

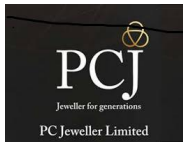


**“PC Jewellers Q2FY15 Results Conference Call
hosted by SBI Cap Securities”**

November 13, 2014



**MANAGEMENT: MR. SANJEEV BHATIA, CHIEF FINANCIAL OFFICER
MR. R.K. SHARMA, EXECUTIVE DIRECTOR AND COO
MR. RAJARAM SUGLA, SENIOR VP – ACCOUNTS**



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Operator:

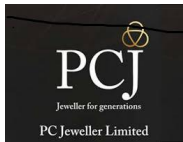
Ladies and gentlemen, good day and welcome to the PC Jewellers Q2 FY15 results Conference Call hosted by SBICap Securities. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by entering *, then 0 on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pankaj Karde from SBICap Securities. Thank you and over to you, sir.

Pankaj Karde:

Thank you. Good evening, ladies and gentlemen. Thank you for joining us today. On behalf of SBICap Securities, I would like to welcome the management of PC Jewellers and thank them for giving us an opportunity to host the call. We have with us Mr. Balram Garg, Managing Director and Mr. Sanjeev Bhatia, Chief Financial Officer of PC Jewellers. Without taking much of your time, I would now like to hand over the call to Mr. Bhatia. Over to you, sir.

Sanjeev Bhatia:

Good evening to everyone. Actually, I'm sorry to say. Mr. Garg had to leave for the merger work suddenly. But I have with me Mr. R.K. Sharma, our Executive Director and Chief Operating Officer, as well as Mr. Rajaram Sugla who is our Senior VP – Accounts. I would now like to start. We are not looking at improved consumer sentiments as well as increased customer footfalls in our stores. Our circular season has started off very well and the recent correction in gold prices is also bringing in a lot of customers in our stores. Though the overall jewellery industry demand growth has been slow in the last few quarters, we are seeing continuous shift of demand from unorganized to organized sector. This has been a strong driver for retail growth for large organized place like us. We feel that improvement in overall economy with a strong government in place; it is expected to boost the sentiments leading to increased consumer appetite. Let me start with our domestic performance first now. Our Q2 FY15 domestic sales were Rs. 993.80 crores as compared to Rs. 686.50 crores in Q2 of FY14. And this topline increase has come in spite of an 11% decline in gold prices on Y-to-Y basis. The domestic segment has shown robust gross margin on the back of increasing purchases of diamond jewellery gift. And keeping in view the current situation, we are very confident that these margins are sustainable. Now I'll come to our export sales. Since our export business is a B2B business and [indiscernible 02:59], there are wide variations in quarter to quarter figures. However, the export business is a low capital and a cash-cow business. And frankly, moving on an auto-pilot mode held while retaining our focus on domestic sales, the company will be able to maintain an annual domestic and export sales mix at 75:25 or 76:24 as of final figures maybe. We have opened two more large format stores during this quarter bringing the total number of stores open in H1 to 5. The main screening factor on our expansion speed remains finding of suitable locations only and we don't compromise on the same. However, at the same time, we are confident of opening a much higher number of new showrooms in the second half. Our continued focus on diamond jewellery has resulted in an improvement of diamond jewellery contribution to the sales book. The figures are in front of everybody but I'll still like to repeat. In Q2 2014, this percentage of 33.33 for the complete fiscal 2014 declined to 26.40. For Q1 2015, this improved to 27.26 and now it has improved further to 32.46%. The company has entered the



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online space where it is getting very good response. We are confident that this will be the next big growth frontier and we have already gained the first mover advantage in this field. Our deposits under the JFL scheme are approximately Rs. 16 crores as on 30th September. There are continuing resumptons during the month of October also. And we feel that the full scheme would be wound up by December end. I would also like to advise that the JFL resumptons have contributed not more than 5% of our Q2 domestic sales. I am sure that you would have also noticed that our Q2 FY14 results Net of MTM gains were to the tune of 59.30 crores. Actually, these are our correct business profits and should be compared to our business profits of Rs. 75.60 crores of Q2 FY15. I now leave the field open for questions.

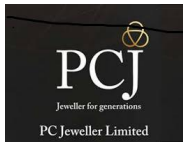
Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Pooja Lath from Edelweiss. Please go ahead.

Apneesh: Hi, sir. This is Apneesh here. Thanks for the opportunity. Sir, my first question is if you could comment the recent launch through the online site, we have the first move advantage but how has been the initial response? Because initially, I did see a lot of area on the website being covered by you. You need to see that but now I think that the visibility has become a bit low. So how has been the response? Is it meeting our expectation?

Sanjeev Bhatia: See, we launched through sites. First, we have an exclusive tie-up with Flipkart and we have also launched our own e-commerce site by the name 'wearyoursine.com'. Frankly, it benefits us more if customers purchase more from our own sites rather than from Flipkart site. We actually entered into an agreement with Flipkart only to gain traction in this business and the other, more eyeballs in the initial stages. So Flipkart is, I think, giving us new publicity on its website. And we are also publicizing our own e-commerce site through our offline presence and through our general advertising. The response frankly, which we have got is much more that what we expected. So to be frank, in the initial stage, there were lots of issues in running logistics and all that. But now, we are settling down and we feel this is only going to grow in the future though one cannot predict the exact number of sales. But this is the new frontier.

Apneesh: Sir, if I see, other categories' online sales, lot of that comes from the Tier 2, Tier 3, Tier 4 markets. So online for you till now, has the demand come from these cities in a major way versus the existing cities? And in terms of margins, if you could comment how is the margin profile on this versus on the physical format. And for the longer term, do you see India replicating China based on the initial demand? What trend has come?

Sanjeev Bhatia: See, No. 1 point is this thing demand results is not that good. We are only getting only from Tier1 and Tier 2 and not from the locations where we have our own stores. This is because the jewellery which is basically being publicized and more prominently stored on the e-commerce websites is different from what we are selling in our stores. In our stores, we concentrate more on heavy wedding jewellery. But these are lightweight, small, picket items. Generally, up to 50,000. So we also had to ensure actually, that the online doesn't start cannibalizing our existing offline stores. So this is No. 1. So as a result of our choice of our merchandizing on the website,



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the hits we are getting is a mixed one. We are also getting from Tier 2 though the delivery issues though remain in small locations - Tier 1 as well as metros. And sorry. What was the next question, Apneesh?

Apneesh: Sir, China. When do we see China data which is currently there, when do you see India hitting that run rate?

Sanjeev Bhatia: You would be getting as India starts progressing. Because currently, as per very rough estimates, the online jewellery business is hardly 0.2% of the total jewellery market and because this concept has just started in the country and even if it increases to 1% or 2% in the next 3 to 4 years, it will be huge business in absolute terms and we would be happy to get a share of that.

Apneesh: Sir, one last one on the online world. I got surprised by your comment that you want to prevent cannibalization. So these items are not available in the physical ones and what is the problem with cannibalization because there, the return ratios can be better. Right? You don't have to build a store, etc.

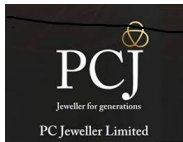
Sanjeev Bhatia: You are very right. Initially, what we have done is that the range being kept on online is different from what range... Though the structure more or less remains the same, the range is the same and the pendant is the same or a bracelet is the same, but the price sector and design are different on both the locations. And the target clientele is actually also different. Because on website, we tend to target younger population, college-going population, student population and on stores, we try to cater anybody who comes in. Now I also remember your next question was on margins. Margins are the same whether offline or online. But the taker size is smaller on online. So the absolute amount of profit would be lower.

Apneesh: Yeah, my next question is on your quarterly results. Gross margins are extremely volatile. So if you see on a Y-o-Y basis, it is down but on a Q-o-Q basis, there is a very smart recovery. So why is that happening? Especially on a Q-o-Q basis, why it has happened? And similarly, other expenditures have you cut down on advertising in a big way versus Y-on-Y?

Sanjeev Bhatia: No. 1, yes. See, one of the differentiating factors in the margins between quarter to quarter is the fluctuating gold premiums. In Q1, the premiums on gold also were very high and we could get a benefit of the same but the premiums did decline very heavily in the second quarter. I'm sure you would have read it there also. So that source of extra margin was not with us in Q2 and what was your second question?

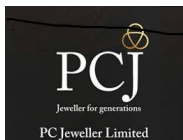
Operator: Apneesh, I'm sorry to interrupt. There are other participants in queue.

Sanjeev Bhatia: You have already asked this question. Regarding advertisements, we deliberately slowed down in Q1 due to elections and the depressed consumer sentiments. And in Q2, the festive season started from 21st September onwards from wherein we launched our new ad. You would have seen our new TV ad and all that. So the complete advertisement expenditure will start coming up in end of Q3.



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- Apneesh:** Okay, sir. Thanks a lot. I'll come back.
- Operator:** Thank you. The next question is from the line of Arjun Khanna from Principal Mutual Fund. Please go ahead
- Arjun Khanna:** Thank you for taking my question. My first question is in relation to exports which you clarified. But as per my understanding, our export is from an EOU zone. Is that correct?
- Sanjeev Bhatia:** Initially, it was only from SEZ. Now we export both from our domestic tariff area - BTA to cater to this 20:80 rule as well as SEZ. So it's a dual thing now.
- Arjun Khanna:** Fair. Is it because of this, our tax rate has gone up to 33.5% because we don't get the benefit there?
- Sanjeev Bhatia:** In SEZ also, the tax resumptions were valid for 10 years and they have been declining gradually over the past few years and here also, we are making it clear that we should come under the full tax regime by latest March '15 or latest by March '16. So the BTA is not really different but for SEZ, tax resumptions are becoming time bound and they have been basically withdrawn over the past 3 years.
- Arjun Khanna:** Fair enough. So should we assume that from hereon, our tax rate would be at the marginal rate?
- Sanjeev Bhatia:** Yes.
- Arjun Khanna:** Fair enough. Sir, my second question is related to the gold-on-lease scheme. I understand our interest costs are high because the complete gold has not moved on to that as of September end. Is that a fair reading?
- Sanjeev Bhatia:** There are two reasons for that. No. 1 is that we are not being able to fully move to the lease model by September end. And No. 2, the operations have also increased. So even if we move 100% to lease in the next few months, what I feel will be the increase in operations. The absolute number is not accepted to come down very sharply.
- Arjun Khanna:** So we should be probably in the next two quarters also in the region of around 55 crores on a quarterly basis as interest costs?
- Sanjeev Bhatia:** More or less. Because 15 stores are on the way. I think yes. But actually, what we are more concerned is with the margin of finance costs vis-à-vis the total sales. As our top line grows, even though the absolute amount of finance costs may go up, the margin should come down.
- Arjun Khanna:** Fair enough. Thank you so much.
- Operator:** Thank you. The next question is from the line of Rory Paik from Schroeder. Please go ahead.



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- Rory Paik:** Hi, I was just wondering if you could discuss the level of inventory that you are holding at the end of the quarter because it looks like it has increased substantially year over year - whether you look on a personal basis or on days of interest and I was just wondering what had driven that.
- Sanjeev Bhatia:** Yeah. See, our domestic inventory has increased. I think you would have been comparing March results with the September figure. Yes?
- Rory Paik:** I was comparing both from year over year and for the last two balance sheets basically. So March and September last year, you seem to have increased on the basis of both of those.
- Sanjeev Bhatia:** So I'll specifically also update on September. No. 1 – if you compared with any previous figures, the increase in the number of stores would be there. Last quarter, there are 10 new stores which contained inventory. And from March also, there are 5 stores. Plus, [indiscernible 0:17:54] in this September end, festive season begins. This is the most important season for us. When we start building up our inventory at all the stores for this festive season and also since we are on the way to open at least 3 more stores during this quarter, so you start building up inventory for these upcoming stores also. So this would explain the set of spike in our inventory. But by March end, this figures should stabilize.
- Rory Paik:** Okay. Great. Thank you.
- Operator:** Thank you. The next question is from the line of Vinod Malviya from [indiscernible 0:18:50]. Please go ahead.
- Vinod Malviya:** Sir, my question is on the expansion front. Right now, we have just opened 6 stores and we have a target of 20 stores by the year end. So just wanted to know will we be able to meet the target, sir?
- Sanjeev Bhatia:** See, as I said in my speech also, the main restraining factor or the main constraining factor on our source to our expansion remains as the availability of correct lease. So we may be very confident and okay, we have built up inventory also and something but we are unable to get yet any suitable location, that may, yes, I admit, derail our plans. I'll give you an example of Bhubaneshwar which we have not been able to open. Our person had gone there to sign the lease and by chance, our architect also accompanied him. And when the architect inspected the building, he found many structural defects in the same and he said, 'Sorry, we cannot take this building'. So even though we have finalized the locations, we are working at the sites. It is possible that some last moment crystallization may come over and we may fall short of target. But if we are able to get our locations which, at least, I am confident that at this point of time, it does seem very likely, we are in a very good position to open these stores.
- Vinod Malviya:** And sir, in this slides your rental as a percentage of revenue has increased both on a sequential and a Y-o-Y basis. Can you explain that sir? This is on page 11.



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- Sanjeev Bhatia:** Yeah. On Q1 it was 0.48%. Rather than quarterly, I would like to go more on the last two columns, the half-yearly columns.
- Vinod Malviya:** So that's something disturbing, I mean. On a half-yearly basis it is down, but on a quarterly basis, it is significantly higher.
- Sanjeev Bhatia:** What I'm being told by Mr. Raja Ram is that absolute number is increasing in a linear fashion only along with the number of stores which we take on rent newly. But only with the fluctuation is the sale. Because this figure is the fluctuation of the percentage of the total sales, so that is why the percentage term is showing some differing number. But if we look at the absolute number, then there shouldn't be any confusion. So we should be able to provide the absolute number.
- Vinod Malviya:** Okay.
- Sanjeev Bhatia:** Yeah.
- Vinod Malviya:** One thing on this gold lease scheme, sir, post this restore of this gold lease scheme, is it applicable only for the new stores or it is applicable for all the old stores also?
- Sanjeev Bhatia:** It is applicable for the company as such.
- Vinod Malviya:** Okay, there is no distinction between old and new stores?
- Sanjeev Bhatia:** No, nothing.
- Vinod Malviya:** Okay. But sir, in that case, there should have been sort of a decrease in the interest on a sequential basis, sir, in the interest cost?
- Sanjeev Bhatia:** I think I explained that thing right now. See, the gold lease is basically started; the circular itself came out 21st of May only. Gold lease practically started at the last week of June or something. So given the huge backlog of one complete year, it is not possible that suddenly we would move on totally to the lease system and the interest expenditure also start coming down immediately. This will add to the lease and we should see the effect only by March-end frankly.
- Vinod Malviya:** So by March-end it will come.
- Sanjeev Bhatia:** Yeah.
- Vinod Malviya:** Okay fine. Thank you, sir.
- Operator:** Thank you. The next question is from the line of Adhidev Chattopadhyay from HDFC Securities. Please go ahead.



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Adhidev Chattopadhyay: Good evening. Thanks for taking my question. My first question is what percentage of our gold are we now sourcing another gold on lease. Are we seeing this going to around 100 % by the end of the year?

Sanjeev Bhatia: Yeah, by the end of the year, touchwood, we should be able to move back to 100%.

Adhidev Chattopadhyay: Okay.

Sanjeev Bhatia: As of date, we have already crossed the 50% mark and we are moving. Whatever future goal we are taking we are trying to take on lease basis.

Adhidev Chattopadhyay: Okay, sir and the interim for the balance, are we trying to hedge our risks in any form?

Sanjeev Bhatia: Yeah, that we do. That we were doing in the previous year also like when the lease was not there, we have some facility with Bank of Novascotia through which we are able to hedge our gold on like we take, Forex power, we can take gold powers also.

Adhidev Chattopadhyay: Okay, fine. Secondly, you had mentioned earlier that you are seeing very good demand even in the Diwali season. So first only on the quarter, could you break it up and what are the same stores sales growth and how much sales came from new stores? And after the Dusserah, Diwali period post the second quarter, how has been the response if you compare on a year on year basis.

Sanjeev Bhatia: Dusserah Diwali *toh* frankly *woh* in the October only those data are very, we can't even, top of that data *abhi* that has to be left for later on, but regarding this September quarter to quarter sales, yes there has been sale growth. The basic thing is that in spite of the declining gold prices, there has been very substantial increase and the same stores have also shown an increase in sales.

Adhidev Chattopadhyay: So any ballpark number on same store sales or is it written in double digits or single digits or anything of that sort?

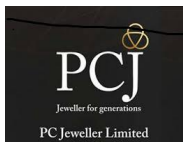
Sanjeev Bhatia: Frankly, we haven't really worked out. I wouldn't like to stretch my neck out by saying any figure.

Adhidev Chattopadhyay: Okay. Sir now we are hearing lot of like post-Diwali, like demand has fallen off quite a bit. There are a lot of articles. Some are saying it has gone up; some articles are saying it has gone down. So what are you observing on the demand scenario?

Sanjeev Bhatia: Post-Diwali, the gold prices have corrected. And, Dusshera has again have started bringing in a lot of customers. We hope that the lower price remains stable. Because in our experience, whenever gold prices have fallen, the customers have started coming back and this year again we are seeing after Diwali. And in North and Central, the wedding season also starts after Diwali. So we are seeing a mixture.

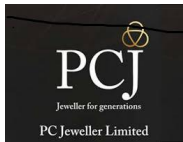


- Adhidev Chattopadhyay:** Okay, sir. Fine. That's helpful. Thanks.
- Operator:** Thank you. The next question is from the line of Riken Gopani from Infina Finance. Please go ahead.
- Riken Gopani:** Hello. Hi sir. I wanted to understand two, three things. Firstly from your data on the gold revenues, for the first half, your revenues have declined by about 8 percent on the gold revenues. I wanted to understand that is the volume of gold sold that is the shown in the presentation for the first half the number to be looked at, because what I was trying to arrive is, if you had a volume decline of 15%, why is that revenue has only declined by 7% in the gold side of the domestic business?
- Sanjeev Bhatia:** Number one, if you're comparing H1 FY14 with H1 FY15.
- Riken Gopani:** Yeah, the gold revenues for the domestic business.
- Sanjeev Bhatia:** I think we have the volume of gold sold in kg.
- Riken Gopani:** Correct.
- Sanjeev Bhatia:** So there a decline because the volume of gold sold in Q1 previous year broke all records and I think it will continue to affect us till this comparison keeps on happening.
- Riken Gopani:** No, sir. I am not making a comparison here. What I'm trying to understand is that if the absolute revenue has declined by 8% first half this year versus first half last year on the gold side, the volume has actually declined by 15%. So it means that you have had a realization improvement which cannot be the case given that gold prices have fallen Y-o-Y. So where is the disconnect that I have in the understanding here?
- Sanjeev Bhatia:** That's what we are trying to look. You have subtracted contribution from diamond jewellery to work out gold jewellery contribution, something like that?
- Riken Gopani:** Right. So the absolute domestic revenue you have given and also you have given the percentage of diamond. So the balance should be gold revenues, right?
- Sanjeev Bhatia:** Yeah. Correct.
- Riken Gopani:** So that number is the decline of 8% Y-o-Y. 1,235 crores versus 1,350 crores of gold revenues.
- Sanjeev Bhatia:** Yeah. And you feel the volume has fallen?
- Riken Gopani:** As per the reported number of 3,800 kgs, 3,23,841 versus 4,572, that is the drop of 15%.
- Sanjeev Bhatia:** So volumes have fallen down more.



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- Riken Gopani:** And revenues has fallen lesser which means there is a price improvement which shouldn't be. Is there an understanding error that I have here? What should be the clarity?
- Sanjeev Bhatia:** One of the reasons, the volume of gold sold, we give the total gold sold in the domestic segment which also includes gold added in the diamond jewellery as well. So there is no exact calculation. Since you have raised that issue, we have noted it down and we will also work it out from our end and try to work out how much this would go in the diamond jewellery, and how does it actually go in the gold jewellery.
- Riken Gopani:** Got it. Otherwise it gives you wrong data point actually. The other point that I wanted to understand is that for the first half, if your overall domestic revenues have actually declined by 5%, for the full year what do you think now should be the revenue growth broadly for the domestic business?
- Sanjeev Bhatia:** I would not really, not again compare it with the previous quarter. I would like to see only what is happening in the current year. The current year, we are again showing almost 30% quarter to quarter sales and this quarter also, we are expecting similar increase something may be slightly less but more or less on the same line. So we are pretty confident about the domestic sales growth increase.
- Riken Gopani:** Ok. And the inventory increase that you have seen for the quarter that you have seen because of the Diwali-related that you said. Is that entirely on gold on lease or that has that increase happened also on independently buying gold having the price risk as well?
- Sanjeev Bhatia:** The inventory would consist mainly of diamonds and because the scale of diamond has gone up, we also have to stop a lot of loose diamonds. So the inventory also consists of a very major portion of diamonds. And, yes the gold, as I said before also, we have not been able to move back 100% to gold lease system. So there is some gold in this inventory which is on outright basis also.
- Riken Gopani:** Okay, are we mitigating it by hedging mechanism or would we have because, even between the quarter end and this quarter, there should be a 4-5% correction in the gold prices in India. So would we have an MTM loss on that or we have hedged it?
- Sanjeev Bhatia:** No, we do undertake hedging through Bank of Novascotia. We keep on, as I said, in the case of our Forex power, what we also have the facility of gold power. So we do keep on hedging the outright purchase also.
- Riken Gopani:** Okay. One last point on the export revenue. For the full year, what kind of growth do you see in the export revenue?
- Sanjeev Bhatia:** We should be more or less, what would have been in the previous complete year.
- Riken Gopani:** Almost flattish on a full year basis. Okay. That's it from my side.



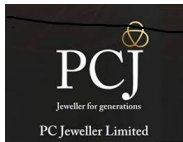
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- Operator:** Thank you. The next question is from the line of Apurva Shah from Dimensional Securities. Please go ahead.
- Apurva Shah:** Hi sir, thanks for the opportunity. And congratulations for robust growth on domestic side. Can you clarify or throw some light on export business because that is some sort of lumpiness. Yes obviously, it is B2B but can you give us some sort of order book or order pipeline so that will give us some visibility in export side?
- Sanjeev Bhatia:** Exports would again be on a higher, not higher but vis-à-vis quarter to quarter exports would be on a higher level in two three, this much only I can say. But frankly in exports you are to continue to see this lumpiness and there is no.
- Apurva Shah:** But sir, that is order driven so can you share order books or what is the normal execution period for those export orders?
- Sanjeev Bhatia:** Our main supply remains designer handmade gold jewellery but within that depends on the type of order which we get. If we get some wedding sets order or some other pendant which take more time for manufacturing. But overall of our working after cycle in export sales is about 6 months. Same as in.
- Apurva Shah:** Sir, at least that sort of visibility you may be having for export, right?
- Sanjeev Bhatia:** Yeah.
- Apurva Shah:** So sir, why can't you share those visibility because that will eliminate this lumpiness or that will give a small clarity.
- Sanjeev Bhatia:** Because that what I'm saying. It's better to compare exports on a year to year basis. I've already said, on the complete year, we expect it to remain more or less the same level which we saw in FY14. So there would be this quarter to quarter variation frankly. So overall, and again if we look at the percentage, it should be something about 23-24% of the total. So I would be more comfortable on a Y to Y basis in this thing.
- Apurva Shah:** Okay. And sir this quarter you have mentioned about this net business profit and you mentioned same period last quarter there was some M2M gain. So can you clarify this because if I look at rupee-dollar thing, then it will be more or less similar?
- Sanjeev Bhatia:** No, the last quarter was an exception because the rupee suddenly depreciated from 60 to 68. Not even 60, it was 58 or something, depreciated by almost Rs. 10. So that was one windfall gain which we got at last quarter.
- Apurva Shah:** Okay, fine. And sir, one little clarity on this e-commerce site, it's early stage but just wanted to clarify whether will it impact our inventory level because you said that your target market is totally different, so will it impact our inventory level going ahead.



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- Sanjeev Bhatia:** Yes, it will because now it is giving us increase in the stock of loose diamonds because online business is basically diamond jewellery. So our inventory of loose diamonds is going up.
- Apurva Shah:** Fine, sir. Thank you very much and all the best.
- Operator:** Thank you. The next question is from the line of Manish Poddar from Motilal Oswal Securities. Please go ahead.
- Manish Poddar:** Hi sir, I just had one question. Could you just give an understanding of how the making charges have moved if the gold prices are stable or let's say, benign in nature going ahead.
- Sanjeev Bhatia:** We don't really change making charges on a daily basis. We have an internal system where there is a band because the gold prices move beyond that band, then we adjust the making charges. But if the gold prices remain within that band, then we really don't change it. So this is frankly an internal methodology which we use.
- Manish Poddar:** Do we incrementally change it like radically from 15% to, let's say 12% or how does it move? When was the last change in making charges as such so? Just wanted an understanding on how actually the making charges would move, you know, with gold prices now remaining stable or possibly coming down in the near future?
- Sanjeev Bhatia:** That's what I'm saying. We have a band of approximately Rs. 3-4 thousand. So when the gold prices start to show variations beyond that band, like last week we had, say for example, if we had set a making charges when the gold prices were twenty thousand per gram, then we won't really change those if they move between seventeen to eighteen thousand and twenty two thousand or seventeen five hundred and twenty three thousand.
- Manish Poddar:** Got you.
- Sanjeev Bhatia:** Yeah, only if we move beyond those band then we consider what to do with the making charges.
- Manish Poddar:** Okay, is there any update on the franchisee fund or franchisee model which we are trying?
- Sanjeev Bhatia:** Yeah, that we have a target of frankly the last quarter, so we should be able to give some update. We are working. We are moving on that, but something concrete should happen only in the last quarter.
- Manish Poddar:** Fine, that's great. Thanks a lot.
- Operator:** Thank you. The next question is from the line of Vinod Malviya from [indiscernible 0:39:23] Advisors. Please go ahead.
- Vinod Malviya:** Sir, I just wanted to know in the finance cost, how much would be your lease component in this quarter?



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Sanjeev Bhatia:

I'm not very sure about this quarter specially but generally, it is almost 50-50 or 55-45. More or less, it is evenly divided.

Vinod Malviya:

Okay, thank you.

Operator:

Thank you. As you have no further question I would like to hand the floor back to Mr. Pankaj Karde for closing comments. Please go ahead sir.

Pankaj Karde:

On behalf of SBI Cap Securities, I would like to thank Mr. Malviya for giving us the opportunity to host the call and thanks to all the participants also for joining the call today. We conclude the call here. Thank you, have a great day.

Operator:

Thank you, gentlemen of the management and Mr. Karde. Ladies and gentlemen, on behalf of SBI Cap Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.