesh Barj:** Are there any bad debts you are looking?
- Sanjeev Bhatia:** Right now, there is no bad debt.
- Mangesh Barj:** So hopefully you will receive all the receivables?
- Sanjeev Bhatia:** We are receiving all the old payments. There is no bad debt.
- Mangesh Barj:** There is no issue. My second question is now I am seeing that your margins are improving quite a bit and you are changing the strategy to reduce the export business. But what about the domestic business, I am seeing that you are opening some franchisee stores and when franchisee stores are not running well you are closing again. So this strategy of going franchisee store, it is well thought strategy or you are just making a trial and error basis and you are putting the store and then closing it because your domestic sales growth is not up to the mark?
- Balram Garg:** Our domestic business growth is good because if you look at the last year two quarters i.e. Q2 and Q3 because of government implemented the GST, the growth was almost 35% in Q2 and 40% in Q3. So the base was very high. That is why the growth for the domestic business is muted and it is 3% this quarter. Last quarter there was degrowth because of that and now there is a growth, so we are very hopeful that domestic business is doing good and there is no problem in the domestic business.
- Mangesh Barj:** What about franchisee route?
- Balram Garg:** We have opened one Franchise Store in Q3. Now, we are opening some more franchisees in the next couple of months, so this franchisee model is good. There is no difference in the franchisee model or the own model. The only difference is that in the own model, we are investing the own money and in franchisee model there will be no need to invest.
- Mangesh Barj:** That I understood, but is it really worth taking the franchisee route, are you really seeing the effect on the revenues and the profits?
- Balram Garg:** Sale wise, there is no difference in the franchisee or own store. We are running the franchisee like we are running our own store. So there is no difference in franchisee. Even customer do not know whether this is franchisee or own store. So, there is no difference.
- Mangesh Barj:** Is it really contributing to your margins and growth?

- Balram Garg:** Definitely because we have just started in last year only, so it is a small model right now, so as the model will grow definitely in the future the main growth will come from the franchisee models.
- Mangesh Barj:** Just last thing I need to understand do you have some future planning for the PC Jewellers for the next five years or 10 years, usually the company having the best management pedigree having the future scenarios built into five years and 10 years or something like that. So do you have some three years or broader plan and where you see the PC Jewellers down the line in three to four years?
- Balram Garg:** Definitely the plan is only to grow mainly in the domestic business only and to open more and more stores. So this year, we open only five new stores but next year onwards, we will open more and more stores in the retail segment. Last year was not very good for PC Jewellers that is why we opened less stores. From the next year onwards, we are planning to open more and more stores like we were opening earlier. Except this year, we have opened so many stores and now in the future also we plan to open more and more retail business only.
- Mangesh Barj:** Before leaving, just one small may be small advice from my side. I am tracking the PC since long time with each quarter. I have been a part of the PC, it is a very good company and you are putting a really good effort. But since the last one year what has happened with PC, what I am observing like you are repaying the debt now Rs.300 Crores or so you have repaid. But just be cautious and you should maintain while giving the projections or while giving the statements, make sure that it should maintain or otherwise you should not declare any commitment like buyback, so once you declare and then you find that bank is having some issues. So a small advice from my side, once you give some commitment because in the last to last quarter also you are saying that you will give more and more clarity and towards the disclosures right for the account receivables. You say that in the upcoming quarters most of the investors will find that we will disclose a lot of things, but unfortunately this quarter, we are not able to see the balance sheet.
- Balram Garg:** We have disclosed what amount of debt we have paid during this quarter. So, you have the debt figure in the second quarter and also stated in the previous questions. We have already disclosed the debtor number, the inventory numbers and everything. So these are the four, five things, which are necessary for the financial and we have disclosed these things.
- Mangesh Barj:** Just for the sake of caution I am advising like if you maintain the full transparency because I know that the PCJ is a really good company. I do not know about the others, I personally have faith in PC, but if you do the full disclosure with whatever the good news and the bad news upfront that will help us and the second thing is you just maintain your written ratios by putting the spread down that will give us good capitalization market cap for your stock. So that is one advice maybe I can give you. Thank you.

- Moderator:** Thank you. The next question is from the line of Keshav Harlalka from BHH Securities. Please go ahead.
- Keshav Harlalka:** The finance cost in the current quarter is Rs.88.79 Crores versus Rs.84.11 Crores for the corresponding quarter last year and the debt levels have gone down by Rs.300 Crores, so can you throw some light on why the finance cost has gone up while the debt has gone down?
- Sanjeev Bhatia:** The company finance cost has increased in this quarter due to shift in the mode of utilization of its banks credit line from SBLC towards fund based capacity. The shift has happened mainly due to stopping of domestic facility by various banks. In the case of exports also, foreign banks have greatly reduced their exposure limit on Indian banks and are not accepting import SBLC issued by mainly Indian banks. The company is therefore using more of fund based limit for both domestic as well as export operations. Hence, our interest was increased a little bit, but our margins have increased and we are passing this to the customers. So there is no problem because in spite of our financial cost has increased, our margins are stable or increases. So shifting the limit from the non fund to fund base has inched up finance cost.
- Keshav Harlalka:** Now you also made a statement in the presentation that your borrowings will become zero in the current quarter means you will be on zero debt free company?
- Sanjeev Bhatia:** No. In second quarter in our presentation we promised to pay further Rs.500 Crores in the next two quarters Q3 and Q4.
- Keshav Harlalka:** After that what would be the debt on the books Sir after you paid back Rs.500 Crores?
- Sanjeev Bhatia:** We cannot provide any precise figure now.
- Keshav Harlalka:** What would be the finance cost in the March quarter after you paid back the amount?
- Sanjeev Bhatia:** The finance cost will remain the same or a little bit down because it will not impact much because now we are using more fund based limit, but there is no impact on the margins because of that.
- Keshav Harlalka:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Pradeep Prakash from Utsav Consultants. Please go ahead.
- Pradeep Prakash:** Thank you for taking my call. Sir just now I heard from you that in your previous quarter you had about 1976 Crores and in this quarter you are saying as 1500 Crores and by the end you are saying 1000 Crores as receivable am I right is this what I understood?

- Sanjeev Bhatia:** Yes.
- Pradeep Prakash:** This was my main concern. Secondly as one of the participants has mentioned that whatever disclosure that you are saying in the call, why cannot you make the same disclosure in the presentation itself. This will definitely have a wider reach to the audience and next I am very happy to learn that you do not have any bad debt. This is the area where people have speculation in your business because it is unsecured and they do not have any guarantee for the loan and there is no guarantee for the debtors and this gives a fear in the minds of the people that if the Rs.1500 Crores goes down the water and you reduce your export and as regards the old payments. Now, that you have given us an assurance that old payments have already started coming and we have also received most of the payments and there are no bad debts and it would be better if you can bring all these things in the presentation itself that will be okay.
- Sanjeev Bhatia:** Yes.
- Pradeep Prakash:** Thank you very much Sir. I have no more to ask.
- Moderator:** Thank you. The next question is from the line of Rajesh Goel from Alpha capital. Please go ahead.
- Rajesh Goel:** My question is about export as the first caller asked you did not talk about the names of customers for confidential reasons, etc., Can you describe what has the problem been on the last one year or so from a business perspective? why these payments is getting delayed and why these collections, which had happened and a normal course of business are getting stretched? which you said you are confident of collecting everything? what is the commentary around it, what has happened with these customers to whom you sold?
- Balram Garg:** There are two- three reason. One, in the Gulf, business is down post implementation of the custom duty and then company have decided to reduce because of the credit risk. So now they are making arrangements from other supplier. So it will take some time when you lose a lot of business in the export market. So there will be some delay also, so that is the only reason. Around 20%, 30% business was down because of the GST and import duty implemented. Hence, company also decided to reduce, so that was the reason.
- Rajesh Goel:** This quarter we have done Rs.300 Crores of exports right?
- Sanjeev Bhatia:** Yes.
- Rajesh Goel:** And what is the plan, what is the trajectory, this is very different from Q2, so what do we intend to do?

- Balram Garg:** We have already explained that last year we did around Rs.2800 Crores, this year the maximum export can go to Rs.2000 Crores and this is our plan and slowly we will reduce it further.
- Rajesh Goel:** 12 months from now, would it become zero?
- Balram Garg:** No, now it will not become zero. Definitely, we will disclose how much we will reduce further, but right now this is the first step we have taken.
- Rajesh Goel:** Okay and one more question. I think in last one-and-a-half years, it will be sort of painful for all stockholders including yourself, buyback policy did not go, any other thoughts around rewarding investor community other than improving performance & about disclosures to see the performance of results to develop the stocks, anything which you are thinking on the company level, you have the majority shareholding?
- Balram Garg:** Definitely, whatever it is we will tell. Right now, there is nothing to mention on same.
- Rajesh Goel:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Venky from Utsav Management Private Limited. Please go ahead.
- Venky:** Just I have two questions. In the last quarter balance sheet, you had mentioned the total bank exposure is Rs.3600 and cash margin is 600, net liability Rs.3000 Crores, so when you are saying that by March 2019 the total debt will be Rs.3000 that means net liability or are you talking on the current bank exposure and one of the cash margin at the time of March 2019?
- Sanjeev Bhatia:** We could not get it properly, can you speak a bit slowly please?
- Venky:** In the September quarter, you have mentioned the total bank exposure is Rs.3685 Crores, when you are saying Rs.3000 Crores will be the debt, so this is the amount, which will be going down to Rs.3000 by March 2019, is this correct Sir?
- Balram Garg:** Total debt should be around Rs.3000 Crores.
- Venky:** And the cash margin will be around?
- Sanjeev Bhatia:** The cash will be around Rs.400 Crores to Rs.500 Crores.
- Venky:** So the net liability will be around Rs.2500 Crores?
- Sanjeev Bhatia:** That is what we are planning for.

- Venky:** I see that mutual funds exposure is very less, so are we doing anything from the management side to regain the trust of mutual funds?
- Balram Garg:** Not immediately, I think after our complete year results are done, we will be approaching all the investors with the road show and everything because we will be soon approaching with a complete and full annual result.
- Venky:** Thank you.
- Moderator:** Thank you. The next question is from the line of Bhuvnesh Kumar from Kotak Mahindra Bank. Please go ahead.
- Bhuvnesh Kumar:** The question was that what is your quantum of net shares today if any and are there any subsequent subsidiary and company holding transactions that do not form part of the report that you have published this time?
- Balram Garg:** Whatever transactions are there, they are fully disclosed.
- Sanjeev Bhatia:** They are very negligible right now.
- Bhuvnesh Kumar:** And what about pledge shares, are there any promoter holding pledge?
- Balram Garg:** There is no pledge.
- Bhuvnesh Kumar:** Thanks.
- Moderator:** Thank you. We will move onto the next question that is from the line of Ajay Sharma from Cycas Investment Advisors. Please go ahead.
- Ajay Sharma:** Thanks for taking my question. I thought you are present in South India. What is your initial presence in South India and you plan to expand it a little bit of ground research that I have done sort of indicates that PC Jewellers is perceived as a north Indian jewellery chain is that a problem you cannot fix it, what is your comment on this?
- Balram Garg:** PC Jewellers is not there in South India that is point number one
- Ajay Sharma:** Any plan for South India.
- Balram Garg:** There is no plan for South India. Earlier, we have one store in Bengaluru and have closed that because of not getting very good response in South India. We are a north based company and except South India, we are opening everywhere.

- Ajay Sharma:** So, there is no plan also to open in South India?
- Balram Garg:** There is no plan for South India because mainly the lower margin items are really higher. We sell more diamond jewellery. So that type of jewelry do not work there, so there is no client to open stores.
- Ajay Sharma:** Okay, that is it. Thank you.
- Moderator:** Thank you. The next question is from the line of Denzil Dsouza from Naam Electronics. Please go ahead.
- Denzil Dsouza:** Good evening Sir. Thank you so much for a very good investor presentation. I have one concern with you is when you are saying this Rs.1500 Crores and you are saying there is no bad debts, do you have credit insurance for the same?
- Sanjeev Bhatia:** There is no credit insurance because this business everyone doing like this only, there is no credit insurance.
- Denzil Dsouza:** There are no collaterals against this Rs.1500 Crores of debt?
- Sanjeev Bhatia:** There is no collateral. This 100% business is through banks only, everything goes through bank to bank.
- Denzil Dsouza:** Bank to bank, but bank does not give a guarantee some kind of a guarantee to you?
- Sanjeev Bhatia:** There is no guarantee.
- Denzil Dsouza:** There is no bank guarantee as well right?
- Sanjeev Bhatia:** Yes.
- Denzil Dsouza:** So now when you looking at it. Since, I am based out of Dubai and I know the current conditions of Dubai, what I am asking you is, are they making the payments on time or is it deferred payments. Assuming, you are supposed to receive Rs.100 Crores, are you receiving Rs.20 Crores in packet or you are receiving Rs.100 Crores as planned?
- Balram Garg:** We have already explained in detail in the second quarter that there is a delay in the payment because we have reduced the export business and because of various things Gulf business are down. We have reduced the business a lot and that is why there is a delay in the payment, but there is no bad debt and we are receiving the payment. Whatever we are exporting more than that we are receiving the

payment it means the old payment we are receiving more than we are exporting, so there is no problem in that.

Denzil Dsouza: So you are 100% sure that there are no bad debts in your company?

Balram Garg: If there is any bad debt we have to disclose the bad debts.

Denzil Dsouza: Okay Sir. Second question of mine if you have time you told me that there is Rs.1900 Crores has dropped down to Rs.1500 Crores and you will do it Rs.1000 Crores, but you are also building up sales every month and every quarter, so this quarter you have built Rs.300 Crores.

Balram Garg: Look at the last quarter, we did around Rs.300 Crores sales and more than that we received almost 600 cr as old payment. It means more than Rs.600 Crores of payment received which is double of the debt. So whatever we export it, we receive the payment. Old payments we are receiving, there is no problem in that.

Denzil Dsouza: That is my question and thank you once again because this is the only company, which is actually making debt payments and telling us in advance. So I congratulate you for this and hope you show shining performance in the next quarter.

Balram Garg: Thank you.

Moderator: Thank you. The next question is from the line of Kartik Krishnaswami from Tasco Technologies. Please go ahead.

Kartik Krishnaswami: Thanks for taking my question. Balram Sir, I had just one question here. So what I saw last time when the buyback was cancelled. If you want to issue another buyback, so there is a gap of 12 months, so is it the reason why the company is not making full disclosure right now and you want to announce the buyback whether the prices would remain at a lower level? is it some kind of a reason what you want to increase your holdings at a lower price or some other promoters want to increase their holdings at a lower price and you want to keep the price at a lower level?

Balram Garg: Even if we want to buy we cannot comment on that.

Sanjeev Bhatia: We cannot comment on the buyback or promoter holdings, but let me say that promoter holdings are the same and there is no change in the promoter holdings. So other than that, we cannot comment on this and as far as disclosure is concerned. Our disclosure is better than others. Whatever disclosure required, we are doing.

Kartik Krishnaswami: Thank you.

- Moderator:** Thank you. The next question is from the line of Pradeep Prakash from Utsav Consultants. Please go ahead.
- Pradeep Prakash:** Thank you for taking my question again. I just want to ask out of these Rs.1500 Crores which are receivables, can you give us the breakup in terms of how many of them are receivable beyond three months, six months, nine months, 12 months for even two years?
- Balram Garg:** Right now, the breakup is not available.
- Pradeep Prakash:** Rough idea beyond six months?
- Balram Garg:** We cannot give any rough idea, we do not have right now.
- Pradeep Prakash:** This is important, can you disclose this in your final March 31, 2019 annual report?
- Balram Garg:** Definitely, we can disclose in annual report.
- Pradeep Prakash:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Rupesh Kumar an Individual Investor. Please go ahead.
- Rupesh Kumar:** I want to know about creating the brand value of PCJ, last year we had Akshay Kumar, so is there any plan to hire any celebrity because marketing expense is also down this quarter?
- Balram Garg:** Every company has different plan. Last year, company planned to advertise on the national channels and this year we are doing regional advertisement more. If you look at in the regional paper every month, you can see our ad in all the regional paper. So every year, we are working on various things for the marketing and we are thinking of that also. At the right time, we will disclose that.
- Rupesh Kumar:** One more question, in presentation, it was said that there was consolidation of three stores, all of these stores are franchisee stores or company own?
- Balram Garg:** Only the own stores
- Rupesh Kumar:** Company own three stores were consolidated, these stores were in the same locality?
- Balram Garg:** In Delhi, we have three stores, two stores we have merged.
- Rupesh Kumar:** That is all from my side. Thank you Sir.

- Moderator:** Thank you. The next question is from the line of Hemendra Singh an Individual Investor. Please go ahead.
- Hemendra Singh:** I just wanted to know is there any plan for buyback in coming quarter?
- Sanjeev Bhatia:** There is no plan for buyback right now.
- Hemendra Singh:** Okay Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Gaurav Singh from Oldwood Partners. Please go ahead.
- Gaurav Singh:** Again about the receivables, so in the quarter ending September, we barely did any exports and we disclose that the receivables are around Rs.1800 Crores, so that means that these Rs.1800 Crores they were outstanding as of June quarter effectively right. So they are already more than six months due. Now my question is Rs.600 Crores that we have received in the previous quarter, did we receive Rs.600 Crores from Rs.1800 Crores?
- Sanjeev Bhatia:** Yes from that Rs.1800 Crores only.
- Gaurav Singh:** Please let me finish my point. Sir did we receive that entire Rs.600 Crores from that Rs.1800 Crores or did we receive some part of that from the exports that we did in the December quarter also?
- Sanjeev Bhatia:** 100% Rs.600 Crores is from the old payment only.
- Gaurav Singh:** Old payment only okay that is comforting. That is it for me.
- Moderator:** Thank you. The next question is from the line of M Mandal an Individual Investor. Please go ahead.
- M Mandal:** I am from Guwahati and you have store there at Guwahati, so are you monitoring the sales of that store?
- Balram Garg:** Definitely we are monitoring the stores.
- M Mandal:** Just I think three, four months back, Kalyan Jewellers store came up, so are they taking your share?
- Balram Garg:** We have different variety, different thing happened. The market in Guwahati only 20%- 25% market is organized and rest 75% market is unorganized. So there is a place for so many players, so we & other organized player are taking the share from the unorganized sector only.

- M Mandal:** One more thing, in Guwahati, is a little part from north, but it has got a lot of opportunity. So you should look for openings one more store there near the north side of Guwahati, okay, so you should have some?
- Balram Garg:** Our Guwahati store is doing very good because I know that and definitely this is a good idea and we will definitely consider because there the sales are very good, definitely our team look there to open another stores.
- M Mandal:** Because Guwahati is the Gateway of North East, so you should look it seriously.
- Sanjeev Bhatia:** Sure. Thank you.
- M Mandal:** Okay Sir, one more thing I want to tell, I am investor of PC Jeweller for the last two years and I was monitoring your stock and I am comparing one of the largest competitor, you know it Titan okay. So for the last two, three years, I have experienced that the earnings were going neck to neck, but suddenly fell. So what are the steps you are now taking, the PC Jewellers book to price value is less than 1 and Titan is charging the premium of more than I think 8 or 9, so what are the steps you are taking so that the premium should get reduced?
- Balram Garg:** We have taken so many steps, because concerning this year's credit, company have decided to reduce the export business to reduce the debt. Every quarter, we are doing as per whatever target and achieving that. So company is taking step and for the benefit of the investors. From next year onwards, we will open more and more stores. This year was slow due to consolidation but will start opening more stores from the next year onwards.
- M Mandal:** One more question I want to ask, do you think the last conference call during Q2 one investor raised the question regarding demerging of this export business. So do you have any players it is giving your premium, your export margin is hardly around 4%, 5% and your domestic margin is quite high?
- Balram Garg:** For the benefit of the investor, we are working on the various things and at the right time we will disclose.
- M Mandal:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Sherin Joy an Individual Investor. Please go ahead.
- Sherin Joy:** My question is the same question asked by one of us. My question is even after the debt has reduced the interest cost remains high?

- Sanjeev Bhatia:** We have answered that even if the interest cost increase, our margins have increased. Now, the company has changed the business model because banks are not accepting the various banks LC. Hence, we are using the fund basis limit. So that is why the interest cost has increased. Profit also increased because there is no impact of increase interest cost and we are passing to the customer only.
- Sherin Joy:** Some quarters we can expect at least slight decrease in the interest cost right?
- Sanjeev Bhatia:** Next year onwards definitely you can expect next year onwards.
- Sherin Joy:** Okay, thank you Sir.
- Moderator:** Thank you. The next question is from the line of Chaurus Soni an Individual Investor. Please go ahead.
- Chaurus Soni:** I have two questions. First of all about this Rs.1500 Crores debt, which you already explained so much and many people have already asked. My question is since you have now decided to stop export business, so what is making us so confident that we will get all the money back and why we are not ready to create some kind of provision for doubtful debt because once the business is stopped, so it is a psychological factor that people do not take it seriously and they want to delay or sometime even not ready to make the payments?
- Balram Garg:** Right now there is no signal that we have not received any payment, so there is no need to book for any provision. As I mentioned earlier that whatever we developed that we received the old payment, we do not see any problem for receiving the payment. So that is why what we wanted to say that you are very right that reducing, certainly running business cannot be hope to zero immediately. The company is taking quite major steps, how much to export, how much to do, so everything has been monitored and synchronized very carefully by the company so as to ensure that even if the new exports is not stopped because the company has the need to realize the old debt also. So everything is being done very carefully by the company level at this thing, so that balance has to be maintained.
- Balram Garg:** There is no problem for anything.
- Chaurus Soni:** Second question is many people already asked also that you have no plan as of now for any kind of buyback, so my question is why there is no plan because your stock price is less than 5 and intrinsic value you think also is so much high as compared to the front market price.
- Balram Garg:** Right now you know that every quarter we are reducing the debt, so the question is because of clients are using the credit. So right now our need is to reduce the debt, so once we will complete that then we can think, but right now only our target is to achieve the target of reducing the debt.

Chaurus Soni: Fair enough. Thank you.

Moderator: Thank you. The next question is from the line of Raja Buri from Axis Mutual Fund. Please go ahead. As there is no response from the current participant that was the last question. I now hand the conference over to the management for their closing comments.

Sanjeev Bhatia: We would like to thank everyone for taking their time out and joining onto this conference. Thanks each and every one of you for looking to us so patiently. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of PC Jeweller Limited that concludes today's conference. Thank you for joining us. You may now disconnect your lines.