

Date: May 30, 2016

To,
The Listing Compliance Department,
BSE Limited,
P. J. Tower, Dalal Street,
Mumbai – 400 001

To,
The Listing Compliance Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051

Ref.: PC Jeweller Limited (Scrip Code: 534809, Symbol: PCJEWELLER)

Sub.: Management Presentation

Dear Sir/Madam,

Please find enclosed herewith the Management Presentation on the audited financial results of the Company for the quarter and year ended March 31, 2016.

Kindly take the same on record.

Thanking you.

Yours sincerely,

For **PC Jeweller Limited**



(SANJEEV BHATIA)

Chief Financial Officer

Encl.: As above

PC Jeweller Limited

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PC Jeweller Limited

Management Presentation

30th May 2016

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In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions in India and the other countries which have an impact on our business activities; inflation, unanticipated turbulence in interest rates, foreign exchange rates, the prices of raw material including gold and diamonds, or other rates or prices; changes in Indian and foreign laws and regulations, including tax and accounting regulations; and changes in competition and the pricing environment in India. The Company may, from time to time make additional written and oral forward-looking statements, including statements contained in the Company’s filings with SEBI and the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any statements made in this presentation.

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Capital Raise

- **We have successfully made preferential allotment of compulsorily convertible debentures aggregating to Rs. 4,269.8 mn to DVI Fund (Mauritius) Ltd (“Deccan Value”)**
 - ✓ The same will be converted into equity shares at a conversion price of Rs. 380/ share within 18 months
 - ✓ We propose to utilize these funds for the business expansion like store rollout (across various formats), expansion of manufacturing capabilities, etc.
- **Deccan Value is a US based multi-billion dollar investment partnership which invests globally in public and non-public markets**
 - ✓ Deccan Value has been one of the earliest investor in PC Jeweller (since our listing) and this significant investment by them is a testimony to the trust and conviction that Deccan Value team has placed in our industry potential, robust business model and experienced management
 - ✓ Deccan Value's representative (**Mr. Muneesh Chawla**) has also joined our board to support in our endeavour to build a world class company
 - ✓ **Mr. Chawla** has over 20 years of corporate finance and private equity experience in India. Prior to co-founding Blue River Capital in 2005, he was Business Head, Corporate Finance at GE Capital Commercial Finance, where he managed their corporate finance business in North and South India. Prior to that, Mr. Chawla was the CEO of IL&FS Investment Managers (IIML), the private equity arm of IL&FS, a leading financial services company in India. Between 1996 and 2004, he led investments across several sectors (IT, Telecom, Business Process Outsourcing, Media, Retail, Life Sciences and Manufacturing) and structured successful exits. Mr Chawla was part of the investment banking group at IL&FS since 1993, and prior to that, worked in the Corporate Finance Department of the UB Group, a diversified industrial group headquartered at Bangalore. Mr. Chawla has a B.Tech. from the Indian Institute of Technology, Kanpur and an M.B.A. from the University of Texas at Austin, U.S.A

Business Updates

Industry Updates

- **This quarter has been an eventful quarter for the jewellery industry. Gold prices remained volatile during the year**
- **Government introduced several key regulatory measures**
 - ✓ Compulsory Hallmarking of gold jewellery
 - ✓ Requirement of PAN Card for all purchases above Rs 2 lakhs
 - ✓ 1% Excise Duty on jewellery sales
 - ✓ Jewellery associations did a nation-wide protest against excise duty implementation which impacted the normal store level operations in the month of March FY 2016
- **We strongly believe all these regulations are aimed at organizing the jewellery sector, increasing transparency in the system and will have a highly positive long term impact and benefit organized players like us**
 - ✓ In the short term the requirement of PAN Card for purchases above Rs 2 lakhs may impact the sales to some extent as the customers adjust to the new regulations. However, the impact of the same, if any, will be ascertainable only after 2-3 quarters
- **We continue to stay 100% committed and convinced on the potential of jewellery sector growth**

Business Updates

➤ **Our focus on expansion initiatives across Metro, Tier 1 and Tier 2 cities continues**

- ✓ We opened 10 showrooms across 9 cities covering an additional area of over 39,000 sq. ft. in FY 2016
- ✓ Customers have welcomed the entry of strong brand like PC Jeweller in Tier 1 and Tier 2 cities like Bhagalpur, Durgapur, Siliguri, Yamunanagar, Bhilai, Gwalior, Jamshedpur, Gaya, Udaipur, etc.
- ✓ The operating costs are lower in Tier 1 and Tier 2 cities and we expect a quicker breakeven for these
- ✓ **Today, we have overall 61 showrooms (319,891 sq. ft.) across 50 cities, 17 state with exclusive lounges at 10 showrooms**

➤ We have continued our focus on newer initiatives - Small format stores, Franchisee format, Online Sales, Flexia and Azva

➤ **Small Format Stores**

- ✓ Till date, we opened 2 small format stores in New Delhi (Yamuna Vihar, Laxmi Nagar)
- ✓ We are seeing good traction from this format and are looking to aggressively grow the same

➤ **Franchisee Format**

- ✓ We launched our pilot franchisee in Gwalior in FY 2016. Franchisee format is asset light for us and highly RoE accretive
- ✓ We are working rigorously to scale it up and have already signed 4 new agreements for franchisee showrooms. We expect them to come up in next few months

Across all formats (Large Format, Small Format and Franchisee), we target to open 20-25 stores in FY 2017

Business Updates (Cont'd)

➤ **WearYourShine.com**

- ✓ We continue to build WearYourShine.com as a curated jewellery platform. We are seeing good traffic, growing transactions especially repeat purchases. We are also seeing online discovery and offline conversion which has helped increase the ticket size
- ✓ WearYourShine.com is a great complement to our physical showrooms as well and this aligns with our strategy of targeting future wedding jewellery customers at an early age
- ✓ WearYourShine has built strength across merchandizing, customer acquisition, marketing and technology. The same is being leveraged by the physical network of showrooms as well
- ✓ As of date, we are the only jewellery retailer across India with a focussed integrated online and offline presence

➤ **Azva**

- ✓ We recently acquired Azva from World Gold Council. Azva is a luxury jewellery brand inspired by the beautiful thought of the seven vows of the Indian wedding tradition
- ✓ Since its inception in 2012, Azva has captured the imagination and fancy of modern Indian brides with its exquisite range of handcrafted designs. Each piece reflects the idea of seven with beautifully designed elements such as seven flowers, seven circles and seven petals fashioned
- ✓ Azva brings to us their in-house strong design, merchandizing and sales teams with a great consumer and product understanding, amazing design portfolio and access to multiple stakeholders (consumers, designers, manufacturers and retailers). We are looking to leverage this brand to further enhance our strength in high end wedding jewellery market

Business Updates (Cont'd)

➤ Flexia Collection

- ✓ This collection, developed by us last year, has been a significant success with our customers
- ✓ We are developing Flexia as a sub-brand and are evaluating independent outlets/ shop-in-shop for Flexia as well
- ✓ We have already launched two ranges in Flexia (Above Rs. 1,50,000 and between Rs. 1,00,000 to Rs. 2,00,000)
- ✓ We are now launching light-weight Flexia (Rs. 25,000+). The design works and sampling is complete for this collection, Manufacturing is under process and we are targeting launching the collection in July 2016

➤ Smart Jewellery

- ✓ We displayed our smart jewellery at CES 2016 in technical tie-up with LA based leading tech firm Martian Inc.. We are the world's first jewellery retailer to introduce such smart jewellery
- ✓ Smart jewellery comprises of an electronic module fitted within the jewellery. This jewellery can get synced with mobile device and has various features like – Call Alert, Pedometer, SOS, etc.
- ✓ We are looking to launch this product commercially in next few months

New Collections

The Celestia Collection



The Twins Collection



Valentine Engraved Collection

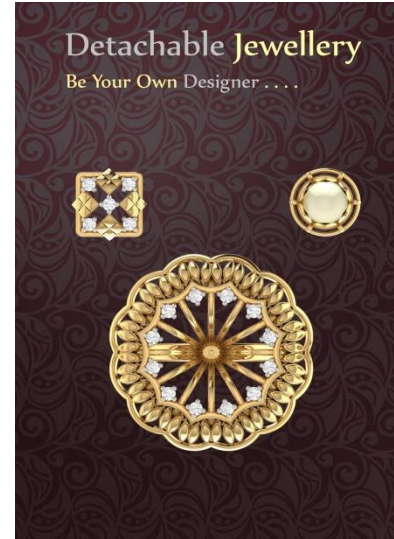


The Trio Elemento Collection

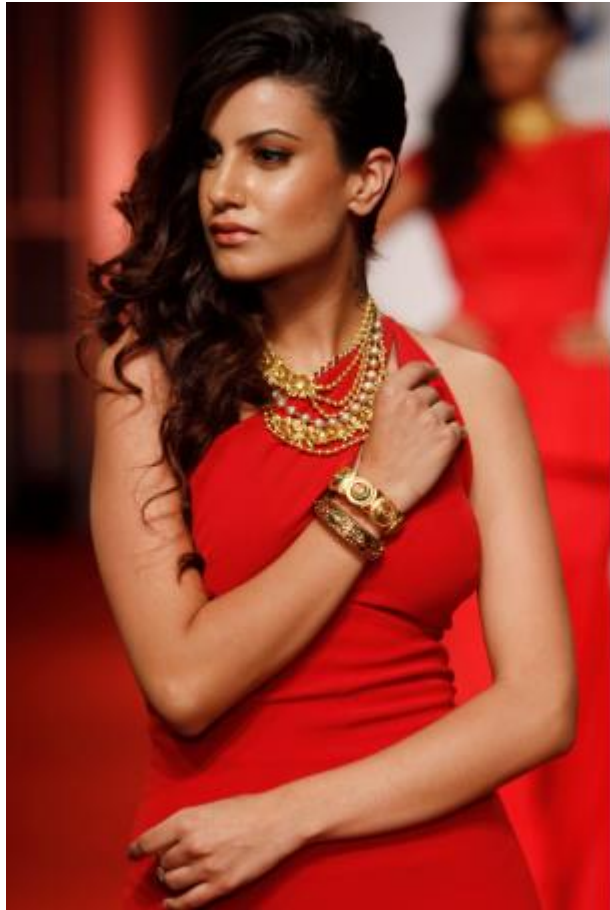


To remain at the foremost position on designs and innovations, we have launched multiple collection in the last quarter. We are seeing good customer response to the same

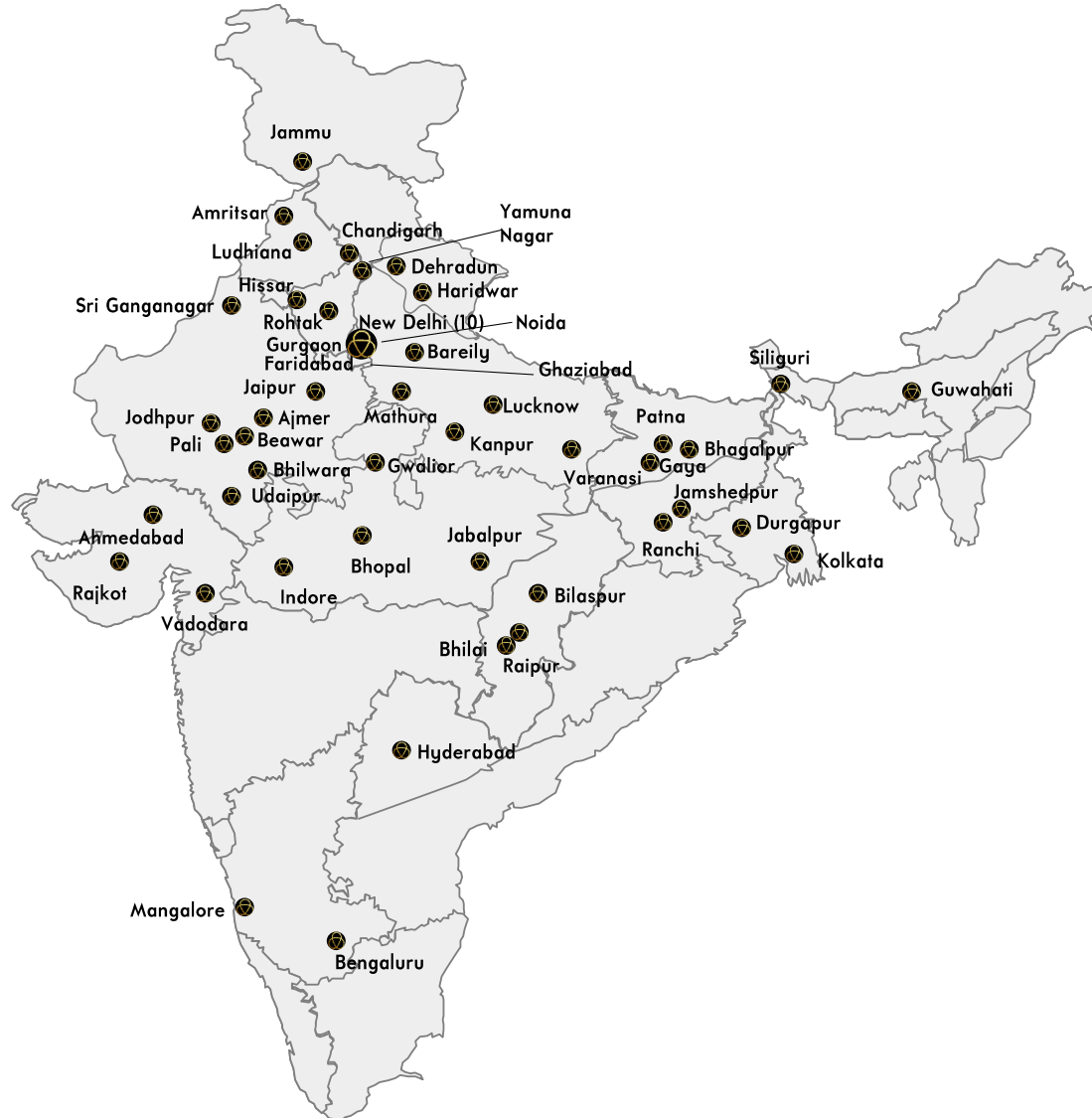
Flexia Collection (Select Light-Weight Designs)



Azva Collection (Select Designs)



Business Updates - Pan India presence



- 10 showrooms opened in FY 2016
- Overall, 61 showrooms (319,891 sq. ft.) across 50 cities and 17 state with exclusive lounges at 10 showrooms
- Key Brands



flexia

WEAR YOUR SHINE.COM



Financial Highlights

Financial Highlights - Overall

FY 2016 Sales: Rs. 7,259.07 crores (14.34% growth over FY 2015)

FY 2016 Domestic Retail Sales : Rs. 5,166.63 crores (13.84% growth over FY 2015)

FY 2016 Export Sales : Rs. 2,092.44 crores (15.62% growth over FY 2016)

FY 2016 PAT : Rs. 400.88 crores (5.99% growth over FY 2015)

FY 2016 RoCE : 18.32% | FY 2016 RoE : 18.56%

Financial Highlights - Overall

Particulars (Rs. Crores)	Q4 FY 2015	Q4 FY 2016*	FY 2015	FY 2016*
Revenue from Operations	2020.19	1898.34	6348.52	7259.07
Domestic Retail	1464.65	1337.68	4538.70	5166.63
Exports	555.54	560.67	1809.82	2092.44
Gross Margins (%)	14.12%	12.63%	14.99%	13.67%
Domestic Retail (%)	16.24%	15.95%	17.58%	16.34%
Exports (%)	8.53%	4.72%	8.50%	7.08%
Expenses (% of total Revenue)				
Employee Expenses	0.77%	0.84%	0.87%	0.97%
Advertisements	0.99%	1.68%	0.94%	0.95%
Rentals	0.57%	0.60%	0.61%	0.60%
Other Costs	0.82%	0.76%	0.80%	0.77%
EBITDA	221.56	166.19	747.28	753.82
PAT	120.13	79.05	378.23	400.88

* Nationwide protests by the Gems & Jewellery industry against imposition of 1% excise duty impacted the domestic sales for most of the month of March. Hence, the results for Q4 FY 2016 and full year FY 2016 are strictly not comparable with the previous financials. Q4 FY 2016 and FY 2016 financials for domestic sales should be treated as 2 months and 11 months respectively for analysis purposes

Financial Highlights - Overall

➤ Revenue

- ✓ The company sales for FY 2016 grew in both segments - domestic as well as exports. Total sales for FY 2016 was Rs. 7,259.07 crores (14.34% growth over FY 2015)
- ✓ The ratio of export sales to the total revenue has remained more or less steady in spite of domestic sales remaining disrupted for a complete month of March due to jeweller association protests.

➤ Profitability

- ✓ FY 2016 profit was Rs. 400.88 crores (5.99% growth over FY 2015)
- ✓ We experienced small decline in our margins this FY. The decline was primarily due to lower diamond jewellery percentage in the overall sales mix, lower export margins and absence of premiums on gold. The details have been explained in the later slides.

➤ Costs

- ✓ The key costs namely Salary, Rental and Advertisement have remained more or less steady (as a % of the total revenue)
- ✓ Going forward, we do expect the advertisement cost (as % of total revenue) to grow in the coming few quarters.
- ✓ However, the company, will continue to retain a good control on its overall cost structure to retain long term sustainability.

➤ Finance

- ✓ Our finance costs have improved significantly to 2.96% as compared to 3.48% in FY 2015. Going forward, we expect the finance costs to remain steady in this range

Financial Highlights - Domestic Retail

Particulars (Rs. Crores)	Q4 FY 2015	Q4 FY 2016*	FY 2015	FY 2016*
Revenue	1464.65	1337.68	4538.70	5166.63
Gross Margins** (%)	16.24%	15.95%	17.58%	16.34%
Expenditure				
Salary	14.75	14.99	49.89	63.8
Salary (%age)	1.01%	1.12%	1.10%	1.23%
Rentals	11.47	11.34	38.99	43.56
Rentals (%age)	0.78%	0.85%	0.86%	0.84%
Advertisement	19.95	31.86	59.48	68.93
Advertisement (%age)	1.36%	2.38%	1.31%	1.33%
Others	13.32	12.3	44.74	51.64
Others (%age)	0.91%	0.92%	0.99%	1.00%
EBIDTA	178.40	142.81	604.89	616.27
EBIDTA %	12.18%	10.68%	13.33%	11.93%

* Nationwide protests by the Gems & Jewellery industry against imposition of 1% excise duty impacted the domestic sales for most of the month of March. Hence, the results for Q4 FY 2016 and full year FY 2016 are strictly not comparable with the previous financials. Q4 FY 2016 and FY 2016 financials for domestic sales should be treated as 2 months and 11 months respectively for analysis purposes

** including forex gains and losses

Financial Highlights - Domestic Retail

➤ Impact of agitation on March 2016 sales

- ✓ Owing to nationwide protests by the Gems & Jewellery industry against imposition of 1% excise duty, sales for most of the month of March got impacted. Most of our showrooms are in North India which was one of the most affected zone owing to the protests.
- ✓ Accordingly, the results for the current quarter (Q4 FY 2016) and year ended March 2016 are strictly not comparable with corresponding previous year financials
- ✓ More specifically, Q4 FY 2016 and FY 2016 financials should be treated as 2 months and 11 months respectively for analysis purposes

➤ Sales

- ✓ Domestic Retail Sales witnessed a overall yoy growth of 13.84% for FY 2016
- ✓ Q1 (21.38% yoy growth), Q2 (30.14% yoy growth) and Q3 (22.19% yoy growth) have been fairly good quarters
- ✓ Q4 (-8.67% growth) was a degrowth quarter as the nation-wide protest by the gems & jewellery industry against imposition of 1% excise duty impacted the normal store operations in March 2016. However, the protest has been withdrawn now and the normalcy is back
- ✓ Though there has been a YoY increase in domestic sales, SSG has remained flattish
- ✓ The company continues to remain focussed on improving the sales mix in favour of diamond/ high margin gold jewellery .

Financial Highlights - Domestic Retail

➤ Margin Analysis

- ✓ Gross margins for FY 2016 was 16.34% as compared to 17.58% in FY 2015
- ✓ The key reason for the decline in Gross Margins were
 - Decline in diamond jewellery sales (from ~ 30% in Q4 FY 2015 to ~ 20% in Q4 FY 2016, from 31.52% in FY 2015 to 28.18% in FY 2016). Typically, we have a diamond jewellery promotion plan every March (end of year promotions). However, due to nationwide protests in this March, the promotions and activations could not be done which impacted the diamond jewellery sales in Q4
 - In the last FY, for the first 3 quarters, there was a premium on gold because of 80:20 scheme. However, the premiums are now non existent as 80:20 scheme stands withdrawn
- ✓ However, we are optimistic that this decline in the margins is a temporary phenomenon. We continue to remain focussed on developing and launching new collections (both gold and diamond) and new jewellery designs and are confident on future margin growth
- ✓ On a steady state basis we expect gross margins for our domestic business to be ~16% - 17%

Financial Highlights - Exports

Particulars (Rs. Crores)	Q4 FY 2015	Q4 FY 2016	FY 2015	FY 2016
Revenue	555.54	560.67	1809.82	2092.44
Gross Margins* (%)	8.53%	4.72%	8.50%	7.08%
Expenditure				
Salary	0.80	0.90	5.65	6.37
Salary (%age)	0.14%	0.16%	0.31%	0.30%
Others	3.43	2.20	5.76	4.17
Others (%age)	0.62%	0.39%	0.32%	0.20%
EBIDTA	43.16	23.39	142.38	137.55
EBIDTA %	7.77%	4.17%	7.87%	6.57%

* including forex gains and losses

Financial Highlights - Exports

➤ Export Sales

- ✓ We have been in the export business for a fairly long time and focus has been on handmade designer gold jewellery
- ✓ We are now exploring newer markets for exports of high margin jewellery (both diamond studded and gold). We plan to participate in select B2B and B2C exhibitions to display our exclusive jewellery ranges - Azva, Flexia, Smart Jewellery and other designer items
- ✓ We expect this strategy of focusing on high margin jewellery for exports should improve our margins in the coming year.

➤ Margin Analysis

- ✓ Steady state export margins are ~6% - 8%. FY 2016 margins have been inline at ~7.08%
- ✓ Falling oil prices have impacted the purchasing power of customers in Middle East countries (our main market for exports) and has impacted the margins to some extent

Balance Sheet (Standalone)

Particulars	Standalone	
	As at	As at
	31 March 2016 (Audited)	31 March 2015 (Audited)
A. Equity and liabilities		
1 Shareholders' funds		
(a) Share capital	179.10	179.10
(b) Reserves and surplus	2,148.30	1,811.28
Sub-total - Shareholders' funds	2,327.40	1,990.38
2. Non-current liabilities		
(a) Long-term borrowings	58.23	0.41
(b) Long-term provisions	4.31	2.87
Sub-total - Non-current liabilities	62.54	3.28
3. Current liabilities		
(a) Short-term borrowings	881.90	680.97
(b) Trade payables	2,170.57	1,809.37
(c) Other current liabilities	111.19	49.62
(d) Short-term provisions	194.63	177.89
Sub-total - Current liabilities	3,358.29	2,717.85
Total – Equity and liabilities	5,748.23	4,711.51

Balance Sheet (Standalone)

Particulars	Standalone	
	As at	As at
	31 March 2016 (Audited)	31 March 2015 (Audited)
B. Assets		
1. Non-current assets		
(a) Fixed assets	89.88	89.58
(b) Non-current investments	0.07	0.06
(c) Deferred tax assets(net)	16.39	12.52
(d) Long-term loans and advances	170.53	84.03
(e) Other non-current assets	5.07	3.28
Sub-total - Non-current assets	281.94	189.47
2 Current assets		
(a) Current investments	7.38	13.12
(b) Inventories	3,871.08	3,229.85
(c) Trade receivables	908.22	767.53
(d) Cash and cash equivalents	286.43	274.11
(e) Short-term loans and advances	368.24	228.76
(f) Other current assets	24.94	8.67
Sub-total - Current assets	5,466.29	4,522.04
Total – Assets	5,748.23	4,711.51

Thank You