



“PC Jeweller Limited Investors Conference Call”

February 02, 2018



**MANAGEMENT: MR. BALRAM GARG -- MANAGING DIRECTOR,
PC JEWELLER LIMITED
MR. SANJEEV BHATIA -- CHIEF FINANCIAL OFFICER,
PC JEWELLER LIMITED**



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Moderator: Good Day, Ladies and Gentlemen, and Welcome to the PC Jeweller Limited Investors Conference Call.

This conference call may contain forward-looking statements about the company, which are based on the 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 this 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 Jeweller Limited. Thank you and over to you, Sir!

Sanjeev Bhatia: Thank you. Good Afternoon, everyone and I thank you all for joining us at such a short notice. I have with me today, Mr. Balram Garg -- MD and SGA -- our Investor Relations Advisors.

We have been receiving a lot of queries on the recent fall in our share price. We, therefore, take this opportunity and clarify as follows:

#1. Business Operation:

We clarify that our operations across our manufacturing, retail and franchise stores are functioning in a healthy manner and have not seen any disruption. We have not received any regulatory notices pertaining to our business operation. Our banking operations continue to function in a smooth manner, on back of a strong balance sheet and a robust business model. We continue to honor all our commitments to our all stakeholder and have not defaulted on any of our obligations. We are continuing on our laid down strategy of store expansion which would be a healthy mix of the franchise as well as company-owned stores. Brand PCJ is a recognized and a strong wedding jewellery brand and continues to be a preferred retailer.

#2. We would categorically clarify that the promoter and promoter group continue to hold 60.5% equity of PC Jeweller Limited and have not sold any shares in the market. Further, there is no encumbrance on the equity holding of promoters and promoter groups. The promoters are actively involved in day to day operation of the company and are committed to strengthen the brand PCJ. We at the PCJ follow the highest standards of corporate governance. We are a tax paying company and have a healthy track record of paying dividends. We have knowledgeable and experienced directors on board, reputed auditors along with the best talent pool in the



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country. As a company, we do not deal with our shares and are governed under SEBI rules and regulations and has a policy on the same for all KMPs as well as our Board of Directors.

We would like to clarify that we have no business agreement with M/S Vakrangee Limited their subsidiaries or any of their associated companies or their promoters. PCJ has not made any investment what so ever in Vakrangee Limited. We would also like to clarify that the share purchase by Vakrangee in our company is a secondary transaction on which the company, its directors, and its employee have no influence or further comments to offer.

At PCJ, our strategy to continue the expansion of stores largely via franchise routes which would be ROCE acceritive going forward. We continue to work closely with designers and are committed to giving our customers the best product and design offering thus strengthening the brand PCJ. We understand our customer base and have kept with changing buying patterns of customers by including virtual reality stores and digital catalog in addition to offering on the online channel which will help to rationalize our inventory requirement.

So I hope I have been able to allay any concerns and fears you may have on the PCJ and assure you that we have a robust business model that continues to grow and strengthen each day.

I would now open the question for Q&A, please.

Moderator: Thank you very much, sir. Ladies and Gentlemen, we will now begin with the Question-and-Answer Session. We have the first question from the line of Dhimant Shah from Principal Mutual Fund. Please go ahead.

Dhimant Shah: Just one simple question to you, I mean in your opening remarks you said that you are spick and span as far as all the procedural aspects, all the legalities and so on so forth go. Then to your mind what could have caused this kind of a violent movement in the underlying shares just because somebody held those shares? And secondly, within that same question, have they sold anything to the best of your knowledge?

Balram Garg: No, we do not have any knowledge actually, who is selling, we do not have the knowledge and definitely, management gets a report every week from the exchanges and next week when we get the report only then we will get to know who is selling or who is buying. So we do not have any knowledge and we do not know what is happening. As far as promoters are concerned we are not selling anything yet and there is no plan to sell in future also.

Dhimant Shah: No, that is fine. I am not saying, asking about your plans to buy or sell. I am saying, how do you kind of consol the minority who has to face and intraday movement of 50%. Do you think, that is extremely palatable in terms of what the investor faces?



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Balram Garg: You are right but actually this is the thing which we do not have any control and company is doing their business and company keep on opening the stores even today we opened one store in our AZVA brand in Bombay (Mumbai) and next week we are opening another store so we are working on our track and we are not diluting any business model and we have two models one is owned store model and franchise model. So we are opening the stores and everything and company's model is intact and market I cannot comment.

Dhimant Shah: Yes. So anything that you think you can as a matter of precaution or as a matter of prudence something on the company's part that can be done to kind of safeguard the minority interest, let us say these kind of events happens, can you have some stated buyback in place or something like that?

Sanjeev Bhatia: We have issued a clarification on the exchanges. We are holding this investor call at such a short notice only shows that our company is committed to the interest of its shareholders whether minority or a big one. This is the best I think we can do. We are accessible and we are not hiding away. We have come in front of the investors.

Moderator: Thank you. The next question is from the line of Manoj Menon from Deutsche Bank. Please go ahead.

Manoj Menon: Balram Ji, Sanjeev Ji, I did listen to your initial remarks on the Vakrangee business point of view, I am not really talking about the stake purchase and their new treasury policy that is all internal to them. But if you could talk to us anything in terms of any of your business, in your discussions which you may have had whatever you can talk about whether it is Vakrangee or whether it is any other retailers or you know kind of so. Whatever you would know about the let you say the stake purchase, what is behind this or anything from a business update point of view, any conversations, you may or may not have an agreement?

Balram Garg: We are not going to tie up. Right now, we have no any tie-up with Vakrangee or any other brand. And yes, when we say okay we are launching our virtual reality stores at the Airports and the Malls. Vakrangee do not have any stores at Airport or Malls, so we are not going to tie-up anything. But yes, we are going to tie-up with some brands who have a presence at Airport and the Malls. So right now, there is no tie-up with Vakrangee, or any business agreement and in near future also there is no discussion right now for any tie-up.

Sanjeev Bhatia: As a matter of policy and we have been making it clear also that the company wants to open its virtual reality stores as well as online portal even in places outside the stores. And we are mentioning that we are looking at various Airports, Malls, etc. where we can put on this technology enabled platform. Since Vakrangee does not have any such outlets at the locations where we want to go any business relationship or any tie-up or any such in future also is out of the question. We are not considering anything of that space.



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- Manoj Menon:** Understood, fairly clear and thank you. So basically, what I understood is that it is not even theoretically possible that you will actually have a virtual reality store in a Vakrangee Kendra.
- Sanjeev Bhatia:** Correct.
- Balram Garg:** Because that will be totally technology and we want to open only at Airport and Malls only.
- Moderator:** Thank you. The next question is from the line of Dinshaw Irani from Artemis. Please go ahead.
- Dinshaw Irani:** I happen to sit through and saw one of your interviews on CNBC and you made some initial remarks on Vakrangee and even in the previous question you talked about no tie-ups. But I happen to sit through a Presentation of Vakrangee at some point in time and I have downloaded that Presentation and it is in front of me. It is a Slide #26, it is called company overview, key business alliances, strong reputed partners and there is e-Commerce along with Amazon is your name, it is called PCJ and they have written PC Jeweller, so can you explain how you happen to end up on their slide which the latest month and you claim, you do not have a relationship with them.
- Balram Garg:** As on today we do not have any tie-ups and we are not going to do any tie-ups.
- Dinshaw Irani:** That is today but what about yesterday, was there a tie-up till yesterday?
- Balram Garg:** No, there were no tie-up. As I said there were no tie-up earlier also.
- Dinshaw Irani:** So how compared you end up upon the slide under e-Commerce partners as key business alliances?
- Balram Garg:** e-Commerce partner right now we have only Flipkart and Amazon, we are selling that jewellery through Flipkart also and Amazon and on our own portal also, that is all. You go through the Vakrangee website, we are not selling anything.
- Dinshaw Irani:** No, it is not on the Vakrangee website. It is as their key partners, key business alliance partners.
- Sanjeev Bhatia:** We have not seen but we are clearing our position, we do not have any partner right now and either Vakrangee or any other. But yes, we are selling online jewellery through only Flipkart, Amazon and our own website
- Dinshaw Irani:** So now that you are aware that you are on their Presentation, would you be taking some steps to clarify with Vakrangee or take them to court or something for this for wrongly mentioning your name on their slide?



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- Balram Garg:** We have not seen anything, but we can clarify that we do not have any business partners and we do not have any business entered with Vakrangee either through online or any other way.
- Dinshaw Irani:** So you will not be taking any action?
- Sanjeev Bhatia:** We will see that. Definitely, we will see that if you are saying that we will see that.
- Balram Garg:** Surely, it is something which we have come to know only now. We were not aware of their Presentation.
- Dinshaw Irani:** It is on the website, so you can download it sir from their website.
- Balram Garg:** Sure, definitely.
- Moderator:** Thank you. We will be taking the last question from the line of Ankit Agarwal from Centrum Capital. Please go ahead.
- Ankit Agarwal:** So actual while having a business relationship with them might not or may not be a bad idea. What we want to understand is that you are saying that somebody bought 20 lakh shares in a block deal at a high of the price and which is listed company and you are not aware. It generally does not happen. We, all the participants listening and asking questions?
- Balram Garg:** We are not aware because we got to know from the report from NSE site same day.
- Ankit Agarwal:** I am sure the fund or the people who are selling such a huge quantity must be in the know of the management. I mean you may deny that but that looks unbelievable. Actually, it is not a question maybe it is just an observation.
- Sanjeev Bhatia:** Anybody can buy and sell. See, in the normal course also our the liquidity or the trading in our shares is something 5 million to 6 million every day. So as such, it is nothing new for us. Both myself and my MD we were on a roadshow in Asia. So we were in meetings busy. So we are not even looking, so we were busy in our meeting.
- Balram Garg:** Anyone can buy it. When we are saying we have not sold anything you can check on the BSE and NSE because we have not sold anything there because if promoter sells they have to declare in two workings days to BSE and NSE.
- Moderator:** Thank you. Ladies and Gentlemen, on behalf of PC Jeweller Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.