



Date: 30/05/2023

To,  
The Listing Compliance Department,  
BSE Limited,  
P. J. Tower, Dalal Street,  
Mumbai – 400001  
Scrip Code: 534809

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

**Sub.: Outcome of the Board Meeting – Financial Results**

Dear Sir / Ma'am,

The Board of Directors of the Company at its meeting held today i.e. May 30, 2023 has, inter-alia, considered and approved audited standalone and consolidated financial results of the Company for the quarter and year ended March 31, 2023 and taken note of the audit reports thereon issued by statutory auditor.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the following:


- i) Audited standalone and consolidated financial results of the Company for the quarter and year ended March 31, 2023 alongwith statutory auditors reports thereon; and
- ii) Statements on impact of audit qualifications on the standalone and consolidated financial results.

The Board meeting commenced at ..... 7:30 PM ..... and concluded at ..... 8:35 PM .....

Kindly take the same on record.

Thanking you.

Yours sincerely,  
For PC Jeweller Limited

  
(VIJAY PANWAR)  
Company Secretary

Encl.: As above

**PC Jeweller Limited**

# ARUN K. AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

105, FIRST FLOOR, SOUTH EX. PLAZA-1

389, MASJID MOTH, SOUTH EXTN. PART-II.

NEW DELHI-110049 PH.: 011-40529067

Website: [www.akaca.net](http://www.akaca.net), e-mail: arun1960@gmail.com

**Independent Auditor's Report on the Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To the Board of Directors of PC Jeweller Limited**

## Qualified Opinion

1. We have audited the accompanying Statement of Standalone Financial Results of PC Jeweller Limited (the "Company") for the year ended 31 March, 2023 (the "Statement") attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the statement:
  - (i) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the possible effects of the matter described in paragraph 3 below; and
  - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the standalone net loss after tax and total comprehensive loss and other financial information of the company for the year ended 31 March, 2023 except for the possible effects of the matter described in paragraph 3 below.

## 3. Basis for Qualified Opinion

- (i) As explained in Note 5 to the accompanying Statement, the company during the financial year ended 31 March 2019 had provided discounts of ₹ 513.65 crore to its export customers which had been adjusted against the revenues for the said year. The company had initiated the process of complying with the requirements of the Master Circular on Exports of Goods and Services issued by the Reserve Bank of India and had filed the necessary applications with the appropriate authority for approval of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. Subsequently, the company has obtained the approvals from the authorized dealer banks for reduction in receivables corresponding to discounts amounting to ₹ 330.49 crore. For the remaining discounts of ₹ 183.16 crore, in the absence of requisite approvals and material evidence related to such transactions, we are unable to comment on the impact, if any, of the same on the accompanying Statement. Auditor's Opinion for the year ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and our conclusion for the quarter ended 30 June 2022, 30 September 2022 and 31 December 2022 were also modified in respect of this matter.



- (ii) With respect to provision for the expected credit loss/impairment relating to overdue overseas Trade Receivables as required under Ind-AS 109, the management has calculated an additional provision of ₹ 11.96 crores during the year in respect of these overdue receivables. However, no realization has been made during the year against overdue trade receivables towards export of goods aggregating to ₹ 1707.27 crores (including unrealized foreign currency exchange gain of ₹ 239.74 crores) as on 31 March 2023 out of which ₹ 1355.56 crores (including unrealized foreign currency exchange gain of ₹ 197.04 crores) is outstanding from more than 3 years. Also no export transactions have been done with these overseas debtors during the year. Further, as informed to us, legal notices have been served to the overseas debtors and the company is in process of finalizing legal counsel for initiating legal proceedings. Upto 31 March 2023, the company has made an ECL provision of only ₹ 262.59 crore based on revised payment schedule as provided by the overseas debtors.

Despite of no realization as per the scheduled expected dates from the export receivables and considering the initiation of legal route for recovery during the year, we are unable to examine adequacy of the provision for expected credit losses and its consequential impact and adjustments on the accompanying Statement.

- (iii) As explained in Note 8 to the accompanying statement, due to rejection of the resolution plan by the Lenders, the Lead Bank has initiated the recovery proceedings through Debt Recovery Tribunal (DRT) and obtained an order to seize, take control and prepare an inventory of entire stocks of hypothecated assets to the lenders. In response, the company has moved to the Debts Recovery Appellate Tribunal (DRAT) against the order of the DRT, and the matter is sub-judice. Meanwhile some of the other consortium members have also filed their recovery suit in DRT against the company.

According to the Order of DRT and DRAT, the appointed agencies along with valuers have started necessary implementation of the Order including inventorization and valuation of inventory at some locations of the company. Since, those locations were carrying major inventory and were under process of inventorization and valuation as per the order of DRT/DRAT as on 31 March 2023, the physical verification/inspection/valuation of the inventory could not be conducted by the management at these locations. This, being a significant event, may have an adverse impact on the Goodwill and the Brand image of the company which may affect the Net Realisable Value of the Inventory. Further, significant quantum of inventory was lying with Third Parties (Karigars/Job-Workers) which could not be physically verified/inspected by independent agency/lenders. Such inventory lying with third parties is not adequately insured.

Further, no valuation reports by the independent Gemologist/valuer were made available to us for the inventory as shown in accompanying statement.

In view of the above, we are unable to examine and express an opinion on inventory value and its consequential impact and adjustments on the accompanying Statement.

4. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the statement under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified opinion.



### **Material Uncertainty related to Going Concern**

5. Rejection of proposed resolution plan in relation to company's borrowing exposure, Order of DRT for initiation of full recovery proceedings on application of lead bank (SBI) and issuance of recall notices by the lenders, as explained in Note 8 to the accompanying statement, indicates that a material uncertainty exists that may cast significant doubt on the ability of the company to continue as a going concern.

Our opinion is not modified in respect of this matter.

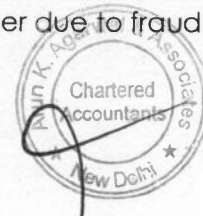
### **Emphasis of Matters**

6. We draw attention to
- (i) Note 6 to the accompanying statement regarding the delays in receipt of proceeds denominated in foreign currency against export of goods made by the company to its overseas customers aggregating to ₹ 1707.27 crores as on 31 March 2023, beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the company has filed the necessary applications with the appropriate authority for condonation of such delays to regularize the default. Pending condonation of such delay by the appropriate authority, management is of the view that the possible penalties that may be levied, are currently unascertainable but would not be material and accordingly, no consequential adjustments have been made to the accompanying statement with respect to such delay/default.
  - (ii) We draw attention to Note 9 to the accompanying statement regarding impairment assessment of company's total exposure in its subsidiaries. The management of the company has carried out the impairment assessment using the 'Discounted Cash Flow Valuation Model', which is complex and involves the use of significant management estimates and assumptions that are dependent on expected future market and economic conditions and accordingly recognized additional provision for impairment amounting to ₹ 104.15 crores in respect of exposure in PC Universal Private Limited in the standalone annual financial results of the company.

Our opinion is not modified in respect of the above matters.

### **Responsibilities of Management and those charged with Governance for Standalone Annual Financial Results**

7. This Statement has been prepared on the basis of the standalone annual audited financial statements and has been approved by the company's board of directors. The company's board of directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



8. In preparing the Statement, the board of directors is responsible for assessing the company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
9. The board of directors is also responsible for overseeing the financial reporting process of the company.

#### **Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results**

10. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - a. Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
  - c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management.
  - d. Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our opinions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
  - e. Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

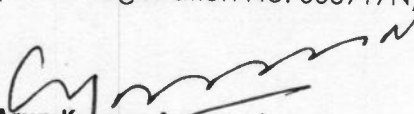


13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matter**

14. The Statement includes the financial results for the quarter ended 31 March 2023, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third 'quarter of the current financial year, which were subject to limited review by us.
15. Advance recoverable from Staff amounting to ₹ 2.12 crore (including ₹ 1.13 crore pertaining to Key Managerial Personnel) has been written off during the year after taking approvals from the board of directors as well as Audit Committee.
16. As mentioned in the order of the DRAT, a special audit has been ordered by bankers to audit the exchange sales transactions without payment of cash/ transfer of money, and to submit weekly details of Exchange Sales to Agency for Specialized Monitoring (ASM) appointed by lenders for his verification. As per the information furnished to us, including the reports of ASM, the company has recorded exchange sales of ₹ 1795.70 crore approx. (including GST) out of total sales of ₹ 2424.32 crore (including GST) for the period from 1 April 2022 to 31 March 2023.

**For Arun K Agarwal & Associates**  
Chartered Accountants  
(Firm's Registration No. 003917N)

  
**Arun Kumar Agarwal**  
(Partner)

M. No. 082899  
UDIN: 23082899BGXXGN8803



Place: New Delhi  
Date: 30.05.2023

**PC JEWELLER LIMITED**

Regd. Office: C-54, Preet Vihar, Vikas Marg, Delhi - 110092  
CIN: L36911DL2005PLC134929, Phone: 011-49714971, Fax: 011-49714972  
Website: www.pcjeweller.com, email: investors@pcjeweller.com

**PART I**

**Statement of standalone audited financial results for the quarter and year ended 31 March 2023**

(₹ in crores except earnings per share)

S. no.	Particulars	3 months ended 31 March 2023	Preceding 3 months ended 31 December 2022	Corresponding 3 months ended 31 March 2022	Year ended 31 March 2023	Previous year ended 31 March 2022
		(Audited) (Refer note 3)	(Unaudited)	(Audited) (Refer note 3)	(Audited)	(Audited)
I	Revenue from operations					
II	Other income	173.24	829.06	168.99	2,359.46	1,574.05
III	<b>Total income (I+II)</b>	<b>(8.34)</b>	<b>28.29</b>	<b>37.77</b>	<b>147.85</b>	<b>59.51</b>
IV	<b>Expenses</b>	<b>164.90</b>	<b>857.35</b>	<b>206.76</b>	<b>2,507.31</b>	<b>1,633.56</b>
	a) Cost of materials consumed	56.94	755.53	103.10	2,013.01	1,046.38
	b) Purchases of stock-in-trade	0.61	13.96	10.41	95.00	41.12
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	99.92	(13.30)	30.99	(117.15)	290.65
	d) Employee benefits expenses	12.64	14.19	13.52	53.44	45.47
	e) Finance costs	123.25	125.00	114.49	491.69	437.37
	f) Depreciation and amortization expenses	6.43	6.70	6.44	25.85	26.24
	g) Other expenses	122.87	25.53	206.61	190.31	254.48
	<b>Total expenses (IV)</b>	<b>422.66</b>	<b>927.61</b>	<b>485.56</b>	<b>2,752.15</b>	<b>2,141.71</b>
V	<b>Profit/(loss) before tax (III-IV)</b>	<b>(257.76)</b>	<b>(70.26)</b>	<b>(278.80)</b>	<b>(244.84)</b>	<b>(508.15)</b>
VI	<b>Tax expense</b>					
	a) Current tax	-	(5.76)	-	(56.28)	(18.93)
	b) Deferred tax	150.19	(0.33)	(99.79)	150.55	(99.62)
VII	<b>Profit/(loss) for the period (V - VI)</b>	<b>(407.95)</b>	<b>(64.17)</b>	<b>(179.01)</b>	<b>(339.11)</b>	<b>(389.60)</b>
VIII	<b>Other comprehensive income</b>					
	(A)(i) Items that will not be reclassified to profit/(loss)	0.61	-	0.49	0.61	0.49
	(ii) Income-tax relating to items that will not be reclassified to profit/(loss)	(0.15)	-	(0.12)	(0.15)	(0.12)
	(B)(i) Items that will be reclassified to profit/(loss)	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit/(loss)	-	-	-	-	-
IX	<b>Total comprehensive income for the period (comprising profit/(loss) and other comprehensive income for the period) (VII+VIII)</b>	<b>(407.49)</b>	<b>(64.17)</b>	<b>(178.64)</b>	<b>(338.65)</b>	<b>(389.23)</b>
X	<b>Paid-up equity share capital (face value ₹ 10/- per share)</b>	<b>465.40</b>	<b>465.40</b>	<b>465.40</b>	<b>465.40</b>	<b>465.40</b>
XI	<b>Other equity</b>					
XII	<b>Earnings per share : (of ₹ 10/- each)</b>					
	(a) Basic (₹)	(not annualized)	(not annualized)	(not annualized)	(annualized)	(annualized)
	(b) Diluted (₹)	(8.77)	(1.38)	(3.85)	(7.29)	(8.37)
		(8.77)	(1.38)	(3.85)	(7.29)	(8.37)

See accompanying notes to the financial results.



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**SIGNED FOR  
IDENTIFICATION  
PURPOSES**

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**PART II**

**Statement of standalone assets and liabilities**

		(₹ in crore)	
		As at 31 March 2023	As at 31 March 2022
		(Audited)	(Audited)
<b>A</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
	a) Property, plant and equipment		25.98
	b) Capital work-in-progress	20.89	
	c) Right-of-use assets	0.70	
	d) Other intangible assets	81.99	80.59
	e) Financial assets	0.78	0.89
	i) Investments		
	ii) Trade receivables	133.93	133.93
	iii) Loans	1,155.28	1,038.35
	iv) Other financial assets	17.85	104.23
	f) Deferred tax assets (net)	26.44	25.76
	g) Other non-current assets	-	150.71
	<b>Total non-current assets</b>	5.82	7.76
<b>2</b>	<b>Current assets</b>	1,443.68	1,568.20
	a) Inventories		
	b) Financial assets	5,621.81	5,516.22
	i) Investments		
	ii) Trade receivables	2.22	2.48
	iii) Cash and cash equivalents	323.95	308.23
	iv) Bank balance other than (iii) above	40.24	20.80
	v) Loans	0.17	36.82
	vi) Other financial assets	14.23	33.71
	c) Other current assets	5.49	2.67
	<b>Total current assets</b>	38.30	48.68
	<b>Total assets</b>	6,046.41	5,969.61
<b>B</b>	<b>EQUITY AND LIABILITIES</b>	7,490.09	7,537.81
<b>1</b>	<b>Equity</b>		
	a) Equity share capital	465.40	465.40
	b) Other equity		
	<b>Total equity</b>	3,079.65	3,418.39
	<b>LIABILITIES</b>	3,545.05	3,883.79
<b>2</b>	<b>Non-current liabilities</b>		
	a) Financial liabilities		
	i) Borrowings		
	ii) Lease liabilities		
	b) Provisions	76.31	77.75
	<b>Total non-current liabilities</b>	4.07	4.42
<b>3</b>	<b>Current liabilities</b>	80.38	82.17
	a) Financial liabilities		
	i) Borrowings		
	ii) Lease liabilities	3,630.38	3,282.69
	iii) Trade payables	29.70	30.09
	-Total outstanding dues of micro enterprises and small enterprises; and		
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	1.98	0.45
	iv) Other financial liabilities [other than those specified in item (c)]	16.24	14.95
	b) Other current liabilities	51.90	38.29
	c) Provisions	50.41	76.17
	d) Current tax liabilities (net)	2.65	2.40
	<b>Total current liabilities</b>	81.40	126.81
	<b>Total liabilities</b>	3,864.66	3,571.85
	<b>Total equity and liabilities</b>	3,945.04	3,654.02
		7,490.09	7,537.81

See accompanying notes to the financial results



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**PART III**

**Standalone cash flow statement**

S. no.	Particulars	₹ in crore	
		For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A</b>	<b>Cash flow from operating activities:</b>		
	Profit/(Loss) before tax	(Audited)	(Audited)
		(244.84)	(508.15)
	<b>Adjustments for:</b>		
	Depreciation and amortisation expenses	25.85	26.24
	Interest income on fixed deposit	(1.21)	(1.70)
	Interest income on loans given to subsidiaries and body corporate	(7.21)	(7.51)
	Net Loss/(profit) on disposal of property, plant and equipment	0.02	(0.01)
	Net Loss/(profit) on FVTPL from investments	0.01	(0.01)
	Finance costs	491.69	427.45
	Unwinding of discount on security deposits	(0.16)	(0.08)
	Discounting of rental expenses as per Ind-As 116	(37.49)	(28.53)
	Unrealised gain on foreign exchange	(132.21)	(103.31)
	Actuarial loss forming part of other comprehensive income	0.61	0.49
	Adjustment due to fair valuation of gold loan at unfixed prices	(1.61)	(4.65)
	Fair valuation adjustment of forwards contracts	-	(1.07)
	Gain on rent reduction/waiver due to Covid-19	(2.53)	(3.25)
	Provision for impairment of loan to subsidiary	105.08	4.86
	Provision for expected credit loss for trade receivables	11.96	188.07
	<b>Operating Profit/(loss) before working capital changes</b>	<b>207.96</b>	<b>(11.16)</b>
	<b>Adjustments for:</b>		
	(Increase)/decrease in inventories	(105.59)	277.50
	(Increase)/decrease in financial assets	(2.54)	9.21
	(Increase)/decrease in non-financial assets	12.31	19.34
	(Increase)/decrease in trade receivables	(12.41)	(122.69)
	Increase/(decrease) in trade payables	2.82	(902.16)
	Increase/(decrease) in financial liabilities	11.78	(28.49)
	Increase/(decrease) in non-financial liabilities	(25.76)	12.48
	Increase/(decrease) in provisions	(0.10)	(0.05)
	<b>Cash generated from/(used in) operating activities</b>	<b>88.48</b>	<b>(746.02)</b>
	Direct taxes (paid)/ refunded	7.87	18.93
	<b>Net cash generated from/(used in) operating activities</b>	<b>96.35</b>	<b>(727.09)</b>
<b>B</b>	<b>Cash flow from investing activities:</b>		
	Purchase of property, plant and equipment including capital advances	(1.84)	(1.56)
	Proceeds from disposal of property, plant and equipment	0.05	0.03
	Redemption/(purchase) of current investments, net	0.26	5.60
	Loans repaid by body corporate including subsidiary companies	0.77	27.05
	Interest received	2.22	2.84
	Redemption of fixed deposits, net	36.31	84.06
	<b>Net cash generated from investing activities</b>	<b>37.77</b>	<b>118.02</b>
<b>C</b>	<b>Cash flow from financing activities:</b>		
	(Repayment of)/proceeds from long term loans	-	(0.42)
	Decrease in short term borrowings, net of Interest payable	-	727.00
	Interest paid	-	(151.22)
	<b>Net cash (used in)/ generated from financing activities</b>	<b>(114.68)</b>	<b>(114.68)</b>
<b>D</b>	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(114.68)</b>	<b>575.36</b>
<b>E</b>	<b>Cash and cash equivalents as at the beginning of the year</b>	<b>19.44</b>	<b>(33.71)</b>
<b>F</b>	<b>Cash and cash equivalents as at the end of the year</b>	<b>20.80</b>	<b>54.51</b>
		<b>40.24</b>	<b>20.80</b>

**Components of cash and cash equivalents:**

Balances with scheduled banks in current accounts  
 Cheques and drafts on hand  
 Cash on hand  
 Balance with banks in deposit accounts with original maturity upto three months

36.35 18.24  
 - 0.10  
 3.89 2.46

The above standalone cash flow statement has been prepared under the "indirect method" as set out in Ind AS 7, 'Statement of cash flows'.

See accompanying notes to the financial results



**SIGNED FOR IDENTIFICATION PURPOSES**



## PC JEWELLER LIMITED

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Website: www.pcejeweller.com, email: investors@pcejeweller.com

### Notes:

- (1) The standalone audited financial results of PC Jeweller Limited ('PCJ' or the 'Company') for the quarter and year ended 31 March 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30 May 2023. The statutory auditors of the Company have expressed a modified audit opinion on these results.
- (2) The financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), prescribed under section 133 of the Companies Act, 2013 and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- (3) Figures for the quarters ended 31 March 2023 and 31 March 2022 represents the balancing figures between audited figures for the full financial year and published year to date figures upto the third quarter of the respective financial years.
- (4) The Company is engaged in the business of trade, manufacture and sale of gold, diamond, silver, precious stone, gold jewellery/items, diamond studded jewellery and silver articles of various designs/specifications. The Company's manufacturing facilities are located in India.
- (5) During the financial year ended 31 March 2019, the Company had provided discounts to its export customers aggregating to ₹ 513.65 crore and had submitted the requisite applications for approval from the Authorised Dealer Banks as stipulated by the Master Circular on Exports of Goods and Services - Master Circular No.14/2015-16 under the Foreign Exchange Management Act, 1999. Subsequently, the Company has obtained the approvals from the authorized dealer banks for reduction in receivables corresponding to discounts amounting to ₹ 330.49 crore. However, for the remaining discounts of Rs. 183.16 crore approvals are still awaited from the said authorities. Further, the management does not expect any material penalty to be levied on account of this matter and, therefore, no provision for the same has been provided in the books of accounts.
- (6) Trade receivables as at 31 March 2023, inter alia, include outstanding from export customers aggregating to ₹ 1707.27 crore, without considering provision for expected credit loss. These have been outstanding for more than 9 months and have been restated as per the RBI exchange rate as on 31 March 2023. The original amount of exports booked stands at ₹1467.53 crore. The Company has filed necessary applications with the requisite authority as per the regulations of the Foreign Exchange Management Act, 1999 for condonation of delays in repatriation of funds by its customers. The management is of the view that the possible penalties that may be levied, are currently unascertainable but would not be material and accordingly, no consequential adjustments have been made in the books of accounts with respect to such default. The management has made expected credit loss (ECL) provision of ₹ 11.96 crore in addition to existing provisions in respect of these overdue receivables in compliance with Ind AS 109 'Financial Instruments'.
- (7) The status of the Company's borrowing accounts is 'Non Performing Assets' (NPA) with all the banks. Total exposure outstanding as on 31 March 2023 amounting to ₹ 3626.09 crore includes provision for interest upto 31 March 2023 (the company has however disputed the same legally) which has been calculated based on management's estimates which stands accrued but not applied by banks post NPA downgradation. Some of the banks have provided confirmation of outstanding amount including interest upto 31 March 2023, whereas some of the banks have provided figures without applied interest. Therefore provision for unapplied interest for ₹ 248.90 crore for the year ended 31 March 2023 has been made as per the best estimates of the management. The quantum of finance cost as incorporated in the financials is to comply with the Ind AS 109. However the figures in relation to interest and other amounts shown in books of accounts and Balance Sheet pertaining to secured creditors/banks are disputed amounts and interest charged by the banks are not payable by company or its directors, as the same are also disputed. These figures or amounts are not an admission of any liability of any alleged debt of secured creditors/banks. The secured creditor/SBI has filed case no. 01/2023 before Debts Recovery Tribunal no.III, New Delhi, against the company which is disputed and also being contested by the company and its Directors/Alleged Guarantors/Corporate Guarantors. Further, the company has also filed claim for Rs 10,034 crores against SBI before Debts Recovery Tribunal no.III, New Delhi, as counter claim no. 01/2023 arising in relation to case no. 01/2023. It is also clarified that previous amounts/figures shown in the Balance Sheet for FY 2022-23, 2021-22 and 2020-21 are also in dispute as there has been breach of contract/agreement by the banks failure to adhere minutes of meeting in various JLM's between banks and Company and the figures shown in Balance Sheet for FY 2022-23, 2021-22 and 2020-21 are disputed figures and cannot be termed as admission of any liability of any nature whatsoever in any court of law. The Company has also treated ₹ 8.00 crore debited by lead bank on various occasions arbitrarily as disputed receivable.
- (8) Company's accounts have been classified as NPA with its lenders since June 2021 and its resolution process had been underway. As a part of the laid down process, after the resolution plan submitted by the Company was found to be feasible on both technical & economic parameters and the same was forwarded to two rating agencies for necessary ICE exercise. In this regard, one of the rating agency did not accord the required minimum RP4 rating to the Plan and therefore, the resolution plan of the Company could not be taken forward. Though the Company presented an improved Resolution Plan to the Consortium, the Lead Bank (State Bank of India) moved to the DRT Delhi on 18 January 2023 against the Company seeking full recovery of its outstanding exposure. In response, the Company has gone into appeal against the same in DRAT. Meanwhile some of the other Consortium member banks have also filed their recovery suit in the DRT against the Company. This matter is currently sub-judice with arguments and counter arguments continuing from both sides. This rejection of resolution plan in relation to company's borrowing exposure, Order of DRT for initiation of full recovery proceedings on application of lead bank SBI and issuance of recall notices by the lenders as well as initiation of legal action by some more lenders, may affect the goodwill and brand image of the Company and these events indicates that a material uncertainty exist that may cast significant doubt on the ability of the Company to continue as going concern.  
  
The Company, in addition to replying suitably to the Banks, has also approached the High Court of Delhi against the SBI stating that there is a non compliance of the Principle of Natural Justice in as much as the petitioners (PCJ) were not given any opportunity to explain its case after 02.01.23 and unilateral decision has been taken by the respondent (SBI). HC has accepted the Company's prayer and issued a notice to the respondent, which has been accepted by the learned counsel of the respondent. Company has also filed a counter claim against the SBI in DRT seeking damages on account of loss in revenue, decline in market cap, loss of reputation, status and goodwill on account of unilateral action taken by it against the company. This appeal has also been accepted by the hon'able court. Though there is no certainty either on the time frame or the end result of this ongoing judicial process, the Company continues to remain confident about a positive outcome of the same and is taking appropriate steps to ensure that its status as a going concern remains intact in spite of the current adversities. The Management is confident that it will be able to realize its assets and meet its liabilities and commitments in the normal course of business considering the net assets position of the Company irrespective of the final conclusion of decision in the ongoing legal process. Hence the current position of the events does not raise any concern on its going concern status. In view of the above the management is confident that the Company will continue as a going concern and accordingly, the accompanying statement has been prepared considering going concern assumption.
- (9) The Company has investments of ₹ 133.97 crore (previous year ₹ 133.98 crore) (excluding impairment) in its wholly-owned subsidiary companies viz PC Universal Private Limited, Luxury Products Trendsetter Private Limited, PC Jeweller Global DMCC and PC Gems & Jewellery Limited as at 31 March 2023. Transforming Retail Private Limited ceased to be subsidiary during the year. The Company has also given non current loans amounting to ₹ 88.70 crore (previous year ₹ 96.00 crore) (excluding impairment) to two of its subsidiaries, PC Universal Private Limited and Luxury Products Trendsetter Private Limited and has interest receivable from them amounting to ₹ 70.07 crore (previous year ₹ 63.47 crore)(excluding impairment) which is classified under current financial assets.

Owing to the current operations and net worth of these subsidiaries, the management has carried out the impairment assessment as at 31 March 2023 using the 'Discounted Cash Flow valuation model' on the total exposure in its subsidiaries. The Company as at 31 March 2022 had provision for impairment in investment of ₹ 0.05 crore and provision for doubtful receivables of ₹ 30.17 crore in respect of PC Universal Private Limited. Basis the assessment this year the Company has recognised an additional provision for impairment of ₹ 104.15 crore in respect of PC Universal Private Limited.



SIGNED FOR  
IDENTIFICATION  
PURPOSES



**PC JEWELLER LIMITED**

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CIN: L36911DL2005PLC134929, Phone: 011-49714971, Fax: 011-49714972  
Website: www.pcjeweller.com, email: investors@pcjeweller.com

- (10) During the year ended 31 March 2023, the Company has accounted income of ₹ 56.28 crore on account of reversal of outstanding provisions of Income-tax of ₹ 42.37 crore and ₹ 5.76 crore for the A.Y. 2020-2021 and A.Y. 2021-2022 respectively, and on account of booking income tax refund of ₹ 8.15 crore for the A.Y. 2020-2021, pursuant to assessment orders received under section 143(3) of the Income-tax Act, 1961. The refund amount has been adjusted against outstanding demand of A.Y. 2018-2019.
- (11) In the absence of export revenues since last few quarters, there has been no separate reporting or reviews by the Chief Operating Decision Maker (CODM) with respect to the export segment. Accordingly, the export segment has ceased to qualify as operating segment for reporting purposes as per Ind AS 108 'Operating Segments'. The CODM examines the performance from the perspective of the Company as a whole viz. 'Jewellery business' and hence there are no separate reportable segments as per Ind AS 108.
- (12) Considering the uncertainty w.r.t future taxable profits, the Company has not recognised the Deferred tax assets (on net basis) during the year ended 31st March, 2023 in accordance with Ind AS-12. Further, the existing Deferred Tax Assets of ₹ 150.55 crores have also been derecognised during the year. The same shall be reviewed and reassessed in future period.
- (13) The figures for the corresponding previous period/ year have been regrouped/rearranged wherever considered necessary to make them comparable.

Place: New Delhi  
Date: 30 May 2023



**SIGNED FOR  
IDENTIFICATION  
PURPOSES**

For and on behalf of the Board of Directors  
PC Jeweller Limited

Balram Garg  
Managing Director  
DIN-00032083



# ARUN K. AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

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**Independent Auditor's Report on the Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To the Board of Directors of PC Jeweller Limited**

## Qualified Opinion

1. We have audited the accompanying Statement of Consolidated Financial Results of PC Jeweller Limited (the "Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as the "Group") for the year ended 31 March, 2023 (the "Statement") attached herewith, being submitted by the holding company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate audited financial statements of the subsidiaries, as referred to in paragraph 14 below, the Statement:
  - (i) includes the annual financial results of the following entities:

Holding Company:  
PC Jeweller Limited

Subsidiaries:

    1. PC Universal Private Limited
    2. Transforming Retail Private Limited (ceased to be subsidiary during the year-refer Note-12 of the accompanying statement)
    3. Luxury Products Trendsetter Private Limited
    4. PC Jeweller Global DMCC
    5. PCJ Gems & Jewellery Limited
  - (ii) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the possible effects of the matter described in paragraph 3 below; and
  - (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net loss after tax and other comprehensive loss and other financial information of the Group for the year ended 31 March, 2023 except for the possible effects of the matter described in paragraph 3 below.



### 3. Basis for Qualified Opinion

(i) As explained in Note 5 to the accompanying Statement, the holding company during the financial year ended 31 March 2019 had provided discounts of ₹ 513.65 crore to its export customers which had been adjusted against the revenues for the said year. The holding company had initiated the process of complying with the requirements of the Master Circular on Exports of Goods and Services issued by the Reserve Bank of India and had filed the necessary applications with the appropriate authority for approval of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. Subsequently, the holding company has obtained the approvals from the authorized dealer banks for reduction in receivables corresponding to discounts amounting to ₹ 330.49 crore. For the remaining discounts of ₹ 183.16 crore, in the absence of requisite approvals and material evidence related to such transactions, we are unable to comment on the impact, if any, of the same on the accompanying Statement. Auditor's Opinion for the year ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and our conclusion for the quarter ended 30 June 2022, 30 September 2022 and 31 December 2022 were also modified in respect of this matter.

(ii) With respect to provision for the expected credit loss/impairment relating to overdue overseas Trade Receivables of holding company as required under Ind-AS 109, the management of the holding company has calculated an additional provision of ₹ 11.96 crores during the year in respect of these overdue receivables. However, no realization has been made during the year against overdue trade receivables towards export of goods aggregating to ₹ 1707.27 crores (including unrealized foreign currency exchange gain of ₹ 239.74 crores) as on 31 March 2023 out of which ₹ 1355.56 crores (including unrealized foreign currency exchange gain of ₹ 197.04 crores) is outstanding from more than 3 years. Also no export transactions have been done by the holding company with these overseas debtors during the year. Further, as informed to us, legal notices have been served to the overseas debtors and the holding company is in process of finalizing legal counsel for initiating legal proceedings. Upto 31 March 2023, the holding company has made an ECL provision of only ₹ 262.59 crore based on revised payment schedule as provided by the overseas debtors.

Despite of no realization as per the scheduled expected dates from the export receivables and considering the initiation of legal route for recovery during the year, we are unable to examine adequacy of the provision for expected credit losses and its consequential impact and adjustments on the accompanying Statement.

(iii) As explained in Note 8 to the accompanying statement, due to rejection of the resolution plan by the Lenders of holding company, the Lead Bank has initiated the recovery proceedings through Debt Recovery Tribunal (DRT) and obtained an order to seize, take control and prepare an inventory of entire stocks of hypothecated assets to the lenders. In response, the holding company has moved to the Debts Recovery Appellate Tribunal (DRAT) against the order of the DRT, and the matter is sub-judice. Meanwhile some of the other consortium members have also filed their recovery suit in DRT against the holding company.

According to the Order of DRT and DRAT, the appointed agencies along with valuers have started necessary implementation of the Order including inventorization and valuation of inventory at some locations of the holding company. Since, those locations were carrying major inventory and were under process of inventorization and valuation as per the order of DRT/DRAT as on 31



March 2023, the physical verification/inspection/valuation of the inventory could not be conducted by the management at these locations. This, being a significant event, may have an adverse impact on the Goodwill and the Brand image of the holding company which may affect the Net Realisable Value of the Inventory. Further, significant quantum of inventory was lying with Third Parties (Karigars/Job-Workers) which could not be physically verified/inspected by independent agency/lenders. Such inventory lying with third parties is not adequately insured.

Further, no valuation reports by the independent Gemologist/valuer were made available to us for the inventory as shown in accompanying statement.

In view of the above, we are unable to examine and express an opinion on inventory value and its consequential impact and adjustments on the accompanying Statement.

4. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the statement under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and that obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty related to Going Concern**

5. Rejection of proposed resolution plan in relation to holding company's borrowing exposure, Order of DRT for initiation of full recovery proceedings on application of lead bank (SBI) and issuance of recall notices by the lenders, as explained in Note 8 to the accompanying statement, indicates that a material uncertainty exists that may cast significant doubt on the ability of the holding company and thus the group to continue as a going concern.

Our opinion is not modified in respect of this matter.

#### **Emphasis of Matters**

6. We draw attention to:
  - a. Note 6(a) to the accompanying statement regarding the delays in receipt of proceeds denominated in foreign currency against export of goods made by the holding company to its overseas customers aggregating to ₹ 1707.27 crores as on 31 March 2023, beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the holding company has filed the necessary applications with the appropriate authority for condonation of such delays to regularize the default. Pending condonation of such delay by the appropriate authority, management is of the view that the possible penalties that may be levied, are currently unascertainable but would not be material and accordingly, no consequential adjustments have been made to the accompanying statement with respect to such delay/default.



- b. Note 6(b) to the accompanying statement and the following Emphasis of Matter paragraph given by another firm of chartered accountants vide their report dated 29 May 2023 on the financial results of PC Universal Private Limited, a subsidiary of the holding company which has been reproduced by us as under:

We draw attention to delays in receipt of proceeds denominated in foreign currency against export made by the company to its overseas customers aggregating to ₹ 10782.84 lakhs as on 31 March 2023 beyond the timelines stipulated under the Foreign Exchange Management Act 1999. The company had filed necessary applications with the requisite authority as per the regulations of the Foreign Exchange Management Act 1999 for condonation of delays in repatriation of funds by its customers. The management is of the view that the possible penalties that may be levied, are currently unascertainable but would not be material and accordingly no consequential adjustments have been made in the books of accounts with respect to such default.

Our opinion is not modified in respect of the above matters.

**Responsibilities of Management and those charged with Governance for Consolidated Annual Financial Results**

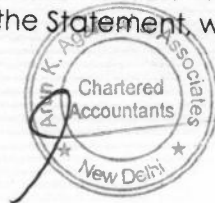
7. The Statement, which is the responsibility of the holding company's management and has been approved by the holding company's board of directors, has been prepared on the basis of the consolidated annual audited financial statements. The holding company's board of directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit or loss after tax and other comprehensive income, and other financial information of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The holding company's board of directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the Statement. Further, in terms of the provisions of the Act, the respective board of directors of the companies included in the Group, covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively, for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the directors of the holding company, as aforesaid.
8. In preparing the Statement, the respective board of directors of the companies included in the group are responsible for assessing the group's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



9. The respective board of directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the companies included in the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results**

10. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the holding company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management.
  - Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities within the Group, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have





been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the holding company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

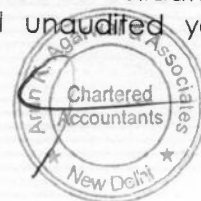
#### **Other Matter**

15. The consolidated annual financial results include the audited financial results of its subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 304.66 crore as at 31 March 2023, total revenues (before consolidation adjustments) of ₹ 208.35 crore, total net profit after tax (before consolidation) of ₹ 25.43 crore, total comprehensive income of ₹ 29.60 crore and net cash outflows (before consolidation adjustments) amounting to ₹ 0.14 crore for the year ended on that date, which have been audited by their respective independent auditors. The independent auditor's reports on financial statements of these entities have been furnished to us by the management. Our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

The subsidiary located outside India whose financial statements has been prepared in accordance with accounting principles generally accepted in their respective country and which is required to be audited by respective auditors under generally accepted auditing standards applicable in their respective country. The holding company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. Such conversion adjustments have been audited by other auditors. The independent auditor's reports on such converted financial statements of such entity have been furnished to us by the management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the reports of other auditors.

Our opinion on the consolidated annual financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

16. The Statement includes the consolidated financial results for the quarter ended 31 March 2023 being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date



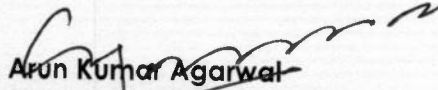
consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

17. Advance recoverable from Staff amounting to ₹ 2.12 crore (including ₹ 1.13 crore pertaining to Key Managerial Personnel of holding company) has been written off during the year after taking approvals from the board of directors as well as Audit Committee.
18. As mentioned in the order of the DRAT, a special audit has been ordered by bankers of holding company to audit the exchange sales transactions without payment of cash/ transfer of money, and to submit weekly details of Exchange Sales to Agency for Specialized Monitoring (ASM) appointed by lenders for his verification. As per the information furnished to us, including the reports of ASM, the holding company has recorded exchange sales of ₹ 1795.70 crore approx. (including GST) out of total sales of ₹ 2424.32 crore (including GST) for the period from 1 April 2022 to 31 March 2023.

**For Arun K Agarwal & Associates**

Chartered Accountants

(Firm's Registration No. 003917N)

  
**Arun Kumar Agarwal**

(Partner)

M. No. 082899

UDIN: 23082899BGXXGP3863



Place: New Delhi

Date: 30.05.2023

**PC JEWELLER LIMITED**

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CIN: L36911DL2005PLC134929, Phone: 011-49714971, Fax: 011-49714972  
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**PART I**

Statement of consolidated audited financial results for the quarter and year ended 31 March 2023

(₹ in crores except earnings per share)

S. no.	Particulars	3 months ended 31 March 2023	Preceding 3 months ended 31 December 2022	Corresponding 3 months ended 31 March 2022	Year ended 31 March 2023	Previous year ended 31 March 2022
		(Audited) (Refer note 3)	(Unaudited)	(Audited) (Refer note 3)	(Audited)	(Audited)
I	Revenue from operations	173.37	854.31	188.63	2,472.68	1,606.13
II	Other income	(1.98)	28.52	38.86	163.25	52.81
III	<b>Total income (I+II)</b>	<b>171.39</b>	<b>882.83</b>	<b>227.49</b>	<b>2,635.93</b>	<b>1,658.94</b>
IV	<b>Expenses</b>					
	a) Cost of materials consumed	52.25	740.42	100.10	2,018.80	972.03
	b) Purchases of stock-in-trade	5.73	54.02	33.01	202.34	143.89
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	99.47	(14.76)	30.92	(132.54)	296.04
	d) Employee benefits expenses	13.32	15.01	14.07	56.44	47.62
	e) Finance costs	123.53	125.00	114.49	492.00	437.38
	f) Depreciation and amortization expenses	6.74	7.06	6.86	27.23	27.75
	g) Other expenses	22.82	23.27	200.62	79.59	242.27
	<b>Total expenses (IV)</b>	<b>323.84</b>	<b>950.02</b>	<b>500.07</b>	<b>2,743.86</b>	<b>2,166.98</b>
V	<b>Profit/(loss) before tax (III-IV)</b>	<b>(152.45)</b>	<b>(67.19)</b>	<b>(272.58)</b>	<b>(107.93)</b>	<b>(508.04)</b>
VI	<b>Tax expense</b>					
	a) Current tax	-	(5.76)	-	(56.28)	(18.93)
	b) Deferred tax	149.96	(0.31)	(99.60)	151.55	(98.11)
VII	<b>Profit/(loss) for the period (V - VI)</b>	<b>(302.41)</b>	<b>(61.12)</b>	<b>(172.98)</b>	<b>(203.20)</b>	<b>(391.00)</b>
VIII	<b>Other comprehensive income</b>					
	(A)(i) Items that will not be reclassified to profit/(loss)	0.57	-	0.53	0.57	0.53
	(ii) Income tax relating to items that will not be reclassified to profit/(loss)	(0.14)	-	(0.13)	(0.14)	(0.13)
	(B)(i) Items that will be reclassified to profit/(loss)	(1.29)	1.18	3.89	4.20	5.75
	(ii) Income tax relating to items that will be reclassified to profit/(loss)	-	-	-	-	-
IX	<b>Total comprehensive income for the period (comprising profit/(loss) and other comprehensive income for the period) (VII+VIII)</b>	<b>(303.28)</b>	<b>(59.94)</b>	<b>(168.69)</b>	<b>(198.57)</b>	<b>(384.85)</b>
	<b>Net (loss)/profit attributable to:</b>					
	Owners of the Holding Company	(302.43)	(61.12)	(172.98)	(203.20)	(391.00)
	Non-controlling interests	-	-	-	-	-
	<b>Other comprehensive income attributable to:</b>					
	Owners of the Holding Company	(0.87)	1.18	4.29	4.63	6.15
	Non-controlling interests	-	-	-	-	-
X	<b>Paid-up equity share capital (face value ₹ 10/- per share)</b>	<b>465.40</b>	<b>465.40</b>	<b>465.40</b>	<b>465.40</b>	<b>465.40</b>
XI	<b>Other equity</b>				<b>3225.15</b>	<b>3423.33</b>
XII	<b>Earnings per share : (of ₹ 10/- each)</b>					
	(a) Basic (₹)	(not annualized) (6.50)	(not annualized) (1.31)	(not annualized) (3.72)	(annualized) (4.37)	(annualized) (8.40)
	(b) Diluted (₹)	(6.50)	(1.31)	(3.72)	(4.37)	(8.40)

See accompanying notes to the financial results.



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IDENTIFICATION  
PURPOSES**

**PC JEWELLER LIMITED**

Regd. Office: C-54, Preet Vihar, Vikas Marg, Delhi - 110092  
 CIN: L36911DL2005PLC134929, Phone: 011-49714971, Fax: 011-49714972  
 Website: www.pcjeweller.com, email: investors@pcjeweller.com

**PART II**

**Statement of consolidated assets and liabilities**

		(₹ in crore)	
Particulars		As at 31 March 2023 (Audited)	As at 31 March 2022 (Audited)
<b>A</b>	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	a) Property, plant and equipment		
	b) Capital work-in-progress	31.80	38.63
	c) Right of use assets	0.70	
	d) Other intangible assets	81.99	80.61
	e) Financial assets	0.81	1.62
	i) Investments		
	ii) Trade receivables	0.01	
	iii) Loans		
	iv) Other financial assets	1,155.28	1,148.68
	f) Deferred tax assets (net)	14.94	11.23
	g) Other non-current assets	26.52	25.84
	<b>Total non-current assets</b>	4.71	159.61
		5.83	7.76
2	<b>Current assets</b>	1,322.59	1,473.98
	a) Inventories		
	b) Financial assets	5,790.63	5,666.76
	i) Investments		
	ii) Trade receivables	2.47	2.74
	iii) Cash and cash equivalents	429.83	285.19
	iv) Bank balance other than (iii) above	41.90	23.38
	v) Loans	0.17	36.82
	vi) Other financial assets	1.36	0.63
	c) Other current assets	5.54	2.71
	<b>Total current assets</b>	41.43	52.86
	<b>Total assets</b>	6,313.33	6,071.09
		7,635.92	7,545.07
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity</b>		
	a) Equity share capital	465.40	465.40
	b) Other equity	3,225.15	3,423.33
	<b>Total equity</b>	3,690.55	3,888.73
2	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
	a) Financial liabilities		
	i) Borrowings		
	ii) Lease liabilities		
	b) Provisions	76.31	77.77
	<b>Total non-current liabilities</b>	4.09	4.45
3	<b>Current liabilities</b>	80.40	82.22
	a) Financial liabilities		
	i) Borrowings		
	ii) Lease liabilities	3,630.38	3,282.73
	iii) Trade payables	29.70	30.11
	-Total outstanding dues of micro enterprises and small enterprises; and		
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	1.98	0.45
	iv) Other financial liabilities [other than those specified in item (c)]	15.41	15.92
	b) Other current liabilities	52.62	38.89
	c) Provisions	50.83	76.81
	d) Current tax liabilities (net)	2.65	2.40
	<b>Total current liabilities</b>	81.40	126.81
	<b>Total liabilities</b>	3,864.97	3,574.12
	<b>Total equity and liabilities</b>	3,945.37	3,656.34
		7,635.92	7,545.07

See accompanying notes to the financial results

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### PART III

#### Consolidated cash flow statement

		(₹ in crore)	
S. no.	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
		(Audited)	(Audited)
A	<b>Cash flow from operating activities:</b>		
	Profit/(loss) before tax	(107.93)	(508.04)
	<b>Adjustments for:</b>		
	Depreciation and amortisation expenses	27.42	27.81
	Interest income on fixed deposit	(1.73)	(1.70)
	Interest income on loans given to body corporate	(0.60)	(0.75)
	Net Loss/(profit) on disposal of property, plant and equipment	0.21	(0.01)
	Net Loss/(profit) on FVTPL from investments	0.00	(0.02)
	Finance costs	492.00	427.46
	Unwinding of discount on security deposits	(0.16)	(0.07)
	Discounting of rental expenses as per Ind-As 116	(37.51)	(28.54)
	Loss on Foreign Currency Translation	4.20	5.75
	Unrealised gain on foreign exchange	(144.78)	(107.29)
	Actuarial loss forming part of other comprehensive income	0.57	0.52
	Adjustment due to fair valuation of gold loan at unfixed prices	(1.61)	(4.65)
	Fair valuation adjustment of forwards contracts	-	(1.07)
	Gain on rent reduction/waiver due to Covid-19	(2.53)	(3.25)
	Gain on Loss of Controlling interest in Transforming Retail Private Limited	(8.90)	0.00
	provision for expected credit loss for trade receivables	12.32	188.09
	<b>Operating profit/(loss) before working capital changes</b>	<b>230.41</b>	<b>(5.76)</b>
	<b>Adjustments for:</b>		
	(Increase)/decrease in inventories	(118.92)	277.52
	(Increase)/decrease in financial assets	(6.61)	58.76
	(Increase)/decrease in non-financial assets	11.80	19.09
	(Increase)/decrease in trade receivables	(20.93)	(97.54)
	Increase/(decrease) in trade payables	10.40	(903.12)
	Increase/(decrease) in financial liabilities	12.32	(74.39)
	Increase/(decrease) in non-financial liabilities	(26.97)	(12.53)
	Increase/(decrease) in provisions	(0.05)	(0.10)
	<b>Cash generated from/(used in) operating activities</b>	<b>91.44</b>	<b>(738.07)</b>
	Direct taxes (paid)/ refunded	7.51	18.69
	<b>Net cash generated from/(used in) operating activities</b>	<b>98.95</b>	<b>(719.38)</b>
B	<b>Cash flow from investing activities:</b>		
	Purchase of property, plant and equipment including capital advances	(2.37)	(3.71)
	Proceeds from disposal of property, plant and equipment	0.52	0.06
	Redemption/(purchase) of current investments, net	0.27	5.60
	Interest accrued on loan	0.49	-
	Loans repaid by body corporate	(6.98)	25.70
	Interest received	2.25	3.23
	Redemption of fixed deposits, net	36.31	84.06
	<b>Net cash (used in)/generated from investing activities</b>	<b>30.48</b>	<b>114.94</b>
C	<b>Cash flow from financing activities:</b>		
	(Repayment of)/proceeds from long term loans	3.79	(2.42)
	Decrease in short term borrowings, net of Interest payable	-	729.00
	Interest Paid	(114.71)	(156.53)
	<b>Net cash (used in)/ generated from financing activities</b>	<b>(110.93)</b>	<b>570.05</b>
D	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>18.50</b>	<b>(34.39)</b>
E	<b>Cash and cash equivalents as at the beginning of the year</b>	<b>23.38</b>	<b>57.77</b>
F	<b>Cash and cash equivalents as at the end of the year</b>	<b>41.90</b>	<b>23.38</b>

#### Components of cash and cash equivalents:

Balances with scheduled banks in current accounts	37.93	20.69
Cheques and drafts on hand	-	0.10
Cash on hand	-	-
Balance with banks in deposit accounts with original maturity upto three months	3.97	2.59
	<b>41.90</b>	<b>23.38</b>

The above consolidated cash flow statement has been prepared under the 'indirect method' as set out in Ind AS 7, 'Statement of cash flows'.

See accompanying notes to the financial results



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### Notes:

- (1) The consolidated audited financial results of the Group, (comprising of PC Jeweller Limited, the Holding Company and its subsidiaries) for the quarter and the year ended 31 March 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30 May 2023. The statutory auditors of the Holding Company have expressed a modified opinion on these results.
- (2) The Financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), prescribed under section 133 of the Companies Act, 2013 and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (3) Figures for the quarters ended 31 March 2023 and 31 March 2022 represents the balancing figures between audited figures for the full financial year and published year to date figures upto the third quarter of the respective financial years.
- (4) The Group is engaged in the business of trade, manufacture and sale of gold, diamond, silver, precious stone, gold jewellery/items, diamond studded jewellery and silver articles of various designs/specifications. The Group manufacturing facilities are located in India.
- (5) During the financial year ended 31 March 2019, the Holding Company had provided discounts to its export customers aggregating to ₹ 513.65 crore and had submitted the requisite applications for approval from the Authorised Dealer Banks as stipulated by the Master Circular on Exports of Goods and Services - Master Circular No.14/2015-16 under the Foreign Exchange Management Act, 1999. Subsequently, the Holding Company has obtained the approvals from the authorized dealer banks for reduction in receivables corresponding to discounts amounting to ₹ 330.49 crore. However, for the remaining discounts of Rs. 183.16 crore approvals are still awaited from the said authorities. Further, the management does not expect any material penalty to be levied on account of this matter and, therefore, no provision for the same has been provided in the books of accounts.
- (6) Trade receivables as at 31 March 2023, *inter alia*, include outstanding from export customers of:
  - 'a) Holding Company, aggregating to ₹ 1707.27 crore, without considering provision for expected credit loss. These have been outstanding for more than 9 months restated as per the RBI exchange rate as on 31 March 2023. The original amount of exports booked stands at ₹ 1467.53 crore. The Holding Company has filed necessary applications with the requisite authority as per the regulations of the Foreign Exchange Management Act, 1999 for condonation of delays in repatriation of funds by its customers. The management is of the view that the possible penalties that may be levied, are currently unascertainable but would not be material and accordingly, no consequential adjustments have been made in the books of accounts with respect to such default. The management has made expected credit loss (ECL) provision of ₹ 11.96 crore in addition to existing provisions in respect of these overdue receivables in compliance with Ind AS 109 'Financial Instruments'.
  - b) a subsidiary company, there is a delay in the receipt of proceeds denominated in foreign currency against export made by the subsidiary company to its overseas customers aggregating to ₹ 107.83 crore as on 31 March 2023 beyond the timelines stipulated under Foreign Exchange Management Act, 1999. The subsidiary has filed necessary applications with the requisite authority as per the regulations of the Foreign Exchange Management Act, 1999 for condonation of delays in repatriation of funds by its customers. The management is of the view that the possible penalties that may be levied, are currently unascertainable but would not be material and accordingly, no consequential adjustments have been made in the books of accounts with respect to such default.
- (7) The status of the Holding Company's borrowing accounts is 'Non Performing Assets' (NPA) with all the banks. Total exposure outstanding as on 31 March 2023 amounting to ₹ 3626.09 crore includes provision for interest upto 31 March 2023 (the Holding company has however disputed the same legally) which has been calculated based on management's estimates which stands accrued but not applied by banks post NPA downgradation. Some of the banks have provided confirmation of outstanding amount including interest upto 31 March 2023, whereas some of the banks have provided figures without applied interest. Therefore provision for unapplied interest for ₹ 248.90 crore for the year ended 31 March 2023 has been made as per the best estimates of the management. The quantum of finance cost as incorporated in the financials is to comply with the Ind AS 109. However the figures in relation to interest and other amounts shown in books of accounts and Balance Sheet pertaining to secured creditors/banks are disputed amounts and interest charged by the banks are not payable by Holding company or its directors, as the same are also disputed. These figures or amounts are not an admission of any liability of any alleged debt of secured creditors/banks. The secured creditor/SBI has filed case no. 01/2023 before Debts Recovery Tribunal no.III, New Delhi, against the Holding company which is disputed and also being contested by the Holding company and its Directors/Alleged Guarantors/Corporate Guarantors. Further, the Holding company has also filed claim for ₹ 10,034 crores against SBI before Debts Recovery Tribunal no.III, New Delhi, as counter claim no. 01/2023 arising in relation to case no. 01/2023. It is also clarified that previous amounts/figures shown in the Balance Sheet for FY 2022-23, 2021-22 and 2020-21 are also in dispute as there has been breach of contract/agreement by the banks failure to adhere minutes of meeting in various JLM's between banks and Holding Company and the figures shown in Balance Sheet for FY 2022-23, 2021-22 and 2020-21 are disputed figures and cannot be termed as admission of any liability of any nature whatsoever in any court of law. The Holding Company has also treated ₹ 8.00 crore debited by lead bank on various occasions arbitrarily as disputed receivable.
- (8) The Holding Company's accounts have been classified as NPA with its lenders since June 2021 and its resolution process had been underway. As a part of the laid down process, after the resolution plan submitted by the Holding Company was found to be feasible on both technical & economic parameters the same was forwarded to two rating agencies for necessary ICE exercise. In this regard, one of the rating agency did not accord the required minimum RP4 rating to the Plan and therefore, the resolution plan of the Holding Company could not be taken forward. Though the Holding Company presented an improved Resolution Plan to the Consortium, the Lead Bank (State Bank of India) moved to the DRT, Delhi on 18 January 2023 against the Holding Company seeking full recovery of its outstanding exposure. In response, the Holding Company has gone into appeal against the same in DRAT. Meanwhile some of the other Consortium member banks have also filed their recovery suit in the DRT against the Holding Company. This matter is currently sub-judice with arguments and counter arguments continuing from both sides. This rejection of resolution plan in relation to Holding Company's borrowing exposure, Order of DRT for initiation of full recovery proceedings on application of lead bank SBI and issuance of recall notices by the lenders as well as initiation of legal action by some more lenders, may affect the goodwill and brand image of the holding company and these events indicates that a material uncertainty exist that may cast significant doubt on the ability of the Holding Company and thus the group to continue as going concern.

The Holding company, in addition to replying suitably to the Banks, has also approached the High Court of Delhi against the SBI stating that there is a non compliance of the Principle of Natural Justice in as much as the petitioners (PCJ) were not given any opportunity to explain its case after 02 January 2023 and unilateral decision has been taken by the respondent (SBI). HC has accepted the Company's prayer and issued a notice to the respondent, which has been accepted by the learned counsel of the respondent. The Holding Company has also filed a counter claim against the SBI in DRT seeking damages on account of loss in revenue, decline in market cap, loss of reputation, status and goodwill on account of unilateral action taken by it against the Holding Company. This appeal has also been accepted by the hon'able court. Though there is no certainty either on the time frame or the end result of this ongoing judicial process, the Holding Company continues to remain confident about a positive outcome of the same and is taking appropriate steps to ensure that its status as a going concern remains intact in spite of the current adversities. The Management is confident that it will be able to realize its assets and meet its liabilities and commitments in the normal course of business considering the net assets position of the Holding Company irrespective of the final conclusion of decision in the ongoing legal process. Hence the current position of the events does not raise any concern on its going concern status. In view of the above the management is confident that the Holding Company and the group will continue as a going concern and accordingly, the accompanying statement has been prepared considering Going concern assumption.
- (9) During the year ended 31 March 2023, the Holding Company has accounted income of ₹ 56.26 crore on account of reversal of outstanding provisions of Income-tax of ₹ 42.37 crore and ₹ 5.76 crore for the A.Y. 2020-2021 and A.Y. 2021-2022 respectively, and on account of booking Income Tax refund of ₹ 8.15 crore for the A.Y. 2020-2021, pursuant to assessment orders received under section 143(3) of the Income-tax Act, 1961. The refund amount has been adjusted against outstanding demand of A.Y. 2018-2019.



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- (10) In the absence of export revenues since last few quarters, there has been no separate reporting or reviews by the Chief Operating Decision Maker ('CODM') with respect to the export segment. Accordingly, the export segment has ceased to qualify as operating segment for reporting purposes as per Ind AS 108 'Operating Segments'. The CODM of the Group examines the performance from the perspective of the Group as a whole viz. 'Jewellery business' and hence there are no separate reportable segments as per Ind AS 108.
- (11) Considering the uncertainty w.r.t future taxable profits, the Holding Company has not recognised the Deferred tax assets (on net basis) during the year ended 31st March, 2023 in accordance with Ind AS-12. Further, the existing Deferred Tax Assets of ₹ 150.55 crores have also been derecognised during the year. The same shall be reviewed and reassessed in future period.
- (12) M/s Transforming Retail Private Limited ceased to be subsidiary of the company on account of increase in its paid up capital and issue of additional shares to a third party w.e.f 10 March 2023. However the Board of Directors were same till 31 March 2023. Consolidation of Profit & Loss Account has been done upto date of cessation accordingly.
- (13) The figures for the corresponding previous period/ year have been regrouped/rearranged wherever considered necessary to make them comparable.

For and on behalf of the Board of Directors  
PC Jeweller Limited

Place: New Delhi  
Date: 30 May 2023



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Balram Garg  
Managing Director  
DIN-00032083

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results (Standalone)**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023</b> [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
(Rs.in crores except earnings per share)				
I.	Sl No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	2359.46/2507.31	2359.46/2507.31
	2.	Total Expenditure	2752.14	2752.14
	3.	Net Profit/(Loss)	(339.11)	(339.11)
	4.	Earnings Per Share	(7.29)	(7.29)
	5.	Total Assets	7490.10	7490.10
	6.	Total Liabilities	3945.04	3945.04
	7.	Net Worth	3545.06	3545.06
	8.	Any other financial item(s) (as felt appropriate by the management)	No	No
<b>II Audit Qualification (each audit qualification separately):</b>				
<b>a. Details of Audit Qualification:</b>				
	(i)	As explained in Note 5 to the accompanying Statement, the company during the financial year ended 31 March 2019 had provided discounts of Rs 513.65 crore to its export customers which had been adjusted against the revenues for the said year. The company had initiated the process of complying with the requirements of the Master Circular on Exports of Goods and Services issued by the Reserve Bank of India and had filed the necessary applications with the appropriate authority for approval of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. Subsequently, the company has obtained the approvals from the authorized dealer banks for reduction in receivables corresponding to discounts amounting to Rs 330.49 crore. For the remaining discounts of Rs 183.16 crore, in the absence of requisite approvals and material evidence related to such transactions, we are unable to comment on the impact, if any, of the same on the accompanying Statement. Auditor's Opinion for the year ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and our conclusion for the quarter ended 30 June 2022, 30 September 2022 and 31 December 2022 were also modified in respect of this matter.		
	(ii)	With respect to provision for the expected credit loss/impairment relating to overdue overseas Trade Receivables as required under Ind-AS 109, the management has calculated an additional provision of Rs 11.96 crores during the year in respect of these overdue receivables. However, no realization has been made during the year against overdue trade receivables towards export of goods aggregating to Rs 1707.27 crores (including unrealized foreign currency exchange gain of Rs 239.74 crores) as on 31 March 2023 out of which Rs 1355.56 crores (including unrealized foreign currency exchange gain of Rs 197.04 crores) is outstanding from more than 3 years. Also no export transactions have been done with these overseas debtors during the year. Further, as informed to us, legal notices have		



been served to the overseas debtors and the company is in process of finalizing legal counsel for initiating legal proceedings. Upto 31 March 2023, the company has made an ECL provision of only Rs 262.59 crore based on revised payment schedule as provided by the overseas debtors. Despite of no realization as per the scheduled expected dates from the export receivables and considering the initiation of legal route for recovery during the year, we are unable to examine adequacy of the provision for expected credit losses and its consequential impact and adjustments on the accompanying Statement.

- (iii) As explained in Note 8 to the accompanying statement, due to rejection of the resolution plan by the Lenders, the Lead Bank has initiated the recovery proceedings through Debt Recovery Tribunal (DRT) and obtained an order to seize, take control and prepare an inventory of entire stocks of hypothecated assets to the lenders. In response, the company has moved to the Debts Recovery Appellate Tribunal (DRAT) against the order of the DRT, and the matter is sub-judice. Meanwhile some of the other consortium members have also filed their recovery suit in DRT against the company. According to the Order of DRT and DRAT, the appointed agencies along with valuers have started necessary implementation of the Order including inventorization and valuation of inventory at some locations of the company. Since, those locations were carrying major inventory and were under process of inventorization and valuation as per the order of DRT/DRAT as on 31 March 2023, the physical verification/inspection/valuation of the inventory could not be conducted by the management at these locations. This, being a significant event, may have an adverse impact the Goodwill and the Brand image of the company which may affect the Net Realisable Value of the Inventory. Further, significant quantum of inventory was lying with Third Parties (Karigars/Job-Workers) which could not be physically verified/inspected by independent agency/lenders. Such inventory lying with third parties is not adequately insured. Further, no valuation reports by the independent Gemologist/valuer were made available to us for the inventory as shown in accompanying statement. In view of the above, we are unable to examine and express an opinion on inventory value and its consequential impact and adjustments on the accompanying Statement.

b. **Type of Audit Qualification** : Qualified Opinion

c. **Frequency of qualification: the qualification No (i) has been appearing since year ended 31 March 2019. The remaining qualifications were first incorporated in the financial results for the quarter ending December 2022**

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable**

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**


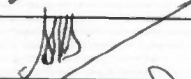
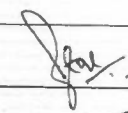
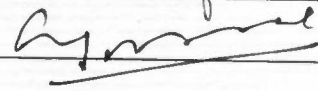
(i) **Management's estimation on the impact of audit qualification: Not Applicable**

(ii) **If management is unable to estimate the impact, reasons for the same:**

(i) The management had extended the discounts as on 31 March 2019 in view of the genuine business problems and operational issues being faced by its overseas buyers. The discount extended amounted to one-time discount of 25% of the export value of outstanding receivables as on 31 March 2019. The discount extended is in accordance with the Master Circular on Exports of Goods and Services - Master Circular No.14/2015-16 under the Foreign Exchange Management Act, 1999 and the management does not expect any material penalty to be levied and therefore, no provision for the same has been recognized in these financial results

(ii) The management is in touch with its export buyers and is confident of the buyers remitting payments as per the schedule advised by them and hence is convinced about the accuracy calculated ECL amount.

	(iii) The DRAT has already stayed the DRT's ex parte order of seizing the inventory and the matter is sub-judice. The company has also filed counter claims against the SBI. Given the nature of company's inventory it does not envisage any adverse impact on the Net realizable Value of its Inventory. The company further does not envisage any losses on account of a portion of its inventory lying with karigars.
	(iii) Auditors' Comments on (i) or (ii) above: Refer our qualification above, in the absence of such approval and material evidence related to the transaction, we are unable to comment on the impact, if any, of the same on the accompanying standalone financial results.
<b>II</b>	<b>Signatories:</b>
<b>I</b>	<ul style="list-style-type: none"> <li>• CEO/Managing Director</li> </ul>
	<ul style="list-style-type: none"> <li>• CFO</li> </ul>
	<ul style="list-style-type: none"> <li>• Audit Committee Chairman</li> </ul>
	<ul style="list-style-type: none"> <li>• Statutory Auditor</li> </ul>

Place: New Delhi  
Date: 30 May 2023



**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results (Consolidated)**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023</b>				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
(Rs.in crores except earnings per share)				
I.	Sl No.	Particulars	Consolidated Audited Figures (as reported before adjusting for qualifications)	Consolidated Audited Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	2635.93	2635.93
	2.	Total Expenditure	2743.84	2743.84
	3.	Net Profit/(Loss)	(203.18)	(203.18)
	4.	Earnings Per Share	(4.37)	(4.37)
	5.	Total Assets	7635.93	7635.93
	6.	Total Liabilities	3945.38	3945.38
	7.	Net Worth	3690.55	3690.55
	8.	Any other financial item(s) (as felt appropriate by the management)	No	No
<b>II</b>	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a. Details of Audit Qualification:</b>			
	(i)	As explained in Note 5 to the accompanying Statement, the company during the financial year ended 31 March 2019 had provided discounts of Rs. 513.65 crore to its export customers which had been adjusted against the revenues for the said year. The company had initiated the process of complying with the requirements of the Master Circular on Exports of Goods and Services issued by the Reserve Bank of India and had filed the necessary applications with the appropriate authority for approval of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. Subsequently, the company has obtained the approvals from the authorized dealer banks for reduction in receivables corresponding to discounts amounting to Rs. 330.49 crore. For the remaining discounts of Rs. 183.16 crore, in the absence of requisite approvals and material evidence related to such transactions, we are unable to comment on the impact, if any, of the same on the accompanying Statement. Auditor's Opinion for the year ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and our conclusion for the quarter ended 30 June 2022, 30 September 2022 and 31 December 2022 were also modified in respect of this matter.		
	(ii)	With respect to provision for the expected credit loss/impairment relating to overdue overseas Trade Receivables as required under Ind-AS 109, the management has calculated an additional provision of Rs. 11.96 crores during the year in respect of these overdue receivables. However, no realization has been made during the year		

against overdue trade receivables towards export of goods aggregating to Rs.1707.27 crores (including unrealized foreign currency exchange gain of Rs.239.74 crores) as on 31 March 2023 out of which Rs.1355.56 crores (including unrealized foreign currency exchange gain of Rs.197.04 crores) is outstanding from more than 3 years. Also no export transactions have been done with these overseas debtors during the year. Further, as informed to us, legal notices have been served to the overseas debtors and the company is in process of finalizing legal counsel for initiating legal proceedings. Upto 31 March 2023, the company has made an ECL provision of only Rs.262.59 crore based on revised payment schedule as provided by the overseas debtors. Despite of no realization as per the scheduled expected dates from the export receivables and considering the initiation of legal route for recovery during the year, we are unable to examine adequacy of the provision for expected credit losses and its consequential impact and adjustments on the accompanying Statement.

- (iii) As explained in Note 8 to the accompanying statement, due to rejection of the resolution plan by the Lenders, the Lead Bank has initiated the recovery proceedings through Debt Recovery Tribunal (DRT) and obtained an order to seize, take control and prepare an inventory of entire stocks of hypothecated assets to the lenders. In response, the company has moved to the Debts Recovery Appellate Tribunal (DRAT) against the order of the DRT, and the matter is sub-judice. Meanwhile some of the other consortium members have also filed their recovery suit in DRT against the company. According to the Order of DRT and DRAT, the appointed agencies along with valuers have started necessary implementation of the Order including inventorization and valuation of inventory at some locations of the company. Since, those locations were carrying major inventory and were under process of inventorization and valuation as per the order of DRT/DRAT as on 31 March 2023, the physical verification/inspection/valuation of the inventory could not be conducted by the management at these locations. This, being a significant event, may have an adverse impact the Goodwill and the Brand image of the company which may affect the Net Realisable Value of the Inventory. Further, significant quantum of inventory was lying with Third Parties (Karigars/Job-Workers) which could not be physically verified/inspected by independent agency/lenders. Such inventory lying with third parties is not adequately insured. Further, no valuation reports by the independent Gemologist/valuer were made available to us for the inventory as shown in accompanying statement. In view of the above, we are unable to examine and express an opinion on inventory value and its consequential impact and adjustments on the accompanying Statement.

b. **Type of Audit Qualification** : Qualified Opinion

c. **Frequency of qualification: the qualification No (i) has been appearing since year ended 31 March 2019. The remaining qualifications were first incorporated in the financial results for the quarter ending December 2022**

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not Applicable

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not Applicable



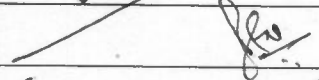

(ii) **If management is unable to estimate the impact, reasons for the same:** (i)The management had extended the discounts as on 31 March 2019 in view of the genuine business problems and operational issues being faced by its overseas buyers. The discount extended amounted to one-time

discount of 25% of the export value of outstanding receivables as on 31 March 2019. The discount extended is in accordance with the Master Circular on Exports of Goods and Services - Master Circular No.14/2015-16 under the Foreign Exchange Management Act, 1999 and the management does not expect any material penalty to be levied and therefore, no provision for the same has been recognized in these financial results.

(ii) The management is in touch with its export buyers and is confident of the buyers remitting payments as per the schedule advised by them and hence is convinced about the calculated ECL amount.

(iii) The DRAT has already stayed the DRT's ex parte order of seizing the inventory and the matter is sub-judice. The company has also filed counter claims against the SBI. Given the nature of company's inventory it does not envisage any adverse impact on the Net realizable Value of its Inventory. The company further does not envisage any losses on account of a portion of its inventory lying with karigars.

(iii) Auditors' Comments on (i) or (ii) above: Refer our qualification above, in the absence of such approval and material evidence related to the transaction, we are unable to comment on the impact, if any, of the same on the accompanying consolidated financial results.

III	<b>Signatories:</b>	
	• CEO/Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditor	

Place: New Delhi  
Date: 30 May 2023

