

Date: 06/09/2019

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

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

**Sub.: Annual Report 2018 - 19**

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



Dear Sir/Madam,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith the Annual Report 2018 – 19 of the Company.

Kindly take the same on record.

Thanking you.

For **PC Jeweller Limited**

  
  
(VIJAY PANWAR)  
Company Secretary

**Encl.: As above**

**PC Jeweller Limited**

# ANNUAL REPORT 2018-19



**Consolidating.  
Innovating.  
Sustaining.**

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## Forward Looking Statements

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



## **Consolidating. Innovating. Sustaining.**

Financial Year 2018-19 (FY19) has been a year of challenges, transformation and consolidation for PC Jeweller Limited as well as for the Indian Jewellery industry. We witnessed weaker market sentiments; shrinking credit facilities; higher finance cost; and an increasingly less lucrative export business. FY 19 presented us with an unprecedented set of challenges and transformation in our macro business environment. The bankers in India moved consciously to reduce their exposure to the jewellery industry. This has been a tough period, demanding tougher measures. At PC Jeweller, we stood this test of time.

As market sentiments were not encouraging and our margins were under pressure, we decided and acted to rationalize our retail stores and the cost of retail operations. During FY19 we relocated 5 stores, merged 4 stores and closed down 6 stores to optimize store performance. At the same time, we decided to expand selectively and profitably and opened 4 new stores in FY19.

In view of changes in regulatory environment in Dubai, the mainstay of our export business, and since this business involves long-credit periods, we have decided to gradually scale down the same. During FY19 we reduced our export business by about 47% as compared to previous year.

We channelized all our marketing strategies towards greater synergies with focus on Same Store Sales Growth, Online-Offline Integration; Omni Channel Sales; enhanced customer experience, use of latest technology; launching new collections; and faster product delivery options.

It was during FY19 that we lost our guiding light and mentor, Shri Padam Chand Gupta, Founder Chairman due to his sudden demise. PC Jeweller will be grateful to him and he will always be remembered as instrumental behind PC Jeweller's success journey.

During FY19, we responded to external challenges by strengthening ourselves internally. We have a resolute commitment to our long-term business growth and to nurture stakeholders' interests.



## Being customer centric – In-spirit, In-action

PC Jeweller is a customer-centric company and during FY19 also, we had a crystal clear focus on staying closer to our customers. We believe that key to our success has been and will always be in finding newer and more ways to reach out to customers. Here is a glimpse of our initiatives during FY19:

### Creation of Sub-brands:

In order to create customer focus, the Company has created following five sub brands within its overall jewellery range:



#### MIROSA

A new collection curated for younger and working women who aspire to stand out and leave their mark. The collection consists of fancy silhouette, delicate designs, casual look and affordable wear.

#### INAYAT

Jewellery for wedding functions.



#### AZWA

High premium jewellery for any formal occasion.





## LOVE GOLD

Gold jewellery for the younger generation which combines elements to create affordable jewellery for the youth.



## SWARNA DHAROHAR

An innate ode to the colourful mosaic of Royal Rajasthan.

## New Showrooms:



Saharanpur, Uttar Pradesh



Deoria, Uttar Pradesh

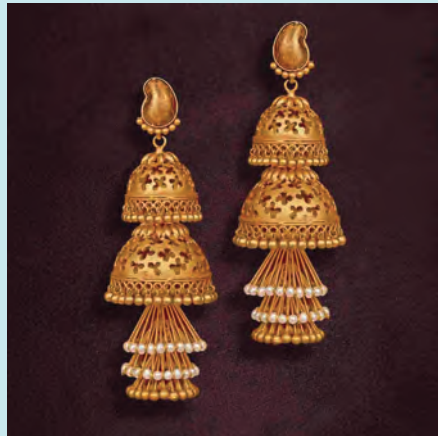


Rudrapur, Uttarakhand



Sirsa, Haryana

FY19 marked the major shift in new showroom launch strategy at PC Jeweller. The Company has decided to grow its retail showroom network selectively and with a clear focus on showroom profitability. The Company opened 4 new showrooms during FY19 and all of these were Franchisee showrooms.



## Online-Offline Integration & Omni-channel Presence:

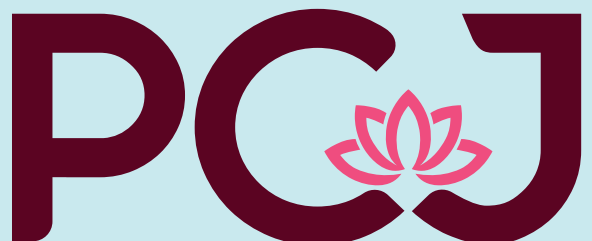
The integration of online and offline channels is going to be the key to the success of any retail business, especially the jewellery industry and the Company is moving ahead on the same vigorously. During FY19, we made definitive progress on our Omni-channel presence. At the end of FY19, 4,000 designs (15,000+ products) from 60 showrooms across 15 states, were made available online, under same day shipping facility. This has helped us to reach out to a wider consumer base with a totally different offering and the Company is confident that investing in this platform will give it good returns.

We have also showcased our products to a much wider customer base by placing the products prominently on various e-commerce platforms namely Amazon, Flipkart, TataCliq and even on SBI Yono App. The aim is to reach out to the maximum number of potential customers with the least amount of investment. We are also very active on all the social media platforms.



## New Brand Identity:

PC Jeweller has launched a new brand identity and logo which is positioned as contemporary and close to customers. The new identity has been rolled out on a pilot basis from the Company's Karol Bagh Showroom.







During the year, PC Jeweller has been felicitated with following awards:



Overall Excellence in category of Precious Metal Jewellery – Plain (Large) 2016-17 by India Gem and Jewellery Awards at 44th Annual Awards Function.

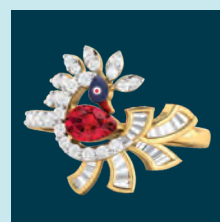


Best Chain of Retail Stores – National by India Bullion and Jewellers Association Ltd. at 6th India Bullion & Jewellery Awards – 2019.

**Our strong brand perception was recognized among global luxury goods companies during FY19. PC Jeweller prominently featured in 'Deloitte Global Power of Luxury Goods 2019' report as mentioned below:**



Featured at 40th position in the list of Top 100 Luxury Goods Companies, Globally



Featured in the list of 20 Fastest Growing Luxury Goods Companies across the world



# MESSAGE FROM MANAGING DIRECTOR

Dear Shareholders,

The year gone by ended on a very somber note with a very sudden and unexpected demise of Shri Padam Chand Gupta. Shri Padam Chand Gupta was the Chairman and Founder of the Company and in his death PC Jeweller has lost its guiding light and conscience keeper. Shri Padam Chand Gupta leaves behind a rich legacy and one that will continue to inspire us in the years ahead. I wish to place on record the contributions made by him in growth and development of the Company and also pray that his soul rests in peace.

You are all aware that the Banks turned averse to their exposure to jewellery sector in general during the last financial year. PC Jeweller has faced this adverse situation by rationalizing its operations, shutting down non-performing showrooms and cutting down on flab and expenditure. The Company's credit exposure consists mainly of working capital facilities only and it has negligible long term debt but it deleveraged its balance sheet by reducing its working capital limits. The Company registered an increase in its domestic sales even after closure of some of its showrooms mainly due to a double digit in SSG. The Company also took initiative in leveraging technology to increase its reach amongst its customers mainly by strengthening its online presence and operationalizing "Online-Offline Integration", whereby it is able to display its showroom inventory online as well and guaranteed delivery within 24 hours of getting an order.

The Company's export business requires a very long working capital cycle as the Company used to buy gold on credit and sell jewellery on credit and this business model had been continuing right since the beginning. The export business is a B2B business and the entire cash conversion cycle takes a time period of nearly 270 days. The Company had a pretty stable export business with a regular payment cycle and there was no delay or backlog of payments. However, during the last financial year, the export business got hit by two unrelated developments simultaneously - (i) credit crunch in India forced the Company to slow down its export business, which affected the entire business cycle; and (ii) imposition of VAT at Dubai which had been preceded by import duty disrupting the normal business working.

The above two factors resulted in a huge backlog of export receivables and the Company's Board had to take a commercial call to extend discount on its outstanding export receivables. The pendency of old receivables is coming down gradually. The Company is also reducing its export business gradually and the weightage of the export business in the total business is expected to come down to single digit in next two to three years.

The Company will continue to concentrate on its domestic business. The Company has also unveiled its new logo and a new brand identity which is more contemporary and more attuned to the customers. The Company will also continue to work on its products range and create new varieties as well as high margin jewellery items. The aim during the existing year will be to extract additional efficiencies from its existing assets and undertake fresh showroom expansion only on a restricted level.

Yours sincerely,

Sd/-

Balram Garg  
Managing Director

# Corporate Information

## BOARD OF DIRECTORS

Shri Padam Chand Gupta

Shri Balram Garg

Shri Ramesh Kumar Sharma

Mrs. Sannovanda Machaiah Swathi

Dr. Manohar Lal Singla

Shri Krishan Kumar Khurana

Shri Miyar Ramanath Nayak

Shri Suresh Kumar Jain

Chairman (Ceased w.e.f. January 28, 2019)

Managing Director

Executive Director & Chief Operating Officer

Independent Director

Independent Director

Independent Director

Independent Director

Independent Director

## CHIEF FINANCIAL OFFICER

Shri Sanjeev Bhatia

## COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Vijay Panwar

## STATUTORY AUDITORS

Walker Chandio & Co. LLP, Chartered Accountants  
Firm Registration No.: 001076N/N500013

## REGISTERED OFFICE

PC Jeweller Limited  
C - 54, Preet Vihar, Vikas Marg, Delhi - 110092  
Tel: 011 - 49714971, Fax: 011 - 49714972

## REGISTRAR AND TRANSFER AGENT (RTA)

Karvy Fintech Private Limited  
Karvy Selenium Tower B, Plot No. 31 - 32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032 (Telangana)  
Tel: 040 - 67161606 | Fax: 040 - 23001153  
E-mail: einward.ris@karvy.com

## WEBSITE

[www.pcjeweller.com](http://www.pcjeweller.com)

## CORPORATE IDENTITY NUMBER

L36911DL2005PLC134929

## ISIN (EQUITY SHARE)

INE785M01013

## BSE SCRIP CODE

534809

## NSE SYMBOL

PCJEWELLER



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 14<sup>th</sup> Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2019.

### FINANCIAL HIGHLIGHTS

The highlights of the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2019, are as under:

(Rs. in crores, except earnings per share)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from operations	8,368.85	9,488.97	8,679.96	9,615.44
Other income	92.32	99.57	84.32	91.69
<b>Total income</b>	<b>8,461.17</b>	<b>9,588.54</b>	<b>8,764.28</b>	<b>9,707.13</b>
Profit before finance costs, depreciation and tax	359.90	1,102.51	366.40	1,072.52
Less: Finance cost	340.39	311.88	345.50	314.48
Less: Depreciation & amortisation expense	16.75	20.46	18.90	21.46
<b>Profit before tax</b>	<b>2.76</b>	<b>770.17</b>	<b>2.00</b>	<b>736.58</b>
Less: Tax Expense	5.57	202.77	1.39	200.94
<b>Net profit / (loss) after tax</b>	<b>(2.81)</b>	<b>567.40</b>	<b>0.61</b>	<b>535.64</b>
Other comprehensive income for the year, net of tax	0.33	0.50	(0.46)	2.51
<b>Total comprehensive income / (loss) for the year</b>	<b>(2.48)</b>	<b>567.90</b>	<b>0.15</b>	<b>538.15</b>
<b>Earnings per share (in Rs.):</b>				
Basic	(0.07)	14.94	0.02	14.16
Diluted	(0.07)	14.73	0.02	13.97

### COMPANY'S PERFORMANCE AND BUSINESS OVERVIEW

Financial year 2018-19 has been a year of challenges, transformation and consolidation for the Company as well as for the Indian Jewellery industry. The Company witnessed weaker market sentiments; shrinking credit facilities; higher finance cost and an increasingly less lucrative export business. The Company has reduced export business while consolidating its domestic business. During the year under review, although the share of domestic sales in the revenue from operations increased but due to reduced exports, the overall revenue from operations of your Company on standalone basis was down by 12% to Rs.8,369 crores. The Company incurred net loss after tax of Rs.2.81 crores on account of loss in the export segment. The share of domestic and export sales in the revenue from operations on standalone basis is Rs.6,929 crores (83%) and Rs.1,439 crores (17%) respectively.

Your Company is engaged in the business of manufacturing, sale and trading of gold jewellery, diamond studded jewellery and silver items and operates in different geographical areas i.e. domestic sales and export sales. As part of its consolidation / rationalisation process and to gain operational efficiency, the Company has closed / shifted / merged some of its existing showrooms during the year. As on March 31, 2019, your Company has 86 showrooms

including 14 franchisee showrooms. The Company is also having in-house designer's team and manufacturing units.

During the year, your Company rolled out India's first Augmented Reality Jewellery buying experience on a dynamic and real time basis as well as Online-Offline Integration across its showrooms in Delhi-NCR. The Company has also launched many new jewellery designs and collections like I heart, Espresso, Swarna Dharohar, Inayat, Mirosa etc. Recently, the Company for the first time in India launched silver and gold medallions to commemorate ICC Cricket World Cup 2019.

### CHANGE IN SHARE CAPITAL

**Authorised Share Capital:** The authorised share capital of the Company remained unchanged at Rs.700 crores comprising of 44 crore equity shares of Rs.10/- each and 26 crore preference shares of Rs.10/- each.

**Paid-Up Share Capital:** During the year the Company has allotted 2,92,787 equity shares upon exercise of stock options under PC Jeweller Limited Employee Stock Option Plan 2011. Consequently, the paid-up share capital of the Company increased to Rs.394,64,79,870/- comprising of 39,46,47,987 equity shares of Rs.10/- each.

## DIVIDEND

In view of the loss incurred by your Company during the year, the Directors have not recommended any dividend for the year.

## TRANSFER TO GENERAL RESERVE

Your Directors have not proposed transfer of any amount to General Reserve.

## SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2019, the Board of your Company comprises of 7 Directors including 5 Independent Directors which also includes 1 Woman Director.

Due to sudden demise, Chairman, Shri Padam Chand Gupta ceased to be the Director of the Company w.e.f. January 28, 2019. Shri Padam Chand Gupta was on the Board since inception of the Company. The Company has immensely benefited from his vision and guidance during his tenure. His leadership was one of the major reasons behind the success and growth of the Company. The Board expressed its sincere condolences on his sad and sudden demise and placed on record its appreciation for the guidance and contribution made by him to the Company.

The re-appointments of Dr. Manohar Lal Singla, Shri Krishan Kumar Khurana and Shri Miyar Ramanath Nayak, Independent Directors, whose first terms as Independent Directors are expiring on September 12, 2019, have been proposed for a further term of 5 years for each of them with effect from September 13, 2019, subject to the approval of Members by way of Special Resolutions through Postal Ballot Notice dated August 9, 2019.

Shri Ramesh Kumar Sharma, Executive Director, is liable to retire by rotation at the 14<sup>th</sup> Annual General Meeting (“AGM”) of the Company and being eligible, he offers himself for re-appointment. His brief resume forms part of the Notice convening the 14<sup>th</sup> AGM.

No changes among Key Managerial Personnel took place during the year. Shri Balram Garg, Managing Director, Shri Sanjeev Bhatia, Chief Financial Officer and Shri Vijay Panwar, Company Secretary continue to be the Key Managerial Personnel of the Company.

## SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES

As on March 31, 2019, your Company has following wholly owned non-material subsidiary and step down subsidiary companies:

**PC Universal Private Limited:** It is engaged in the business of manufacturing and export of gold jewellery and ornaments. It is having a manufacturing unit at Noida Special Economic Zone,

Noida (U.P).

**Transforming Retail Private Limited:** It is engaged in the business of online trading of gold and diamond jewellery.

**Luxury Products Trendsetter Private Limited:** It is engaged in the business of manufacturing, buying, selling etc. of jewellery. It owns the jewellery brands Azva & LoveGold. It is having a manufacturing unit at Sitapura, Jaipur (Rajasthan).

**PC Jeweller Global DMCC:** It is engaged in the business of jewellery trading.

**Comercializadora Internacional PC Jeweller Internacional S.A.S.:** It is the wholly owned subsidiary of PC Jeweller Global DMCC and authorised to carry out all activities related with the purchase, sale, export and import of gold, silver and its alloys, and acts related with the commercialization of precious metals and jewellery items.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (the “Act”) a statement containing salient features of the financial statements of the subsidiaries in Form AOC - 1 forms part of the Annual Report. The statement also provides the highlights of performance of each of the subsidiary.

Your Company does not have any associate or joint venture company.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (‘Ind AS’) specified under Section 133 of the Act and the applicable Rules, as amended from time to time and other pronouncements / provisions of applicable laws and form part of the Annual Report.

## COST RECORDS

Your Company is not required to maintain cost records as specified under Section 148 of the Act.

## STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act read with the applicable Schedules and Rules as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”).

## NUMBER OF MEETINGS OF THE BOARD

During the year seven Board meetings were held on May 10, 2018; May 25, 2018; July 13, 2018; August 10, 2018; August 27, 2018; November 14, 2018 and February 9, 2019. For further details, please refer to Report on Corporate Governance.

## AUDIT COMMITTEE

Audit Committee of the Board comprises of four members, namely Dr. Manohar Lal Singla, Shri Krishan Kumar Khurana, Shri Miyar Ramanath Nayak and Shri Balram Garg. Except Shri Balram Garg, Managing Director, all other Committee members are Independent Directors. Dr. Manohar Lal Singla, Independent Director, is the Chairman of the Committee. For further details, please refer to Report on Corporate Governance.

## RISK MANAGEMENT

In compliance with the requirements of LODR Regulations, your Company in the Board Meeting held on May 11, 2019 has constituted a Risk Management Committee. For further details on the Committee, please refer to Report on Corporate Governance. Your Company has also put in place a Risk Management Policy to define a framework for identification, assessment and mitigation of risks. In the opinion of the Board, there are no risks which may threaten the existence of the Company.

## INTERNAL CONTROL SYSTEMS

Your Company has effective internal control systems in place, which ensures that all the assets of the Company are safeguarded and protected against any loss from unauthorized use or disposition. Internal Auditors of the Company regularly carry out review of the internal control systems and procedures. The internal audit reports are periodically reviewed by Audit Committee.

Your Company has also put in place adequate internal financial controls with reference to the financial statements commensurate with the size and nature of operations of the Company. During the year, such controls were tested and no material discrepancy or weakness in the Company's internal controls over financial reporting was observed except as specified under the heading 'Auditors and their Reports'.

## PUBLIC DEPOSITS

Your Company has been accepting unsecured deposits from the public under its jewellery purchase scheme "Jewel for Less". The requisite details relating to deposits, covered under Chapter V of the Act are as under:

- a) Accepted during the year : Rs.196.87 crores
- b) Remained unpaid or unclaimed as at the end of the year:
  - i) Deposits that have matured but not claimed : Rs.34.11 crores
  - ii) Deposits that have matured and claimed but not paid : Nil

- c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:

i) at the beginning of the year :	Nil
ii) maximum during the year :	Nil
iii) at the end of the year :	Nil

The Company has not accepted any deposits which are not in compliance with the requirements of Chapter V of the Act.

## STATUS OF UNCLAIMED / UNPAID SHARE APPLICATION MONEY AND DIVIDEND AMOUNTS

The status of unclaimed / unpaid share application money and dividend amounts as on March 31, 2019 is as under:

- Share application money due for refund in relation to Initial Public Offer: Rs.2.16 lakh
- Unclaimed / unpaid Dividend: Rs.11.59 lakh

The unclaimed / unpaid share application money due for refund in relation to Initial Public Offer, is due to be transferred to Investor Education and Protection Fund during the financial year 2019-20.

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of loans / guarantees given and investments made by the Company have been disclosed in the notes forming part of the financial statements.

## PARTICULARS OF CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions entered into during the year under review were on arm's length basis and your Company had not entered into any contract / arrangement / transaction with related parties, which could be considered as material in accordance with the Company's Policy on Materiality of Related Party Transactions & Dealing with Related Party. Hence, disclosure in Form AOC - 2 is not required. The details of transactions with related parties have been disclosed in the notes forming part of the financial statements.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND DATE OF REPORT

The Board at its meeting held on May 11, 2019 approved the Scheme of Arrangement for Demerger of 'Export Division' of PC Jeweller Limited and subsequent Amalgamation of the same with its Wholly Owned Subsidiary Company i.e. PCJ Gems & Jewellery Limited (the "Scheme"), however, after review at its meeting held on August 9, 2019, the Board has decided not to pursue the Scheme.



## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### A) CONSERVATION OF ENERGY

In its endeavour towards conservation of energy your Company ensures optimal use of energy, avoid wastages and conserve energy as far as possible.

### B) TECHNOLOGY ABSORPTION

The Company has not carried out any research and development activities.

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings and outgo during the year are as under:

Earnings	: Rs.1,440.39 crores
Outgo	: Rs.1,493.25 crores

## DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has constituted Internal Complaints Committee for redressal of complaints on sexual harassment. During the year, the Company had not received any complaint on sexual harassment and no complaint was pending as on March 31, 2019.

## WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your Company has in place a Whistle Blower Policy / Vigil Mechanism, which provides a formal mechanism for all employees and Directors of the Company to report about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct etc. and provides reassurance that they will be protected from reprisals or victimization for whistle blowing. The policy is available on the Company's website [www.pcjeweller.com](http://www.pcjeweller.com).

## BOARD EVALUATION

The Company has in place the Board approved criteria for evaluation of performance of the Board, its Committees and individual Directors. The annual performance evaluation of the Board, its Committees and individual Directors was carried out on the basis of evaluation forms, which include a rating mechanism on a scale of 1 to 4. Independent Directors also reviewed the performance of the Board as a whole and Non-Independent Directors. However, Late Shri Padam Chand Gupta, who ceased to be the Chairman and Director of the Company w.e.f. January 28, 2019, was excluded from the process of evaluation.

The criteria for performance evaluation of the Board and its Committees amongst others includes their structure and composition, processes, information and functioning, terms of reference of the Committees, etc. The criteria for performance evaluation of individual Directors including Executive and Independent Directors amongst others includes their attendance and contribution at the meetings, devotion of time and efforts to understand the Company, its business, their duties and responsibilities and adherence to the code of conduct, etc.

## SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant / material orders passed by the regulators or courts or tribunals impacting the going concern status of your Company and its operations in future.

## CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the year under review.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures from the same;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively except for the weakness as mentioned in Annexure - II to Independent Auditors Report; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## EMPLOYEES STOCK OPTION PLAN

With the objective of attracting, motivating, retaining talent and reward loyalty, your Company has in place an employee stock option plan namely PC Jeweller Limited Employee Stock Option Plan 2011 (“ESOP 2011”). ESOP 2011 is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. During the year under review, no changes were made in ESOP 2011.

Pursuant to the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, a statement with respect to ESOP 2011 has been uploaded on the Company’s website www.pcjeweller.com in the ‘Investor’ section. The certificate from Statutory Auditors with respect to the implementation of ESOP 2011 would be available for inspection by Members at the 14<sup>th</sup> AGM and the same will also be available for inspection at the Company’s Registered Office upto the date of the 14<sup>th</sup> AGM.

## POLICY ON DIRECTORS’ APPOINTMENT & REMUNERATION AND CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF A DIRECTOR

Your Company has always considered human resources as invaluable assets of the Company. Nomination & Remuneration Policy of the Company is designed to identify the persons for appointment as Director, Key Managerial Personnel and other Senior Management Personnel and to attract, motivate, improve productivity and retain manpower by creating a congenial work atmosphere, encouraging initiatives and team work by creating a sense of belonging and involvement, besides offering appropriate remuneration packages. The objective of Policy on Criteria for determining Qualifications, Positive Attributes and Independence of a Director is to determine qualifications, positive attributes and independence of a director. Nomination & Remuneration Policy as well as Criteria for determining Qualifications, Positive Attributes and Independence of a Director are placed on the Company’s website www.pcjeweller.com in the ‘Investor’ section.

## MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated under LODR Regulations, Management Discussion and Analysis Report forms part of the Annual Report.

## BUSINESS RESPONSIBILITY REPORT

As stipulated under LODR Regulations, Business Responsibility Report forms part of the Annual Report.

## AUDITORS AND THEIR REPORTS

### STATUTORY AUDITORS

M/s Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) were appointed as Statutory Auditors of the Company for 5 years in the 10<sup>th</sup> AGM of the Company held on September 19, 2015, subject to ratification by Members at every AGM. However, pursuant to amendment in Section 139

of the Act, the requirement of ratification of the appointment of Statutory Auditors at every AGM has been omitted.

The notes to the financial statements referred to in Statutory Auditors’ Report are self-explanatory and do not call for any further explanations or comments. However, the explanations or comments of the Board on the qualifications / reservations / comments in Statutory Auditors’ Report are as under:

- i) Para 3 of Independent Auditors Report regarding discount to export customers:

The Company has already filed requisite applications with AD Category - 1 Banks, for seeking approval of the aforesaid discount, as per Master Circular on Exports of Goods and Services - Master Circular No.14/2014-15. Further, the management does not expect any material penalty to be levied and therefore, no provision for the same has been recognized in the financial statements.

- ii) Para 17 of Independent Auditors Report and para (xi) of Annexure - I to Independent Auditors Report regarding excess managerial remuneration:

The Company was paying remuneration (Rs.60 lakhs per month) to Shri Balram Garg, Managing Director as per his terms of re-appointment as approved by Members at the 10<sup>th</sup> AGM of the Company held on September 19, 2015 and within the limits prescribed under the Act. The Company was not expecting inadequate profits (loss) during the year. The inadequacy of profits came to the knowledge of the Board upon the approval of the audited financial statements for the financial year 2018-19. This inadequacy of profits (loss) resulted in to payment of remuneration to Shri Balram Garg exceeding the permissible limits under the Act. However, after end of the year under review, he has refunded the excess remuneration amount to the Company and the net remuneration paid to him after adjusting refund of excess remuneration is Rs.155 lakhs as per Schedule V of the Act.

- iii) Para (v) of Annexure - I to Independent Auditors Report regarding advances from various customers for supply of goods to such customers, which are not considered as deposits in accordance with the Act and applicable Rules and not disclosed as deposits:

The Company had received certain amounts as advances (from retail customers) for purchase of jewellery. However, the customers did not turn up and failed to make the balance payments and/or failed to collect the goods ordered by them with the Company. The Company has been unsuccessful in tracing these customers and could not conclude the transaction. However, the Company has earmarked/appropriated these amounts specifically towards supply of goods to such customers and has not appropriated such amounts towards any other purpose. Further, the Company

has not received these advances in response to its circular in the form of advertisement for inviting deposits. Hence, those advances were not treated as deposits under the Companies (Acceptance of Deposits) Rules, 2014.

- iv) Para (vii)(a) of Annexure - I to Independent Auditors Report regarding arrears of statutory dues outstanding for more than six months:

The Company will do needful to ensure necessary compliance in due course.

- v) Para (x) of Annexure - I to Independent Auditors Report regarding theft at the Gurgaon Showroom of the Company perpetrated by an employee:

The Company has already recovered Rs.8.86 crores out of the total involved amount aggregating Rs.12.67 crores, filed an insurance claim for the recovery of the balance amount, terminated the services of and initiated legal action against the said employee.

- vi) Para 8 of Annexure - II to Independent Auditors Report regarding material weakness in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

The weakness identified with respect to the reconciliation of confirmation received happened due to inadvertent lack of coordination amongst different sections of the Company. However, the Company has already taken necessary remedial steps for removal of the weakness.

#### SECRETARIAL AUDITOR

In accordance with Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Shri Randhir Singh Sharma, Practicing Company Secretary, New Delhi to conduct Secretarial Audit of the Company for the year under review. Secretarial Audit Report is annexed herewith as "**Annexure - 1**" to this Report. The explanations or comments of the Board on the qualifications / reservations / comments in Secretarial Audit Report are as under:

- i) Regarding the Company did not have sufficient number of directors liable to retire by rotation:

The Company was in compliance with this requirement upto January 28, 2019. But, after sudden demise of Shri Padam Chand Gupta, the Board of the Company ceased to have requisite number of directors liable to retire by rotation. However, the Company will do needful to ensure necessary compliance in due course.

- ii) Regarding the Company has received advances from various customers for supply of goods to such customers, which are not considered as deposits in accordance with the Act and

applicable Rules and not disclosed as deposits:

The Company had received certain amounts as advances (from retail customers) for purchase of jewellery. However, the customers did not turn up and failed to make the balance payments and/or failed to collect the goods ordered by them with the Company. The Company has been unsuccessful in tracing these customers and could not conclude the transaction. However, the Company has earmarked/appropriated these amounts specifically towards supply of goods to such customers and has not appropriated such amounts towards any other purpose. Further, the Company has not received these advances in response to its circular in the form of advertisement for inviting deposits. Hence, those advances were not treated as deposits under the Companies (Acceptance of Deposits) Rules, 2014.

- iii) Regarding the Company has paid managerial remuneration in excess of the limits prescribed under section 197 read with applicable Rules and Schedule V of the Act:

The Company was paying remuneration (Rs.60 lakhs per month) to Shri Balram Garg, Managing Director as per his terms of re-appointment as approved by Members at the 10<sup>th</sup> AGM of the Company held on September 19, 2015 and within the limits prescribed under the Act. The Company was not expecting inadequate profits (loss) during the year. The inadequacy of profits came to the knowledge of the Board upon the approval of the audited financial statements for the financial year 2018-19. This inadequacy of profits (loss) resulted in to payment of remuneration to Shri Balram Garg exceeding the permissible limits under the Act. However, after end of the year under review, he has refunded the excess remuneration amount to the Company and the net remuneration paid to him after adjusting refund of excess remuneration is Rs.155 lakhs as per Schedule V of the Act.

#### CORPORATE GOVERNANCE REPORT

Report on Corporate Governance as stipulated under LODR Regulations forms part of the Annual Report. The certificate from Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is annexed as "**Annexure - 2**" to this report.

#### PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed as "**Annexure - 3**" to this Report.

#### CORPORATE SOCIAL RESPONSIBILITY

Your Company always tries to contribute towards social causes on a regular basis. Corporate Social Responsibility Policy of



the Company is placed on its website [www.pcjeweller.com](http://www.pcjeweller.com). Brief outline of the Policy and the initiatives undertaken by the Company on CSR activities during the year, in the prescribed format, as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as “**Annexure – 4**” to this Report.

#### **DIVIDEND DISTRIBUTION POLICY**

In terms of Regulation 43A of LODR Regulations, your Company has formulated a Dividend Distribution Policy. The same is placed on the website of the Company and is annexed as “**Annexure – 5**” to this report.

Date: August 9, 2019  
Place: New Delhi

#### **EXTRACT OF ANNUAL RETURN**

Extract of Annual Return in Form No. MGT - 9 is annexed as “**Annexure – 6**” to this report.

#### **ACKNOWLEDGEMENT**

Your Directors wish to convey their gratitude and place on record their appreciation for the valuable support and co-operation of the Company’s employees, bankers, government and other statutory authorities, customers, suppliers and shareholders, who have reposed their continued trust and confidence in the Company.

For and on behalf of the Board

Sd/-  
(RAMESH KUMAR SHARMA)  
**Executive Director & COO**  
DIN: 01980542

Sd/-  
(BALRAM GARG)  
**Managing Director**  
DIN: 00032083

## SECRETARIAL AUDIT REPORT

for the financial year ended 31<sup>st</sup> March, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
PC Jeweller Limited,  
C-54, Preet Vihar, Vikas Marg,  
Delhi – 110092

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PC Jeweller Limited** (hereinafter called **the Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 and made available to us, according to the provisions, as applicable to the Company during the period, of:

- (I) The Companies Act, 2013 (the **Act**) and the rules made there under;
- (II) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (III) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under to the extent of Regulation 55A;
- (IV) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
  4. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  5. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client: **[Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review];**
  6. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **[Not Applicable as the Company has neither issued nor listed any debt securities during the financial year under review];**
  7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **[Not applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the financial year under review];**
  8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  9. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (VI) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on the sector/industry, are:
  1. Bureau of Indian Standards Act, 2016 and applicable Rules & Regulations
  2. The Legal Metrology Act, 2009 and applicable Rules & Regulations

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except that:

1. The composition of the Board of the Company did not have sufficient number of directors liable to retire by rotation during the period commencing from 29<sup>th</sup> January, 2019 till 31<sup>st</sup> March, 2019 as required under Section 152(6) of the Act.
2. The Company has received Rs.1.95 crores as advances from various customers for supply of goods to such customers, which are outstanding for more than 365 days as on 31<sup>st</sup> March, 2019, which are not considered as deposits in accordance with the Act and applicable Rules and not disclosed as deposits.
3. The Company has paid managerial remuneration in excess of the limits prescribed under section 197 read with applicable Rules and Schedule V of the Act. However, the excess remuneration has already been refunded by the Managing Director to the Company after March 31, 2019.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meeting, agenda and detailed notes on agenda were generally sent seven days in advance (except for meeting/s held at shorter

notice) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman / Chairman of the meeting, the decisions of the Board and Committees meetings were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

- a) The Company passed a Board Resolution on 10<sup>th</sup> May, 2018 for the Buyback of upto 1,21,14,285 equity shares of Rs.10/- each for a price of Rs.350/- each through the tender offer route. However, due to non-receipt of the requisite NOC from the Company's Bankers, the Board of the Company at its meeting held on 13<sup>th</sup> July, 2019 withdrew the aforesaid Buyback Offer.
- b) In response to the Company's application, Reserve Bank of India compounded the admitted contravention in relation to investments made by the Company in its wholly owned subsidiary PC Jeweller Global DMCC, on payment of an amount of Rs.74.13 lakhs and the same was deposited by the Company.
- c) the Company has allotted 2,92,787 equity shares to the eligible employees of the Company and its subsidiary under PC Jeweller Limited Employee Stock Option Plan 2011.

For **R S Sharma & Associates**  
Company Secretaries

Sd/-  
(RANDHIR SINGH SHARMA)  
**Proprietor**  
Membership No.: FCS2062  
C.P. No.: 3872

Place: New Delhi  
Date: July 19, 2019

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure - A** and forms an integral part of this report.

To,  
The Members,  
PC Jeweller Limited  
C-54, Preet Vihar, Vikas Marg,  
Delhi – 110092

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of secretarial records and procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **R S Sharma & Associates**  
Company Secretaries

Place: New Delhi  
Date: July 19, 2019

Sd/-  
(RANDHIR SINGH SHARMA)  
**Proprietor**  
Membership No.: FCS2062  
C.P. No.: 3872



## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Members of  
PC Jeweller Limited,  
C – 54, Preet Vihar, Vikas Marg,  
Delhi - 110092

We have examined all relevant records of PC Jeweller Limited (the **Company**) for the purpose of certifying the compliance of conditions of Corporate Governance for the year ended 31<sup>st</sup> March, 2019 under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") read with Schedule V of LODR Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) and para C and D of Schedule V of LODR Regulations during the year ended 31<sup>st</sup> March, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **R S Sharma & Associates**  
Company Secretaries

Place: New Delhi  
Date: July 19, 2019

Sd/-  
(RANDHIR SINGH SHARMA)  
**Proprietor**  
Membership No.: FCS2062  
C.P. No.: 3872

## PARTICULARS OF EMPLOYEES

### (A) DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

#### (i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19:

Median remuneration of employees for the financial year 2018-19: Rs.2.38 lakhs

Name of Director	Ratio
<b>Non-Executive Director</b>	
Shri Padam Chand Gupta (ceased w.e.f. January 28, 2019)	0.55
Dr. Manohar Lal Singla	1.55
Shri Krishan Kumar Khurana	1.72
Shri Miyar Ramanath Nayak	1.01
Shri Suresh Kumar Jain	1.01
Smt. Sannovanda Machaiah Swathi	0.84
<b>Executive Director</b>	
Shri Balram Garg	65.13*
Shri Ramesh Kumar Sharma	61.98

\* Based on net remuneration after adjusting refund of excess remuneration due to inadequacy of profit (loss).

#### (ii) The percentage increase / decrease in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19:

Name	2017-18	2018-19	(Rs. in Lakhs) Percentage increase / (decrease) in remuneration
<b>Non-Executive Director</b>			
Shri Padam Chand Gupta (ceased w.e.f. January 28, 2019)	4.20	1.30	#
Dr. Manohar Lal Singla	4.00	3.70	(7.50)
Shri Krishan Kumar Khurana	4.40	4.10	(6.82)
Shri Miyar Ramanath Nayak	2.40	2.40	0.00
Shri Suresh Kumar Jain	2.00	2.40	20.00
Smt. Sannovanda Machaiah Swathi	0.00	2.00	@
<b>Executive Director</b>			
Shri Balram Garg	720.00	155.00*	(78.47)
Shri Ramesh Kumar Sharma	150.34	147.52	(1.88)
<b>Chief Financial Officer</b>			
Shri Sanjeev Bhatia	150.34	147.52	(1.88)
<b>Company Secretary</b>			
Shri Vijay Panwar	67.61	66.46	(1.70)

# Not provided as Shri Padam Chand Gupta was holding directorship for part of the financial year.

@ Not provided as Smt. Sannovanda Machaiah Swathi was holding directorship for part of the financial year 2017-18.

\* Net remuneration after adjusting refund of excess remuneration due to inadequacy of profit (loss).

#### (iii) The percentage increase in the median remuneration of employees in the financial year 2018-19: 16.10%

#### (iv) The number of permanent employees on the rolls of company as on March 31, 2019: 2,026

#### (v) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last

**financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

(Rs. in Lakhs)

Particulars	2017-18	2018-19	% increase/ (decrease)
Average salaries of all employees other than Key Managerial Personnel	2.53	2.86	13.04
Key Managerial Personnel			
- Salary of Managing Director	720.00	155.00*	(78.47)
- Salary of Chief Financial Officer	150.34	147.52	(1.88)
- Salary of Company Secretary	67.61	66.46	(1.70)

\* Net remuneration after adjusting refund of excess remuneration due to inadequacy of profit (loss).

**Affirmation:**

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Remuneration Policy of the Company.

**(B) STATEMENT AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**(i) Top 10 employees in terms of remuneration drawn as well as the employees employed throughout the financial year and in receipt of remuneration aggregating not less than Rs.102 lakhs per annum:**

Particulars	Name				
	Shri Balram Garg (1)	Shri Ramesh Kumar Sharma (2)	Shri Sanjeev Bhatia (3)	Shri Raja Ram Sugla (4)	Shri Kuldeep Singh (5)
<b>Designation</b>	Managing Director	Executive Director & COO	Chief Financial Officer	President (Accounts & Taxation)	President (Accounts & Audit)
<b>Remuneration received</b>	Rs.155.00 lakhs*	Rs.147.52 lakhs	Rs.147.52 lakhs	Rs.141.26 lakhs	Rs.141.26 lakhs
<b>Nature of employment</b>	As per Members' Resolution	As per Members' Resolution	Permanent Employee	Permanent Employee	Permanent Employee
<b>Qualification</b>	B.Com.	Certified Associate of Indian Institute of Bankers, M.Com., B.Com.	Certified Associate of Indian Institute of Bankers, M.B.A., M.A., B.A.	Chartered Accountant, B.Com.	Chartered Accountant, B.Sc.
<b>Experience (in years)</b>	30	41	33	19	13
<b>Date of commencement of employment</b>	April 16, 2005	April 1, 2007	August 1, 2008	April 1, 2006	October 1, 2008
<b>Age (in years)</b>	49	61	57	43	41
<b>Previous employment</b>	None	State Bank of Bikaner & Jaipur	State Bank of India	Private Consultant	Private Consultant
<b>Percentage of Equity Shares held (%)</b>	33.94	0.02	0.02	0.01	0.01
<b>Relative Director</b>	Shri Padam Chand Gupta (Brother) (Till January 28, 2019)	None	None	None	None

Particulars	Name		Shri Vijay Panwar	Shri Nikhilesh Govil	Shri Vivek Jain	Smt. Sheiba Anand	Shri Nitin Gupta
	(6)	(7)	(8)	(9)	(10)		
<b>Designation</b>	Company Secretary	President (Online & New Initiatives)	Chief Technical Officer	President (Retail Operations)	President (Manufacturing)		
<b>Remuneration received</b>	Rs.66.46 lakhs	Rs.48.64 lakhs	Rs.45.75 lakhs	Rs.44.41 lakhs	Rs.42.25 lakhs		
<b>Nature of employment</b>	Permanent Employee	Permanent Employee	Permanent Employee	Permanent Employee	Permanent Employee		
<b>Qualification</b>	Company Secretary, M.B.A., LL.B. & B.Sc.	M.B.A. & B.E.	Chartered Accountant	B.A. & B.H.M.	B.Com.		
<b>Experience (in years)</b>	14	13	28	23	9		
<b>Date of commencement of employment</b>	January 21, 2008	November 7, 2015	February 1, 2018	April 1, 2015	July 1, 2010		
<b>Age (in years)</b>	44	37	53	48	40		
<b>Previous employment</b>	Mast Mobile Media Private Limited	Kotak Mahindra Capital Company Limited	Independent Consultant	Genesis Colors	None		
<b>Percentage of Equity Shares held (%)</b>	0.01	0.00	0.00	0.00	0.00		
<b>Relative Director</b>	None	None	None	None	None		Shri Padam Chand Gupta (Father) (Till January 28, 2019)

\* Net remuneration after adjusting refund of excess remuneration due to inadequacy of profit (loss).

- (ii) **Employed for part of the year and in receipt of remuneration aggregating not less than Rs.8.50 lakhs or more per month:**  
None
- (iii) **Employed throughout the financial year or part thereof, and was in receipt of remuneration in the year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company:** Not Applicable



## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

The Policy lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community, in the local area and around areas of operations of the Company including other parts of the Country. CSR programs or projects to be undertaken by the Company in terms of the Policy, shall relate to one or more activities listed in Schedule VII of the Companies Act, 2013, as amended from time to time. Corporate Social Responsibility Policy is available on the website of the Company and can be accessed through the link [https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ\\_CSR%20Policy.pdf](https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ_CSR%20Policy.pdf).

### 2. Composition of CSR Committee:

- i) Dr. Manohar Lal Singla, Independent Director (Chairman)
- ii) Shri Krishan Kumar Khurana, Independent Director (Member)
- iii) Shri Ramesh Kumar Sharma, Executive Director (Member)

### 3. Average net profit of the Company for last three financial years: Rs.623.60 crores

### 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs.12.47 crores

### 5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year: Rs.12.47 crores
- b) Amount unspent, if any: Rs.9.47 crores
- c) Manner in which the amount spent during the financial year is detailed below:

(Rs. in crores)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Construction of University Building	Clause (i) of Schedule VII: Promoting Education	Sonipat (Haryana)	3.00	3.00	3.00	Through implementing agency: H. R. Education & Charitable Foundation
	<b>Total</b>			3.00	3.00	3.00	

### 6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

Financial year 2018-19 has been a year of challenges, transformation and consolidation for the Company as well as for the Indian Jewellery industry. The Company also witnessed weaker market sentiments; shrinking credit facilities; higher finance cost etc. Hence, the Company could only spent Rs.3 crores out of the total amount required to be spent towards the CSR activities during the year. Additionally, the Company has also made contributions aggregating to Rs.1.03 crores towards other charitable activities, which are not covered under CSR expenditure.

The Indian Jewellery industry is passing through a challenging phase. Despite all the adversities and challenges, the Company is determined to build its CSR capabilities on a viable basis and is committed to gradually increase its CSR contribution in the coming years. The CSR spending is guided by the vision of creating long-term benefits to the society. The Company is committed to increase its efforts to achieve mandatory CSR expenditure requirements in near future.

### 7. Responsibility Statement:

The implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-  
(BALRAM GARG)

**Managing Director**

Sd/-  
(MANOHAR LAL SINGLA)

**Chairman CSR Committee**

## DIVIDEND DISTRIBUTION POLICY

### 1) PREFACE

The Securities Exchange Board of India (**SEBI**) vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 dated July 8, 2016 has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

PC Jeweller Limited (the "**Company**") being one of the top five hundred listed companies based on the aforesaid criteria, has approved and adopted this Dividend Distribution Policy (the "**Policy**") at its Board meeting held on November 23, 2016, being the effective date of the Policy.

### 2) OBJECTIVE

The objective of the Policy is to broadly specify the circumstances under which the shareholders of the Company may or may not expect dividend, the external and internal factors including financial parameters that shall be considered while declaring dividend and how the retained earnings shall be utilized etc.

### 3) DEFINITIONS

- 3.1) "**Act**" means the Companies Act, 2013 and Rules made thereunder, as amended from time to time.
- 3.2) "**Board**" means Board of Directors of the Company.
- 3.3) "**Company**" means PC Jeweller Limited.
- 3.4) "**Dividend**" includes any interim dividend.
- 3.5) "**Policy**" means Dividend Distribution Policy.
- 3.6) "**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by The Securities and Exchange Board of India and as amended from time to time.

### 4) CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned in heading 5 of this Policy) and declare Dividend in any financial year.

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i) Future expansion plans requiring higher capital allocation;
- ii) Requirement of higher working capital for the purpose of business of the Company;
- iii) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc., which requires significant capital outflow;
- iv) Lenders restricting the Company from payment of dividend;
- v) In the event of loss or inadequacy of profit.

## 5) FINANCIAL PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

- i) The Company's liquidity position and future cash flow needs;
- ii) Profits earned during the year;
- iii) Profits available for distribution;
- iv) Working Capital requirements;
- v) Capital expenditure requirements considering the expansion and acquisition opportunities;
- vi) Business expansion and growth;
- vii) Likelihood of crystallization of contingent liabilities, if any;
- viii) Investment in subsidiaries and associates of the Company;
- ix) Cost of borrowing;
- x) Stipulations/Covenants of loan agreements;
- xi) Past dividend payout ratio / trends;
- xii) Dividend pay-out ratio of comparable companies;
- xiii) Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

## 6) UTILIZATION OF THE RETAINED EARNING

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. Subject to applicable provisions, the Company's retained earnings will be applied for:

- i) Funding inorganic and organic growth needs including working capital, capital expenditure etc.;
- ii) repayment of debt;
- iii) Market expansion plan;
- iv) Increase in production capacity;
- v) Payment of Dividend in future years;
- vi) Any other permissible purpose as the Board may deem fit from time to time.

## 7) MANNER OF DIVIDEND PAYOUT

The Company may pay dividend annually, as and when recommended by the Board and approved by the shareholders at the Annual General Meeting of the Company.

The Board may also declare interim dividend(s) as and when they consider it fit.

## 8) PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

### i) EQUITY SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all the shareholders of the Company are entitled to receive the same amount of dividend per share.

### ii) PREFERENCE SHARES

Declaration of dividend on preference shares, shall be as per the terms of issue approved by the shareholders.

## 9) DISCLOSURES

The Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.pcjeweller.com](http://www.pcjeweller.com).

## 10) SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / Act or any other statutory enactments, rules, the provisions of Listing Regulations / Act or statutory enactments, rules shall prevail over the Policy.

## 11) AMENDMENT

The Board may review / amend this Policy, as and when necessary, subject however to the provisions of the Act and the Listing Regulations.

**Form No. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

<b>1</b>	<b>CIN</b>	L36911DL2005PLC134929
<b>2</b>	<b>Registration Date</b>	April 13, 2005
<b>3</b>	<b>Name of the company</b>	PC Jeweller Limited
<b>4</b>	<b>Category / Sub-Category of the company</b>	Limited by shares / Non-Government Company
<b>5</b>	<b>Address of the registered office and contact details</b>	C - 54, Preet Vihar, Vikas Marg, Delhi - 110092 Tel: 011 - 49714971, Fax: 011 - 49714972 E-mail: info@pcjeweller.com
<b>6</b>	<b>Whether listed company (Yes / No)</b>	Yes (Listed on BSE Limited and National Stock Exchange of India Limited)
<b>7</b>	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 (Telangana) Tel: 040 - 67161606, Fax: 040 - 23001153 E-mail: einward.ris@karvy.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company:

<b>Sl. No.</b>	<b>Name and description of main products / services</b>	<b>NIC Code of the product / service</b>	<b>% to total turnover of the company</b>
1	Jewellery	3211 (As per NIC-2008)	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>S. No.</b>	<b>Name and address of the Company</b>	<b>CIN/GLN/Regn. No.</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
1	<b>PC Universal Private Limited</b> T-302, Raj Kamal Sadan, Plot No. 14, Preet Vihar Community Centre, Delhi - 110092	U36912DL2013PTC248867	Subsidiary	100	2(87)
2	<b>Transforming Retail Private Limited</b> 2716, First Floor, Bank Street, Karol Bagh, Delhi - 110005	U52100DL2014PTC271871	Subsidiary	100	2(87)
3	<b>Luxury Products Trendsetter Private Limited</b> 2716, Ground Floor, Bank Street, Karol Bagh, Delhi - 110005	U52393DL2015PTC288371	Subsidiary	100	2(87)
4	<b>PC Jeweller Global DMCC</b> Unit No. 2108, Platinum Tower, Plot No. JLT-PH1-I2, Jumeirah Lakes Towers, Dubai (UAE)	DMCC60642	Subsidiary	100	2(87)
5	<b>Comercializadora Internacional PC Jeweller International S.A.S.</b> CR 9 No. 80 - 15 of 202 - 203 of the City of Bogota D.C.	02795757	Stepdown Subsidiary	100	2(87)

The Company does not have any holding or associate companies.



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### A. Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters &amp; Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/HUF	237570300	0	237570300	60.24	227270300	0	227270300	57.59	(2.65)
b) Central Govt.	0	0	0	0	0	0	0	0	0.00
c) State Govt.(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0.00
f) Any Other....	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A)(1)</b>	<b>237570300</b>	<b>0</b>	<b>237570300</b>	<b>60.24</b>	<b>227270300</b>	<b>0</b>	<b>227270300</b>	<b>57.59</b>	<b>(2.65)</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0.00
b) Other – Individuals	0	0	0	0	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
d) Banks / FI	0	0	0	0	0	0	0	0	0.00
e) Any Other....	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total shareholding of Promoters &amp; Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>237570300</b>	<b>0</b>	<b>237570300</b>	<b>60.24</b>	<b>227270300</b>	<b>0</b>	<b>227270300</b>	<b>57.59</b>	<b>(2.65)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2217000	0	2217000	0.56	92	0	92	0.00	(0.56)
b) Banks / FI	8077749	0	8077749	2.05	7791371	0	7791371	1.97	(0.08)
c) Central Govt	0	0	0	0	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs	123116094	0	123116094	31.22	60965502	0	60965502	15.45	(15.77)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (B)(1)</b>	<b>133410843</b>	<b>0</b>	<b>133410843</b>	<b>33.83</b>	<b>68756965</b>	<b>0</b>	<b>68756965</b>	<b>17.42</b>	<b>(16.41)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	7845101	0	7845101	1.99	17666852	0	17666852	4.48	2.49
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8656603	1852	8658455	2.20	56932018	1487	56933505	14.43	12.23
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	4910198	0	4910198	1.25	18195580	0	18195580	4.61	3.36
c) Others									
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0.00
Non Resident Indians	502453	0	502453	0.13	3396200	0	3396200	0.86	0.73
Clearing Members	1439492	0	1439492	0.37	2407442	0	2407442	0.61	0.24
Trusts	720	0	720	0	0	0	0	0	0.00
NBFC	17638	0	17638	0	21143	0	21143	0.01	0.01
<b>Sub-total (B)(2)</b>	<b>23372205</b>	<b>1852</b>	<b>23374057</b>	<b>5.93</b>	<b>98619235</b>	<b>1487</b>	<b>98620722</b>	<b>24.99</b>	<b>19.06</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>156783048</b>	<b>1852</b>	<b>156784900</b>	<b>39.76</b>	<b>167376200</b>	<b>1487</b>	<b>167377687</b>	<b>42.41</b>	<b>2.65</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>394353348</b>	<b>1852</b>	<b>394355200</b>	<b>100.00</b>	<b>394646500</b>	<b>1487</b>	<b>394647987</b>	<b>100.00</b>	<b>0.00</b>

**B. Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares pledged / encumbered to total shares	
1	Shri Balram Garg <sup>#</sup>	133952100	33.97	0.00	133952100	33.94	0.00	(0.03)
2	Shri Padam Chand Gupta <sup>*</sup>	100743600	25.55	0.00	0	0.00	0.00	(25.55)
	<b>Total</b>	<b>234695700</b>	<b>59.52</b>	<b>0.00</b>	<b>133952100</b>	<b>33.94</b>	<b>0.00</b>	<b>(25.58)</b>

# % Change in shareholding of Shri Balram Garg is due to increase in paid-up share capital.

\* Shri Padam Chand Gupta ceased to be Promoter due to death on January 28, 2019 and at the end of the year Shri Sachin Gupta (Promoter Group) was holding the shares of Shri Padam Chand Gupta as the nominee of his demat account.

**C. Change in Promoters' Shareholding**

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Shri Balram Garg</b>				
	At the beginning of the year	133952100	33.97		
	Increase / (Decrease) in Shareholding during the year	0	0.00	0	0.00
	At the end of the year			133952100	33.94
<b>2</b>	<b>Shri Padam Chand Gupta</b>				
	At the beginning of the year	100743600	25.55		
	Increase / (Decrease) in Shareholding during the year				
	02/04/2018 – Transfer <sup>*</sup>	(1500000)	(0.38)	99243600	25.17
	06/04/2018 – Transfer <sup>*</sup>	(1800000)	(0.46)	97443600	24.71
	10/04/2018 – Transfer <sup>*</sup>	(1800000)	(0.46)	95643600	24.25
	13/04/2018 – Transfer <sup>*</sup>	(1600000)	(0.41)	94043600	23.85
	17/04/2018 – Transfer <sup>*</sup>	(1800000)	(0.46)	92243600	23.39
	20/04/2018 – Transfer <sup>*</sup>	(1800000)	(0.46)	90443600	22.93
	At the end of the year (28/01/2019 <sup>#</sup> )			90443600	22.92

\*Gift as per disclosure received from Shri Padam Chand Gupta under SEBI (Prohibition of Insider Trading) Regulations, 2015.

# Shri Padam Chand Gupta ceased to be Promoter due to death on January 28, 2019.

**D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)**

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>SACHIN GUPTA</b>				
	At the beginning of the year	0	0.00		
	Increase/(Decrease) in shareholding during the year				
	08/02/2019 – Purchase <sup>*</sup>	90443600	22.92	90443600	22.92
	At the end of the year			90443600	22.92

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>2</b>	<b>IDRIA LIMITED</b>				
	At the beginning of the year	18151436	4.60		
	Increase/(Decrease) in shareholding during the year	0	0.00	0	0.00
	At the end of the year			18151436	4.60
<b>3</b>	<b>KARVY STOCK BROKING LTD</b>				
	At the beginning of the year	166958	0.04		
	Increase/(Decrease) in shareholding during the year				
	06/04/2018 - Purchase	81572	0.02	248530	0.06
	13/04/2018 - Purchase	51726	0.01	300256	0.08
	20/04/2018 - Purchase	59935	0.02	360191	0.09
	27/04/2018 - Purchase	118158	0.03	478349	0.12
	04/05/2018 - Purchase	2106285	0.53	2584634	0.66
	11/05/2018 – Transfer	(1151416)	(0.29)	1433218	0.36
	18/05/2018 - Purchase	1007596	0.26	2440814	0.62
	25/05/2018 – Transfer	(544815)	(0.14)	1895999	0.48
	01/06/2018 - Purchase	1180425	0.30	3076424	0.78
	08/06/2018 - Purchase	984862	0.25	4061286	1.03
	15/06/2018 – Transfer	(849709)	(0.22)	3211577	0.81
	22/06/2018 - Purchase	557241	0.14	3768818	0.96
	29/06/2018 – Transfer	(231079)	(0.06)	3537739	0.90
	30/06/2018 - Purchase	26702	0.01	3564441	0.90
	06/07/2018 - Purchase	12159	0.00	3576600	0.91
	13/07/2018 - Purchase	905359	0.23	4481959	1.14
	20/07/2018 – Transfer	(285852)	(0.07)	4196107	1.06
	27/07/2018 - Purchase	469290	0.12	4665397	1.18
	03/08/2018 – Transfer	(84368)	(0.02)	4581029	1.16
	10/08/2018 – Transfer	(378438)	(0.10)	4202591	1.06
	17/08/2018 – Transfer	(416381)	(0.11)	3786210	0.96
	24/08/2018 - Purchase	455513	0.12	4241723	1.07
	31/08/2018 - Purchase	1433791	0.36	5675514	1.44
	07/09/2018 - Purchase	97357	0.02	5772871	1.46
	14/09/2018 - Purchase	73446	0.02	5846317	1.48
	21/09/2018 - Purchase	38012	0.01	5884329	1.49
	28/09/2018 - Purchase	23433	0.01	5907762	1.50
	29/09/2018 – Transfer	(10)	(0.00)	5907752	1.50
	05/10/2018 - Purchase	82735	0.02	5990487	1.52
	12/10/2018 – Transfer	(51024)	(0.01)	5939463	1.51
	19/10/2018 – Transfer	(20022)	(0.01)	5919441	1.50
	26/10/2018 - Purchase	235083	0.06	6154524	1.56
	02/11/2018 – Transfer	(323469)	(0.08)	5831055	1.48
	09/11/2018 – Transfer	(180326)	(0.05)	5650729	1.43
	16/11/2018 - Purchase	291964	0.07	5942693	1.51
	23/11/2018 - Purchase	222372	0.06	6165065	1.56
	30/11/2018 - Purchase	64443	0.02	6229508	1.58
	07/12/2018 – Transfer	(71118)	(0.02)	6158390	1.56
	14/12/2018 – Transfer	(60012)	(0.02)	6098378	1.55
	21/12/2018 – Transfer	(144114)	(0.04)	5954264	1.51
	28/12/2018 - Purchase	113312	0.03	6067576	1.54
	31/12/2018 – Transfer	(195809)	(0.05)	5871767	1.49
	04/01/2019 - Purchase	31466	0.01	5903233	1.50

SI. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	11/01/2019 - Purchase	9416	0.00	5912649	1.50
	18/01/2019 – Transfer	(19745)	(0.01)	5892904	1.49
	25/01/2019 - Purchase	44564	0.01	5937468	1.50
	01/02/2019 - Purchase	26037	0.01	5963505	1.51
	08/02/2019 - Purchase	17300	0.00	5980805	1.52
	15/02/2019 – Transfer	(35314)	(0.01)	5945491	1.51
	22/02/2019 – Transfer	(1719)	0.00	5943772	1.51
	01/03/2019 - Purchase	523100	0.13	6466872	1.64
	08/03/2019 – Transfer	(781780)	(0.20)	5685092	1.44
	15/03/2019 - Purchase	93383	0.02	5778475	1.46
	22/03/2019 - Purchase	901937	0.23	6680412	1.69
	29/03/2019 - Purchase	510682	0.13	7191094	1.82
	At the end of the year			7191094	1.82
<b>4</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	7604468	1.93		
	Increase/(Decrease) in shareholding during the year				
	06/04/2018 – Transfer	(424688)	(0.11)	7179780	1.82
	13/04/2018 – Transfer	(203274)	(0.05)	6976506	1.77
	20/04/2018 – Transfer	(24844)	(0.01)	6951662	1.76
	At the end of the year			6951662	1.76
<b>5</b>	<b>MATTHEWS EMERGING ASIA FUND</b>				
	At the beginning of the year	2519017	0.64		
	Increase/(Decrease) in shareholding during the year				
	29/06/2018 – Purchase	575862	0.15	3094879	0.78
	21/12/2018 – Purchase	3094656	0.78	6189535	1.57
	At the end of the year			6189535	1.57
<b>6</b>	<b>MATTHEWS ASIA GROWTH FUND</b>				
	At the beginning of the year	3698554	0.94		
	Increase/(Decrease) in shareholding during the year	0	0.00	0	0.00
	At the end of the year			3698554	0.94
<b>7</b>	<b>TOUCHSTONE STRATEGIC TRUST - TOUCHSTONE INTERNATIONAL EQUITY FUND</b>				
	At the beginning of the year	1260000	0.32		
	Increase/(Decrease) in shareholding during the year				
	25/05/2018 – Purchase	310000	0.08	1570000	0.40
	15/06/2018 – Purchase	97326	0.02	1667326	0.42
	22/06/2018 – Purchase	10660	0.00	1677986	0.43
	29/06/2018 – Purchase	67014	0.02	1745000	0.44
	20/07/2018 – Purchase	185000	0.05	1930000	0.49
	10/08/2018 – Purchase	270000	0.07	2200000	0.56
	31/08/2018 – Purchase	400000	0.10	2600000	0.66
	At the end of the year			2600000	0.66
<b>8</b>	<b>THE WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MULTIPLE COLLECTIVE INVESTMENT FUNDSTRUST, OPPORTUNISTIC EQUITY PORTFOLIO</b>				
	At the beginning of the year	1491892	0.38		

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase/(Decrease) in shareholding during the year				
	06/04/2018 – Purchase	28850	0.01	1520742	0.39
	04/05/2018 – Purchase	358555	0.09	1879297	0.48
	11/05/2018 – Purchase	471635	0.12	2350932	0.60
	06/07/2018 – Purchase	49858	0.01	2400790	0.61
	05/10/2018 – Purchase	4900	0.00	2405690	0.61
	At the end of the year			2405690	0.61
<b>9</b>	<b>DIMENSIONAL EMERGING MARKETS VALUE FUND</b>				
	At the beginning of the year	1220290	0.31		
	Increase/(Decrease) in shareholding during the year				
	01/02/2019 – Purchase	1123264	0.28	2343554	0.59
	01/03/2019 – Purchase	53785	0.01	2397339	0.61
	At the end of the year			2397339	0.61
<b>10</b>	<b>VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS</b>				
	At the beginning of the year	2233153	0.57		
	Increase/(Decrease) in shareholding during the year				
	04/05/2018 – Transfer	(5060)	(0.00)	2228093	0.56
	11/05/2018 – Transfer	(4807)	(0.00)	2223286	0.56
	01/06/2018 – Transfer	(3795)	(0.00)	2219491	0.56
	At the end of the year			2219491	0.56

\* Received shares as the nominee of demat account of Late Shri Padam Chand Gupta consequent upon his death.

**Notes:** **1)** Top ten shareholders of the Company as on March 31, 2019 have been considered for the aforesaid disclosure. **2)** In case of joint shareholders, name of only first shareholder is mentioned. **3)** Purchase / Transfer details are taken on the basis of weekly Benpos.

#### E. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Shri Balram Garg</b> (Managing Director)				
	At the beginning of the year	133952100	33.97		
	Increase / (Decrease) in Shareholding during the year	0	0.00	0	0.00
	At the end of the year			133952100	33.94
<b>2</b>	<b>Shri Padam Chand Gupta</b> (Non-Executive Director)				
	At the beginning of the year	100743600	25.55		
	Increase / (Decrease) in Shareholding during the year				
	02/04/2018 – Transfer	(1500000)	(0.38)	99243600	25.17
	06/04/2018 – Transfer	(1800000)	(0.46)	97443600	24.71
	10/04/2018 – Transfer	(1800000)	(0.46)	95643600	24.25
	13/04/2018 – Transfer	(1600000)	(0.41)	94043600	23.85
	17/04/2018 – Transfer	(1800000)	(0.46)	92243600	23.39



Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	20/04/2018 – Transfer	(1800000)	(0.46)	90443600	22.93
	At the end of the year (28/01/2019#)			90443600	22.92
<b>3</b>	<b>Shri Ramesh Kumar Sharma</b> (Executive Director)				
	At the beginning of the year	40700	0.01		
	Increase / (Decrease) in Shareholding during the year				
	10/04/2018 – Transfer	(500)	(0.00)	40200	0.01
	11/04/2018 – Transfer	(750)	(0.00)	39450	0.01
	25/05/2018* – Purchase (Allotment under ESOP 2011)	26400	0.01	65850	0.02
	10/08/2018* – Purchase (Allotment under ESOP 2011)	36975	0.01	102825	0.03
	03/09/2018 – Transfer	(1500)	(0.00)	101325	0.03
	27/12/2018 – Transfer	(5000)	(0.00)	96325	0.02
	28/12/2018 – Transfer	(6000)	(0.00)	90325	0.02
	31/12/2018 – Transfer	(400)	(0.00)	89925	0.02
	14/02/2019 – Transfer	(5000)	(0.00)	84925	0.02
	21/02/2019 – Transfer	(2000)	(0.00)	82925	0.02
	27/02/2019 – Transfer	(2000)	(0.00)	80925	0.02
	05/03/2019 – Transfer	(4000)	(0.00)	76925	0.02
	07/03/2019 – Transfer	(600)	(0.00)	76325	0.02
	At the end of the year			76325	0.02
<b>4</b>	<b>Shri Krishan Kumar Khurana</b> (Non-Executive Director)				
	At the beginning of the year	0	0.00		
	Increase / (Decrease) in Shareholding during the year	0	0.00	0	0.00
	At the end of the year			0	0.00
<b>5</b>	<b>Dr. Manohar Lal Singla</b> (Non-Executive Director)				
	At the beginning of the year	0	0.00		
	Increase / (Decrease) in Shareholding during the year	0	0.00	0	0.00
	At the end of the year			0	0.00
<b>6</b>	<b>Shri Miyar Ramanath Nayak</b> (Non-Executive Director)				
	At the beginning of the year	0	0.00		
	Increase / (Decrease) in Shareholding during the year	0	0.00	0	0.00
	At the end of the year			0	0.00
<b>7</b>	<b>Shri Suresh Kumar Jain</b> (Non-Executive Director)				
	At the beginning of the year	0	0.00		
	Increase / (Decrease) in Shareholding during the year	0	0.00	0	0.00
	At the end of the year			0	0.00
<b>8</b>	<b>Smt. Sannovanda Machaiah Swathi</b> (Non-Executive Director)				
	At the beginning of the year	0	0.00		
	Increase / (Decrease) in Shareholding during the year	0	0.00	0	0.00
	At the end of the year			0	0.00

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>9</b>	<b>Shri Sanjeev Bhatia</b> (Chief Financial Officer)				
	At the beginning of the year	37310	0.01		
	Increase / (Decrease) in Shareholding during the year				
	05/04/2018 – Transfer	(1000)	(0.00)	36310	0.01
	09/04/2018 – Transfer	(1000)	(0.00)	35310	0.01
	10/04/2018 – Transfer	(1000)	(0.00)	34310	0.01
	25/05/2018* – Purchase (Allotment under ESOP 2011)	26400	0.01	60710	0.02
	10/08/2018* – Purchase (Allotment under ESOP 2011)	36975	0.01	97685	0.02
	18/09/2018 – Transfer	(1685)	(0.00)	96000	0.02
	18/12/2018 – Transfer	(5000)	(0.00)	91000	0.02
	27/12/2018 – Transfer	(6000)	(0.00)	85000	0.02
	12/02/2019 – Transfer	(5000)	(0.00)	80000	0.02
	20/02/2019 – Transfer	(6000)	(0.00)	74000	0.02
	27/02/2019 – Transfer	(2000)	(0.00)	72000	0.02
	05/03/2019 – Transfer	(1200)	(0.00)	70800	0.02
	At the end of the year			70800	0.02
<b>10</b>	<b>Shri Vijay Panwar</b> (Company Secretary)				
	At the beginning of the year	13000	0.00		
	Increase / (Decrease) in Shareholding during the year				
	25/05/2018* – Purchase (Allotment under ESOP 2011)	9000	0.00	22000	0.01
	10/08/2018* – Purchase (Allotment under ESOP 2011)	12605	0.00	34605	0.01
	27/12/2018 – Transfer	(200)	(0.00)	34405	0.01
	28/12/2018 – Transfer	(200)	(0.00)	34205	0.01
	31/12/2018 – Transfer	(100)	(0.00)	34105	0.01
	21/02/2019 – Transfer	(400)	(0.00)	33705	0.01
	22/02/2019 – Transfer	(300)	(0.00)	33405	0.01
	27/02/2019 – Transfer	(700)	(0.00)	32705	0.01
	01/03/2019 – Transfer	(200)	(0.00)	32505	0.01
	05/03/2019 – Transfer	(600)	(0.00)	31905	0.01
	06/03/2019 – Transfer	(100)	(0.00)	31805	0.01
	07/03/2019 – Transfer	(100)	(0.00)	31705	0.01
	11/03/2019 – Transfer	(200)	(0.00)	31505	0.01
	19/03/2019 – Transfer	(314)	(0.00)	31191	0.01
	20/03/2019 – Transfer	(700)	(0.00)	30491	0.01
	22/03/2019 – Transfer	(400)	(0.00)	30091	0.01
	At the end of the year			30091	0.01

# Date of Cessation as a Director due to death.

\* Date of allotment of shares.

**Note:** % of total shares of the Company in the tables under headings C, D and E of Point IV are calculated on the basis of paid – up equity share capital of the Company as on the respective date.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1102.40	13.37	140.68	1256.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.20	-	-	3.20
<b>Total (i+ii+iii)</b>	<b>1105.60</b>	<b>13.37</b>	<b>140.68</b>	<b>1259.65</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	1017.94	0.00	196.87	1214.81
• Reduction	0.00	13.37	195.70	209.07
<b>Net Change</b>	<b>1017.94</b>	<b>(13.37)</b>	<b>1.17</b>	<b>1005.74</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2120.51	0.00	141.85	2262.36
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	3.03	0.00	0.00	3.03
<b>Total (i+ii+iii)</b>	<b>2123.54</b>	<b>0.00</b>	<b>141.85</b>	<b>2265.39</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager**

(Rs. in lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Shri Balram Garg	Shri Ramesh Kumar Sharma	
<b>1</b>	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	155.00*	72.95	227.95
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
<b>2</b>	Stock Option	-	74.57	74.57
<b>3</b>	Sweat Equity	-	-	-
<b>4</b>	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
<b>5</b>	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>155.00*</b>	<b>147.52</b>	<b>302.52</b>
	Ceiling as per the Act <sup>@</sup>	<b>155.00</b>	<b>155.00</b>	<b>310.00</b>

\* In view of inadequate profits (loss) at the end of the year, Shri Balram Garg refunded the excess remuneration to the Company after end of the year. Hence, net remuneration paid to him after adjusting refund of excess remuneration is Rs.155.00 lakhs as per Schedule V of the Companies Act, 2013.

@ The ceiling limits are based on effective capital as per Schedule V of the Companies Act, 2013.

**B. Remuneration to other Directors**

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri Padam Chand Gupta*	Mrs. Sannovanda Machaiah Swathi	Shri Krishan Kumar Khurana	Dr. Manohar Lal Singla	Shri Miyar Ramanath Nayak	Shri Suresh Kumar Jain	
<b>1</b>	<b>Independent Directors</b>	N.A.						
	• Fee for attending board / committee meetings	-	2.00	4.10	3.70	2.40	2.40	14.60
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	<b>2.00</b>	<b>4.10</b>	<b>3.70</b>	<b>2.40</b>	<b>2.40</b>	<b>14.60</b>
<b>2</b>	<b>Other Non-Executive Directors</b>		N.A.	N.A.	N.A.	N.A.	N.A.	
	• Fee for attending board / committee meetings	1.30	-	-	-	-	-	1.30
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>1.30</b>	-	-	-	-	-	<b>1.30</b>
	<b>Total (B)=(1+2)</b>	<b>1.30</b>	<b>2.00</b>	<b>4.10</b>	<b>3.70</b>	<b>2.40</b>	<b>2.40</b>	<b>15.90</b>
	Ceiling as per the Act							<b>N.A.</b>
	<b>Total Managerial Remuneration (A+B)</b>							<b>318.42</b>
	Overall Ceiling as per the Act	The ceiling limits for MD and WTD mentioned in (A) above are based on effective capital as per Schedule V of the Companies Act, 2013.						

\* Cessation w.e.f. January 28, 2019.

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(Rs. in lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS Shri Vijay Panwar	CFO Shri Sanjeev Bhatia	
<b>1</b>	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		41.23	72.95	114.18
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	-	-
<b>2</b>	Stock Option		25.23	74.57	99.80
<b>3</b>	Sweat Equity		-	-	-
<b>4</b>	Commission				
	- as % of		-	-	-
	- others, specify...		-	-	-
<b>5</b>	Others, please specify		-	-	-
	<b>Total</b>		<b>66.46</b>	<b>147.52</b>	<b>213.98</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

No penalties / punishment / compounding of offences were levied under the Companies Act, 2013 against the Company or its Directors or Officers in Default, if any, during the year.

# REPORT ON CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on corporate governance envisages attainment of the highest level of transparency, accountability and equity in all facets of the operations and in its interactions with the stakeholders. The Company strongly believes that sound corporate governance practices go a long way in retaining investors' trust and confidence as well as sustaining the interest of all the stakeholders. The Company has always strived to adopt best corporate governance practices. The Company is committed to the adoption of, adherence to and maintaining the highest ethical standards and sound corporate governance practices at all times.

## BOARD OF DIRECTORS

### I) COMPOSITION

The Board of Directors ("**Board**") of the Company has an optimum combination of Executive and Non-Executive Directors and not less than fifty percent of the Board comprises of Non-Executive Directors. As on March 31, 2019 the Board comprises of seven Directors (two Executive and five Non-Executive Directors including one Woman Director). Independent Directors constitute more than 71% of the Board's strength i.e. more than the requirements of the Companies Act, 2013 (the "**Act**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"). The composition of the Board as on March 31, 2019 and category of the Directors are as under:

Sr. No.	Name	Category
1	Shri Balram Garg	Managing Director (Promoter)
2	Shri Ramesh Kumar Sharma	Executive Director
3	Dr. Manohar Lal Singla	Non – Executive Independent Director
4	Shri Krishan Kumar Khurana	Non – Executive Independent Director
5	Shri Miyar Ramanath Nayak	Non – Executive Independent Director
6	Shri Suresh Kumar Jain	Non – Executive Independent Director
7	Mrs. Sannovanda Machaiah Swathi	Non – Executive Independent Director

All the Directors are individuals of integrity and possess relevant expertise and experience and none of the aforesaid Directors are related to each other.

### II) INDEPENDENT DIRECTORS

The Company has received disclosures from all the Independent Directors that they fulfill the conditions of independence prescribed in the Act as well as LODR Regulations. The Board after assessing their disclosures confirms that all the Independent Directors of the Company fulfill the conditions of independence specified in the Act and LODR Regulations and are independent of the management of the Company.

None of the Independent Directors serve as an Independent Director in more than the maximum permissible limit on number of directorships as an Independent Director and also has not crossed the maximum tenure of Independent Director.

The Independent Directors are made aware of their roles, responsibilities and liabilities at the time of appointment through a formal letter of appointment which stipulates the terms and conditions of their appointment. The Executive Director(s) and Senior Management Personnel of the Company regularly keep the Independent Directors updated about the Company, its business model, operations and the industry etc. The details of Familiarisation Programmes imparted to the Independent Directors during the year are placed on the Company's website and can be accessed through the link [https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/Familiarization\\_Programmes\\_during-FY-2018-19.pdf](https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/Familiarization_Programmes_during-FY-2018-19.pdf)

During the year one meeting of the Independent Directors was held on May 25, 2018 without the attendance of Non-Independent Directors and members of the management. Dr. Manohar Lal Singla, Chaired the meeting and all the Independent Directors attended the meeting.

### III) KEY SKILL MATRIX OF THE BOARD

The Board has identified the following skills / expertise / competencies for effective functioning of the Company which are currently available with the Board:



**Business and Strategy:** Understanding of business dynamics, across various geographical areas and industry verticals. Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions.

**Industry experience and knowledge:** Knowledge and experience in jewellery sector to provide strategic guidance to the management.

**Financial and Risk Management:** Wide-ranging financial skills, accounting and reporting, corporate finance and internal controls, including assessing quality of financial controls, identify the key risks to the Company and monitor the effectiveness of the risk management framework and practices.

**Governance:** Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long term effective stakeholder engagements and driving corporate ethics and values.

#### IV) BOARD MEETINGS, ATTENDANCE, DIRECTORSHIPS AND THE COMMITTEES

During the year seven Board meetings were held on May 10, 2018; May 25, 2018; July 13, 2018; August 10, 2018; August 27, 2018; November 14, 2018 and February 9, 2019. The time gap between any two Board meetings did not exceed 120 days. The Directors were provided all the relevant information and details required for taking informed decisions at the Board meetings.

The details of attendance of the Directors at the Board meetings, last Annual General Meeting (“AGM”) held on September 29, 2018 along with the details of outside directorships, memberships / Chairmanships of Audit Committee and Stakeholders Relationship Committee in Indian public limited companies as well as directorships in other listed companies and category, as on March 31, 2019 are as under:

Name	Number of Board meetings attended	Attendance at last AGM	Number of outside directorships <sup>@</sup>	Number of outside committee memberships / Chairmanships		Directorships in other listed companies and category
				Member	Chairman	
Late Shri Padam Chand Gupta <sup>#</sup>	2 of 6	No		N.A.		
Shri Balram Garg	6 of 7	Yes	3	Nil	Nil	Nil
Shri Ramesh Kumar Sharma	7 of 7	Yes	Nil	Nil	Nil	Nil
Dr. Manohar Lal Singla	7 of 7	Yes	Nil	Nil	Nil	Nil
Shri Krishan Kumar Khurana	7 of 7	Yes	Nil	Nil	Nil	Nil
Shri Miyar Ramanath Nayak	5 of 7	Yes	1	1	Nil	Asian Star Company Limited (Independent Director)
Shri Suresh Kumar Jain	6 of 7	Yes	5	2	Nil	AVG Logistics Limited (Independent Director)
Mrs. Sannovanda Machaiah Swathi	5 of 7	Yes	1	2	Nil	Simplex Castings Limited (Independent Director)

<sup>@</sup> For reckoning the limit of public limited companies, directorships in private companies that are subsidiary of a public company are included but directorships in Section 8 companies are excluded.

<sup>#</sup> Ceased to be the Director w.e.f. January 28, 2019.

None of the Directors of the Company are members of more than ten committees or act as the Chairman of more than five committees across all the companies in which they are Directors. All the Directors have made the disclosures regarding committee positions occupied by them in compliance with Regulation 26 of LODR Regulations.

**V) NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY THE DIRECTORS**

The number of shares and convertible instruments held by the Directors in the Company as on March 31, 2019 are as under:

Name	Number of equity shares	Number of convertible instruments
Shri Balram Garg	13,39,52,100	Nil
Shri Ramesh Kumar Sharma	76,325	Nil
Dr. Manohar Lal Singla	Nil	Nil
Shri Krishan Kumar Khurana	Nil	Nil
Shri Miyar Ramanath Nayak	Nil	Nil
Shri Suresh Kumar Jain	Nil	Nil
Mrs. Sannovanda Machaiah Swathi	Nil	Nil

**VI) REMUNERATION OF THE DIRECTORS**

The Non-Executive Directors are paid sitting fee of Rs.40,000/- for attending each meeting of the Board and Rs.10,000/- for attending each meeting of the Committees of the Board, as approved by the Board and within the limits prescribed under the Act. The Company also pays / reimburses the out-of-pocket expenses incurred by them for attending the meetings. The details of remuneration paid to the Directors during the year are as under:

(Rs. in lakhs)					
Name	Sitting Fee	Salary	Bonus / Ex-gratia	Commission / Pension / ESOP / Performance Linked Incentives	Total
Late Shri Padam Chand Gupta <sup>#</sup>	1.30	Nil	Nil	Nil	1.30
Shri Balram Garg	Nil	155.00*	Nil	Nil	155.00*
Shri Ramesh Kumar Sharma	Nil	67.20	5.75	74.57	147.52
Dr. Manohar Lal Singla	3.70	Nil	Nil	Nil	3.70
Shri Krishan Kumar Khurana	4.10	Nil	Nil	Nil	4.10
Shri Miyar Ramanath Nayak	2.40	Nil	Nil	Nil	2.40
Shri Suresh Kumar Jain	2.40	Nil	Nil	Nil	2.40
Mrs. Sannovanda Machaiah Swathi	2.00	Nil	Nil	Nil	2.00

<sup>#</sup> Ceased to be the Director w.e.f. January 28, 2019.

\* Net remuneration after adjusting refund of excess remuneration due to inadequacy of profit (loss).

During the year 63,375 equity shares were allotted to Shri Ramesh Kumar Sharma upon exercise of an equal number of stock options under PC Jeweller Limited Employee Stock Option Plan 2011. As on March 31, 2019 he also held 72,175 stock options, which can be exercised during a period of 8 years from May 14, 2015. The exercise price per option is Rs.10/- (except for 30,800 bonus options). No stock options were granted to any other Directors.

Except Late Shri Padam Chand Gupta, who in addition to sitting fee has also received Rs.4.05 crore (excluding GST) towards rent and Rs.4.52 crore towards dividend from the Company, none of the Non-Executive Directors has any pecuniary relationship or transactions vis-a-vis the Company during the year. No performance linked incentives are paid to any of the Directors.

The appointments of Managing Director and Executive Director are governed by the resolutions passed by the Board and Members of the Company, which cover the terms and conditions of their appointments, read with the service rules of the Company.

The services of Managing Director and Executive Director may be terminated by either party, by giving the other party three months' notice or paying three months' salary in lieu thereof. There is no separate provision for payment of severance fee under the resolutions governing the appointments of Managing Director and Executive Director.

**VII) CODE OF CONDUCT**

The Board has laid down a Code of Conduct for Directors and Senior Management Personnel of the Company. This Code is placed on the Company's website [www.pcjeweller.com](http://www.pcjeweller.com). All the Directors and Senior Management Personnel of the Company have affirmed compliance with this Code and a declaration to that effect of Shri Balram Garg, Managing Director, is attached to this report as **Annexure - 1**.

## COMMITTEES OF THE BOARD

### I) AUDIT COMMITTEE

#### A) COMPOSITION AND TERMS OF REFERENCE

The Committee comprises of four Directors including three Independent Directors. Dr. Manohar Lal Singla, Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary to the Committee. All members of the Committee are financially literate and having requisite accounting or related financial management expertise. The composition of the Committee and its terms of reference are in compliance with the Act and LODR Regulations.

The role of the Committee, inter-alia, includes oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; recommendation for appointment, remuneration and terms of appointment of auditors of the company; reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval; reviewing, with the management, the quarterly financial statements before submission to the board for approval; approval or any subsequent modification of transactions of the company with related parties; reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; discussion with internal auditors of any significant findings and follow up there on; to review the functioning of the Whistle Blower mechanism; approval of appointment of CFO.

#### B) MEETINGS AND ATTENDANCE

During the year four meetings of the Committee were held on May 25, 2018; August 10, 2018; November 14, 2018 and February 9, 2019. The numbers of meetings attended by the Committee members during the year are as under:

Name	Category	Number of meetings attended
Dr. Manohar Lal Singla	Chairman - Independent Director	4 of 4
Shri Krishan Kumar Khurana	Member - Independent Director	4 of 4
Shri Miyar Ramanath Nayak	Member - Independent Director	4 of 4
Shri Balram Garg	Member - Executive Director	4 of 4

Dr. Manohar Lal Singla, Chairman of the Committee was present at the last AGM of the Company held on September 29, 2018.

### II) NOMINATION AND REMUNERATION COMMITTEE

#### A) COMPOSITION AND TERMS OF REFERENCE

The Company in the Board Meeting held on February 9, 2019 re-constituted the Committee by inducting Shri Suresh Kumar Jain, Independent Director, as a member of the Committee, in view of the sad demise of Shri Padam Chand Gupta, member of the Committee. As on March 31, 2019, the Committee comprises of three Non-Executive Independent Directors and Shri Krishan Kumar Khurana is the Chairman of the Committee. The composition of the Committee and its terms of reference are in compliance with the Act and LODR Regulations.

The terms of reference of the Committee includes identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and independence of a director; recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees; formulation of criteria or specifying the manner for evaluation of performance of the Board, its Committees and Directors and review its implementation and compliance; devising a policy on Board diversity; considering and recommending grant of employees stock options, if any, as well as administration and superintendence of the same; consider extension or continuance of the term of appointment of Independent Director; recommend to the Board, all remuneration, in whatever form, payable to senior management; and carrying out any other functions as the Board may decide from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

**B) MEETINGS AND ATTENDANCE**

During the year two meetings of the Committee were held on May 25, 2018 and August 27, 2018. The numbers of meetings attended by the Committee members during the year are as under:

Name	Category	Number of meetings attended
Shri Krishan Kumar Khurana	Chairman - Independent Director	2 of 2
Dr. Manohar Lal Singla	Member - Independent Director	2 of 2
Late Shri Padam Chand Gupta <sup>#</sup>	Member - Non-Executive Director	1 of 2
Shri Suresh Kumar Jain <sup>*</sup>	Member - Independent Director	0 of 0

<sup>#</sup> Ceased to be Member of the Committee w.e.f. January 28, 2019.

<sup>\*</sup> Nominated as a Member of the Committee w.e.f. February 9, 2019.

Shri Krishan Kumar Khurana, Chairman of the Committee was present at the last AGM of the Company held on September 29, 2018.

**C) PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS**

The Company has in place the Board approved criteria for evaluation of performance of the individual Directors including Independent Directors. The process of performance evaluation is based on evaluation forms, which include a rating mechanism. The criteria for annual performance evaluation of Independent Directors amongst others includes their attendance and contribution at meetings, devotion of time and effort to understand the Company, its business, their duties and responsibilities, impact and influence on the Board / Committees and adherence to the Code of Conduct etc. The evaluation of Directors is done by the entire Board except the Director being evaluated.

**III) STAKEHOLDERS RELATIONSHIP COMMITTEE****A) COMPOSITION AND TERMS OF REFERENCE**

The Company in the Board Meeting held on February 9, 2019 re-constituted the Committee by inducting Shri Ramesh Kumar Sharma, Executive Director & Chief Operating Officer, as a member of the Committee in view of the sad demise of Shri Padam Chand Gupta, Chairman of the Committee. The Board also designated Shri Krishan Kumar Khurana, Independent Director as the Chairman of the Committee. As on March 31, 2019, the Committee comprises of three Directors including one Independent Director. The composition of the Committee and its terms of reference are in compliance with the Act and LODR Regulations.

The terms of reference of the Committee includes considering and resolving the grievances of security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.; review of measures taken for effective exercise of voting rights by shareholders; evaluating performance of the Registrar and Share Transfer Agent; review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent; review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and carrying out any other functions as the Board may decide from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

**B) MEETINGS AND ATTENDANCE**

During the year four meetings of the Committee were held on May 10, 2018; August 10, 2018; November 14, 2018 and February 9, 2019. The numbers of meetings attended by the Committee members during the year are as under:

Name	Category	Number of meetings attended
Late Shri Padam Chand Gupta <sup>*</sup>	Chairman - Non-Executive Director	1 of 3
Shri Krishan Kumar Khurana <sup>#</sup>	Chairman - Independent Director	4 of 4
Shri Balram Garg	Member - Executive Director	4 of 4
Shri Ramesh Kumar Sharma	Member - Executive Director	0 of 0

<sup>\*</sup> Ceased to be the Chairman and Member of the Committee w.e.f. January 28, 2019.

<sup>#</sup> Designated as the Chairman of the Committee w.e.f. February 9, 2019.

Late Shri Padam Chand Gupta, Chairman of the Committee was present at the last AGM of the Company held on September 29, 2018.

#### C) COMPLIANCE OFFICER

Shri Vijay Panwar, Company Secretary of the Company is the Compliance Officer.

#### D) DETAILS OF SHAREHOLDERS' / INVESTORS' COMPLAINTS RECEIVED AND RESOLVED

Complaints pending as on April 1, 2018	Received during the year 2018-19	Resolved during the year 2018-19	Complaints pending as on March 31, 2019
0	198	197	1

The Company has designated an e-mail id viz. investors@pcjeweller.com for redressal of shareholders' / investors' complaints / grievances.

### IV) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### A) COMPOSITION AND TERMS OF REFERENCE

The Committee comprises of three Directors including two Independent Directors. Dr. Manohar Lal Singla, Chairman of the Committee is an Independent Director. The composition of the Committee and its terms of reference are in compliance with the Act.

The terms of reference of the Committee, inter-alia, includes to formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013; to recommend the amount of expenditure to be incurred on CSR activities and to monitor the implementation of the projects, programs and activities undertaken by the Company thereunder from time to time.

#### B) MEETINGS AND ATTENDANCE

During the year two meetings of the Committee were held on August 27, 2018 and February 9, 2019. The numbers of meetings attended by the Committee members during the year are as under:

Name	Category	Number of meetings attended
Dr. Manohar Lal Singla	Chairman - Independent Director	2 of 2
Shri Krishan Kumar Khurana	Member - Independent Director	2 of 2
Shri Ramesh Kumar Sharma	Member - Executive Director	2 of 2

### V) MANAGEMENT & FINANCE COMMITTEE

#### A) COMPOSITION AND TERMS OF REFERENCE

The Company in the Board Meeting held on February 9, 2019 re-constituted the Committee by inducting Shri Krishan Kumar Khurana, Independent Director, as a member of the Committee in view of the sad demise of Shri Padam Chand Gupta, Chairman of the Committee. The Board also designated Shri Balam Garg as the Chairman of the Committee. As on March 31, 2019, the Committee comprises of three Directors including one Independent Director.

The terms of reference of the Committee, inter-alia, includes to avail financial / banking facilities; to open, close and decide the mode of operation of the Bank accounts of the Company; to open / shift etc. showrooms / factories etc. and do other necessary and ancillary acts relevant thereto; to apply for registrations, licenses, approvals etc., to approve taking on lease, hire or purchase any movable or immovable property and also to approve cancellation of lease etc.; to enter in to contracts / agreement(s) / memorandum of understanding(s) and authorise persons to sign & execute contracts, deeds, bonds, etc.; to file, contest, defend, withdraw or compromise complaints, suits, appeals, etc.; and carrying out any other functions as the Board may decide from time to time.



**B) MEETINGS AND ATTENDANCE**

During the year six meetings of the Committee were held on June 2, 2018; August 13, 2018; October 8, 2018; December 24, 2018; February 2, 2019 and March 14, 2019. The numbers of meetings attended by the Committee members during the year are as under:

Name	Category	Number of meetings attended
Late Shri Padam Chand Gupta*	Chairman - Non-Executive Director	3 of 4
Shri Balram Garg <sup>#</sup>	Chairman - Executive Director	6 of 6
Shri Ramesh Kumar Sharma	Member - Executive Director	6 of 6
Shri Krishan Kumar Khurana	Member - Independent Director	0 of 1

\* Ceased to be the Chairman and Member of the Committee w.e.f. January 28, 2019.

<sup>#</sup> Designated as the Chairman of the Committee w.e.f. February 9, 2019.

**VI) SHARE TRANSFER COMMITTEE****A) COMPOSITION AND TERMS OF REFERENCE**

The Company in the Board Meeting held on February 9, 2019 re-constituted the Committee by inducting Shri Krishan Kumar Khurana, Independent Director, as a member of the Committee in view of the sad demise of Shri Padam Chand Gupta, Member of the Committee. As on March 31, 2019, the Committee comprises of three Directors including one Independent Director. Shri Balram Garg is the Chairman of the Committee.

The terms of reference of the Committee, inter-alia, includes approval of transfer or transmission of equity shares or any other securities; approval of requests for remat / split / consolidation.

**B) MEETINGS AND ATTENDANCE**

During the year ten meetings of the Committee were held on May 8, 2018; July 25, 2018; December 18, 2018; January 25, 2019; February 2, 2019; February 8, 2019; February 20, 2019; March 9, 2019; March 19, 2019 and March 29, 2019. The numbers of meetings attended by the Committee members during the year are as under:

Name	Category	Number of meetings attended
Shri Balram Garg	Chairman - Executive Director	10 of 10
Late Shri Padam Chand Gupta <sup>#</sup>	Member - Non-Executive Director	2 of 4
Shri Ramesh Kumar Sharma	Member - Executive Director	10 of 10
Shri Krishan Kumar Khurana*	Member - Independent Director	0 of 4

<sup>#</sup> Ceased to be Member of the Committee w.e.f. January 28, 2019.

\* Nominated as a Member of the Committee w.e.f. February 9, 2019.

**VII) BUYBACK COMMITTEE****A) COMPOSITION AND TERMS OF REFERENCE**

The Company in its Board meeting held on May 10, 2018 constituted a Buyback Committee to take care of procedural formalities relating to buyback. The Committee comprises of four Directors including two Independent Directors. Shri Balram Garg is the Chairman of the Committee.

**B) MEETINGS AND ATTENDANCE**

During the year one meeting of the Committee was held on June 26, 2018. The number of meetings attended by the Committee members during the year are as under:

Name	Category	Number of meetings attended
Shri Balram Garg	Chairman - Executive Director	1 of 1
Shri Ramesh Kumar Sharma	Member - Executive Director	1 of 1
Dr. Manohar Lal Singla	Member - Independent Director	1 of 1
Shri Krishan Kumar Khurana	Member - Independent Director	1 of 1

Due to withdrawal of buyback, the Company in its Board meeting held on February 9, 2019 dissolved Buyback Committee with immediate effect.

## VIII) SECURITIES COMMITTEE

### A) COMPOSITION, TERMS OF REFERENCE AND MEETINGS

The Committee was dissolved w.e.f. May 10, 2018 and during the year no meeting of the Committee was held. At the time of dissolution, the composition of the Committee was as under:

Name	Category
Late Shri Padam Chand Gupta	Chairman - Non-Executive Director
Shri Balram Garg	Member - Executive Director
Dr. Manohar Lal Singla	Member - Independent Director

The terms of reference of the Committee, inter-alia, were to do all such acts, deeds, matter and things, as it may, in its absolute discretion deem necessary or expedient in connection with the creation, offer, issue, allotment or listing etc. of the equity shares.

## IX) RISK MANAGEMENT COMMITTEE

### A) COMPOSITION AND TERMS OF REFERENCE

The Company in its Board meeting held on May 11, 2019 constituted the Committee. The Committee comprises of two Directors and one Senior Executive of the Company. Shri Balram Garg, Chairman of the Committee is an Executive Director. The composition of the Committee and its terms of reference are in compliance with LODR Regulations.

The terms of reference of the Committee are to formulate, monitor and review Risk Management Policy / Plan; to assess / determine risk appetite and monitor risks (including cyber security risk); to report critical risks, if any, to Audit Committee annually; carrying out any other functions as the Board may decide from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

Name	Category
Shri Balram Garg	Chairman - Executive Director
Shri Ramesh Kumar Sharma	Member - Executive Director
Shri Kuldeep Singh	Member - Senior Executive

## INFORMATION ON GENERAL BODY MEETINGS

### I) DETAILS OF DATE, TIME AND VENUE OF LAST THREE ANNUAL GENERAL MEETINGS AND SPECIAL RESOLUTIONS PASSED THEREIN

Year	Date & Time	Venue	Special Resolution(s) passed
2017-18	September 29, 2018 at 3:30 P.M.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110003	1. Re-appointment of Shri Suresh Kumar Jain as an Independent Director. 2. Amendment in terms of borrowing powers of the Board.
2016-17	September 8, 2017 at 3:30 P.M.	Air Force Auditorium,	None
2015-16	September 19, 2016 at 3:30 P.M.	Subroto Park, New Delhi-110 010	Re-appointment of Shri Nitin Gupta (Relative of Director) as President (Manufacturing).

### II) POSTAL BALLOT

During the year one special resolution for approval for the Buyback of Equity Shares was proposed through Postal Ballot Notice dated May 10, 2018. Shri Randhir Singh Sharma, Practicing Company Secretary (CP No.: 3872), was appointed as the Scrutinizer for conducting entire Postal Ballot process in a fair and transparent manner. In addition to voting by Postal Ballot Form, the Company has also provided the facility to its Members to exercise their right to vote by electronic means. E-voting was optional. The Company has engaged the services of Karvy Computershare Private

Limited as the Agency to provide e-voting facility. The Company has complied with the procedure for Postal Ballot in terms of Section 108 and Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014. However, before declaration of result the Board has withdrawn the buyback, hence, the aforesaid special resolution had become infructuous.

The Company has proposed three special resolutions viz. (1) Re-appointment of Dr. Manohar Lal Singla as an Independent Director; (2) Re-appointment of Shri Krishan Kumar Khurana as an Independent Director; and (3) Re-appointment of Shri Miyar Ramanath Nayak as an Independent Director for approval of Members through Postal Ballot Notice dated August 9, 2019 before the ensuing AGM of the Company. Shri Randhir Singh Sharma, Practicing Company Secretary (CP No.: 3872), has been appointed as the Scrutinizer for conducting entire Postal Ballot process in a fair and transparent manner. In addition to voting by Postal Ballot Form, the Company has also provided the facility to its Members to exercise their right to vote by electronic means. E-voting is optional. The Company has engaged the services of Karvy Fintech Private Limited as the Agency to provide e-voting facility. The Company has complied with the procedure for Postal Ballot in terms of Section 108 and Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The result of Postal Ballot will be announced on September 12, 2019 and the resolutions, if passed by the requisite majority, shall be deemed to have been passed on the last date for receipt of duly completed Postal Ballot Forms or e-voting i.e. September 11, 2019.

### **SUBSIDIARY COMPANIES**

As on March 31, 2019 your Company has following wholly owned subsidiary and step down subsidiary companies:

- 1) PC Universal Private Limited
- 2) Transforming Retail Private Limited
- 3) Luxury Products Trendsetter Private Limited
- 4) PC Jeweler Global DMCC
- 5) Comercializadora Internacional PC Jeweller International S.A.S.

None of the aforesaid is a material subsidiary as defined under LODR Regulations. However, the Board has formulated a Policy on Material Subsidiaries, which is placed on the Company's website and can be accessed through the link <https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/Policy-on-Material-Subsidiary.pdf>

All the subsidiary companies have their own management having the rights and obligations to manage the Company in the best interest of the stakeholders. The requirements of LODR Regulations with regard to subsidiary companies have been complied with to the extent applicable.

### **MD / CFO CERTIFICATION**

Shri Balram Garg, Managing Director and Shri Sanjeev Bhatia, Chief Financial Officer of the Company have certified to the Board in accordance with Regulation 17(8) of LODR Regulations for the financial year ended March 31, 2019 and the certificate is annexed as **Annexure - 2**.

### **CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE REGARDING NON-DEBARMENT OF DIRECTORS**

A certificate from M/s R S Sharma & Associates, Practicing Company Secretaries has been obtained stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority and the certificate is annexed as **Annexure - 3**.

### **DISCLOSURES**

#### **I) MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

There were no materially significant related party transactions during the year, which may have a potential conflict with the interest of the Company at large. Details of related parties and transactions with them have been disclosed in the Notes forming part of the financial statements. The Board has formulated a policy on Materiality of Related Party Transactions & Dealing with Related Party Transactions, which is placed on the Company's website and can

be accessed through the link [https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ\\_Policy%20on%20Materiality%20of%20Related%20Party%20Transactions%20&%20Dealing%20with%20Related%20Party%20Transactions.pdf](https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ_Policy%20on%20Materiality%20of%20Related%20Party%20Transactions%20&%20Dealing%20with%20Related%20Party%20Transactions.pdf)

## **II) ACCOUNTING TREATMENT**

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Act and the applicable Rules, as amended from time to time and other pronouncements / provisions of the applicable laws. The financial statements have been prepared on a going concern basis and the accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

## **III) DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT**

The Company has not raised any funds through preferential allotment or qualified institutions placement during the year.

## **IV) DISCLOSURE ON NON-ACCEPTANCE OF ANY RECOMMENDATION OF ANY COMMITTEE BY THE BOARD WHICH IS MANDATORILY REQUIRED**

There was no such instance when the Board had not accepted any recommendation of any Committee of the Board during the year.

## **V) DETAILS OF NON-COMPLIANCE, PENALTIES ETC. REGARDING MATTERS RELATED TO CAPITAL MARKET**

There have been no instances of non-compliances by the Company and no penalty or stricture was imposed on the Company by any stock exchange or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years.

## **VI) WHISTLE BLOWER POLICY / VIGIL MECHANISM**

The Company has formulated a Whistle Blower Policy / Vigil Mechanism, which provides a formal mechanism for all the employees and Directors of the Company to report about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct etc. and provides reassurance that they will be protected from reprisals or victimization for whistle blowing. No personnel have been denied access to the Chairman of Audit Committee. The Policy is placed on the Company's website and can be accessed through the link [https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ\\_Whistle%20Blower%20Policy.pdf](https://corporate.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ_Whistle%20Blower%20Policy.pdf)

## **VII) DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS**

The Company has complied with the mandatory requirements of Corporate Governance stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of LODR Regulations. A certificate from Practicing Company Secretary regarding compliance with the requirements of Corporate Governance is annexed with the Directors' Report.

The Company has adopted the following non-mandatory requirements up to January 28, 2019 i.e. the date of demise of Chairman - Shri Padam Chand Gupta:

- a) The Non – Executive Chairman of the Company was provided a Chairman's Office.
- b) The Company was having separate persons for the post of the Chairman and Managing Director.

## **VIII) PROHIBITION OF INSIDER TRADING**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct to Regulate, Monitor and Report Trading by the Insiders'.

**IX) COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES**

The Company uses derivative financial instruments to manage risk associated with gold price fluctuations. The hedging transaction is mainly done against price risk on exposure of gold. All such derivative financial instruments are supported by an underlying stock and are not for speculation / trading.

**MEANS OF COMMUNICATION**

The quarterly, annual financial results and presentations made to financial analysts and institutional investors are filed with BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) and also placed on the Company’s website [www.pcjeweller.com](http://www.pcjeweller.com). The results are also published in leading newspapers normally Business Standard (English and Hindi).

Quarterly shareholding patterns, transcripts of conference calls, annual reports and other important information filed by the Company with BSE and NSE from time to time are also displayed on the Company’s website.

**GENERAL SHAREHOLDER INFORMATION****I) ANNUAL GENERAL MEETING**

**Day & Date :** Monday, September 30, 2019

**Time :** 3:30 P.M.

**Venue :** Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003

**II) FINANCIAL YEAR**

1<sup>st</sup> April to 31<sup>st</sup> March

**III) DATE OF BOOK CLOSURE**

N.A.

**IV) DIVIDEND PAYMENT DATE**

The Directors have not recommended any dividend for the year.

**V) LISTING ON STOCK EXCHANGES, STOCK CODE & LISTING FEE PAYMENT**

Name of the Stock Exchange	Address	Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	534809
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra(E), Mumbai – 400051	PCJEWELLER

The Company has already paid the annual listing fee for the financial year 2019-20 to both the exchanges.

**VI) MARKET PRICE DATA**

The monthly high and low prices of the equity shares of the Company at BSE and NSE during the year, are as under:

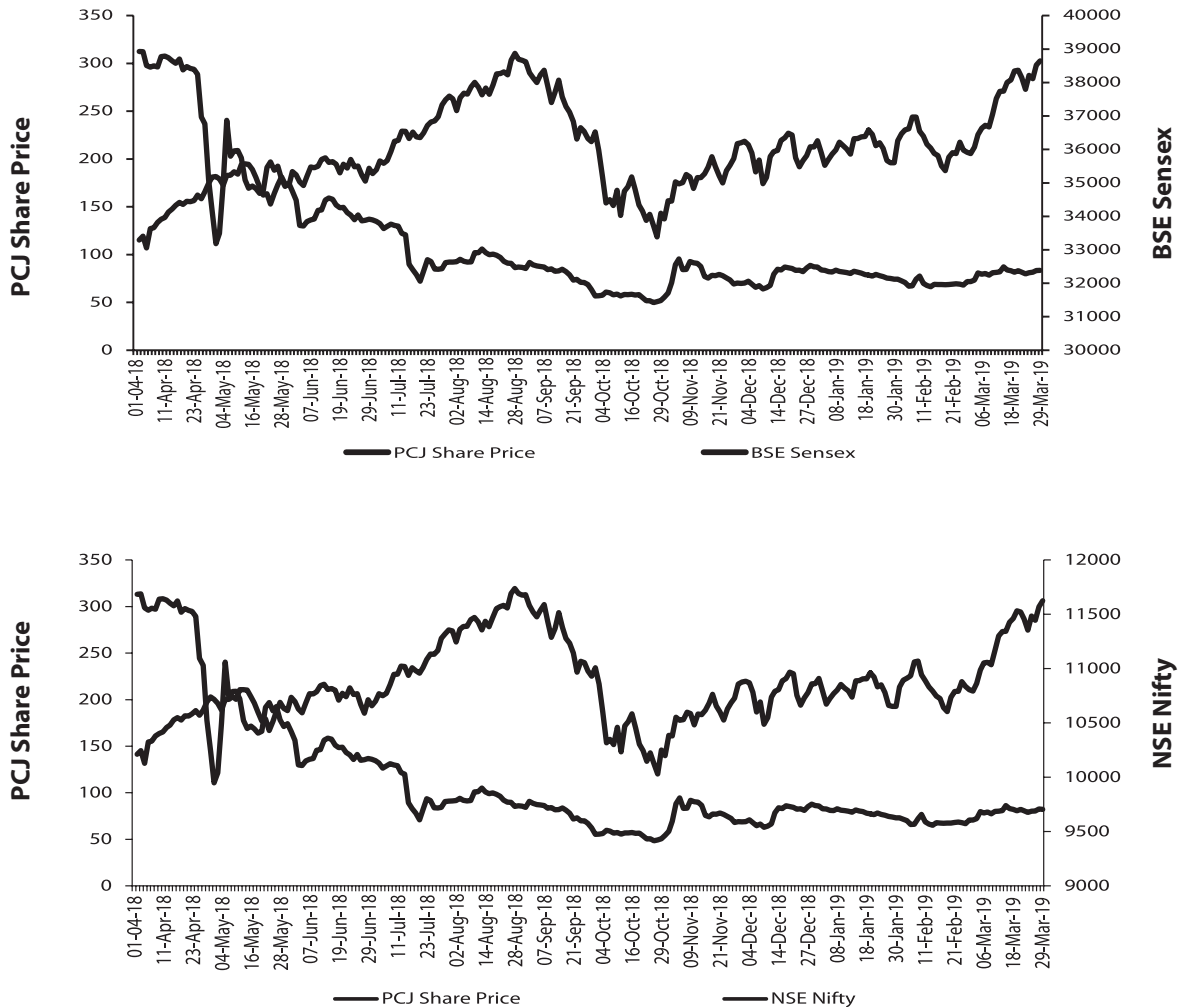
Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2018	328.75	140.70	328.60	140.20
May, 2018	264.50	95.05	264.25	94.55
June, 2018	168.75	114.00	169.00	113.30
July, 2018	139.80	65.35	139.75	65.30
August, 2018	109.20	82.85	109.30	82.80
September, 2018	94.55	57.50	94.65	58.65
October, 2018	62.90	46.90	62.90	46.85
November, 2018	100.05	59.20	100.35	59.00
December, 2018	90.00	60.20	89.90	60.15
January, 2019	86.70	70.00	86.65	69.85
February, 2019	78.50	61.55	78.65	61.55
March, 2019	88.85	70.25	89.00	70.70

(Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com))



## VII) PERFORMANCE IN COMPARISON TO BROAD – BASED INDICES – BSE SENSEX AND NSE NIFTY

Performance of the Company's equity shares on BSE and NSE, as compared to Sensex and Nifty is as under:



## VIII) REGISTRAR AND TRANSFER AGENT

Karvy Fintech Private Limited ("**Karvy**")  
 Karvy Selenium Tower B, Plot No. 31 & 32, Financial District,  
 Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 (Telangana)  
 Tel: 040 – 67161606, Fax: 040 – 23001153, E-mail: einward.ris@karvy.com

## IX) SHARE TRANSFER SYSTEM

The shares lodged for transfer in physical mode are processed by the Company's Registrar and Transfer Agent, Karvy and subject to documents being found valid and complete in all respects, it submits Memorandum of Share Transfer with the Company for approval. The Board has delegated the authority for approving transfer, transmission, etc. of the shares to Share Transfer Committee. After approval of transfer, Karvy returns the duly endorsed share certificates to the transferee(s). Transfer of shares in dematerialized mode is done through the depositories without any involvement of the Company.

**X) DISTRIBUTION OF SHAREHOLDING**

The distribution of shareholding of the Company as on March 31, 2019 is as under:

Number of Shares	Shareholders		Equity Shares	
	Number	As a % of total	Number	As a % of total
1 - 500	171945	87.31	20234086	5.13
501 - 1000	12828	6.51	9895435	2.51
1001 - 2000	6506	3.30	9572052	2.43
2001 - 3000	2049	1.04	5199780	1.32
3001 - 4000	1039	0.53	3702849	0.94
4001 - 5000	614	0.31	2835490	0.72
5001 - 10000	1089	0.55	7778121	1.97
10001 & Above	866	0.44	335430174	84.99
<b>Total</b>	<b>196936</b>	<b>100.00</b>	<b>394647987</b>	<b>100.00</b>

**XI) SHAREHOLDING PATTERN**

The shareholding pattern of the Company as on March 31, 2019 is as under:

Category of Shareholders		Number of Shareholders	Number of Equity Shares	% of Shares
<b>A</b>	<b>Promoter &amp; Promoter Group</b>			
	Individuals & HUF (Indian)	5	227270300	57.59
	<b>Total Promoter &amp; Promoter Group Shareholding (A)</b>	<b>5</b>	<b>227270300</b>	<b>57.59</b>
<b>B</b>	<b>Public Shareholding</b>			
<b>1</b>	<b>Institutions</b>			
a	Mutual Funds	1	92	0.00
b	Financial Institutions & Banks	4	7791371	1.97
c	Foreign Portfolio Investors	109	60965502	15.45
	<b>Sub-Total B(1)</b>	<b>114</b>	<b>68756965</b>	<b>17.42</b>
<b>2</b>	<b>Non-Institutions</b>			
a	Bodies Corporate	668	17666852	4.48
b	Individuals & HUF	194178	75129085	19.03
c	Non Resident Indians	1727	3396200	0.86
d	Clearing Members	235	2407442	0.61
e	NBFC	9	21143	0.01
	<b>Sub-Total B(2)</b>	<b>196817</b>	<b>98620722</b>	<b>24.99</b>
	<b>Total Public Shareholding B=B(1)+B(2)</b>	<b>196931</b>	<b>167377687</b>	<b>42.41</b>
	<b>Grand Total (A+B)</b>	<b>196936</b>	<b>394647987</b>	<b>100.00</b>

**XII) DEMATERIALIZATION OF SHARES AND LIQUIDITY**

The equity shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2019, total of 39,46,46,500 equity shares constituting almost 100% of the issued, subscribed and paid-up equity share capital of the Company, were held in dematerialized form in the following manner:

Particulars	Number of Equity Shares	(%)
National Securities Depository Limited	355380285	90.05
Central Depository Services (India) Limited	39266215	9.95

### XIII) OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

As on March 31, 2019 the Company does not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.

### XIV) DISCLOSURE IN RELATION TO THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year, the Company had neither received any complaint on sexual harassment nor was any complaint pending as on March 31, 2019.

### XV) FEES PAID TO STATUTORY AUDITORS

Total fee for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part for the financial year 2018-19 is Rs.1.29 crore.

### XVI) CREDIT RATINGS

The details of Credit Ratings held by the Company during the year are as under:

Agency	Instrument	Date	Rating
CRISIL Limited	Fund-based Bank Facilities	03-05-2018	CRISIL A+/Watch Negative
		29-06-2018	CRISIL A/Negative
		01-08-2018	CRISIL BBB+/Negative
	Non Fund-based Bank Facilities	03-05-2018	CRISIL A1/Watch Negative
		29-06-2018	CRISIL A1
		01-08-2018	CRISIL BBB+/Negative
CARE Ratings Limited	Fixed Deposit Programme	30-04-2018	CARE A+ (FD); Under Credit Watch with Negative Implications
		09-07-2018	CARE A (FD); Negative
		24-07-2018	CARE BBB (FD); Negative
India Ratings & Research Private Limited	Commercial Paper	09-05-2018	IND A1+/RWN
		25-07-2018	IND A1 and withdrawn as there was no debt outstanding

### XVII) PLANT LOCATIONS

As on March 31, 2019 the Company is having five jewellery manufacturing units at the following locations:

- 1) Plot No. 65, Noida Special Economic Zone, Noida (Uttar Pradesh)
- 2) 142A/3, Noida Special Economic Zone, Noida (Uttar Pradesh)
- 3) J - 59, Sector - 63, Noida (Uttar Pradesh)
- 4) F - 50, Selaqui Industrial Area, Dehradun (Uttarakhand)
- 5) First Floor, Plot No. 65, Noida Special Economic Zone, Noida (Uttar Pradesh)

### XVIII) ADDRESS AND CONTACT DETAILS FOR CORRESPONDENCE

PC Jeweller Limited  
 Regd. Office: C - 54, Preet Vihar, Vikas Marg, Delhi – 110 092  
 Tel: 011 - 49714971, Fax: 011 - 49714972  
 E-mail: investors@pcjeweller.com  
 Website: www.pcjeweller.com

## DECLARATION BY THE MANAGING DIRECTOR

[Under Para D of Schedule V of SEBI (LODR) Regulations, 2015]

To,  
The Board of Directors,  
PC Jeweller Limited  
C – 54, Preet Vihar, Vikas Marg,  
Delhi - 110092

I, Balram Garg, Managing Director of the Company hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the '**Code of Conduct for Directors and Senior Management Personnel**', for the financial year ended March 31, 2019.

For **PC Jeweller Limited**

Date: 01/05/2019  
Place: Delhi

Sd/-  
**(BALRAM GARG)**  
Managing Director  
DIN: 00032083

Annexure – 2

## MD/CFO CERTIFICATE

To,  
The Board of Directors,  
PC Jeweller Limited  
C – 54, Preet Vihar,  
Vikas Marg,  
Delhi - 110092

### Sub.: Certificate pursuant to Regulation 17(8) of the SEBI (LODR) Regulations, 2015

We, Balram Garg, Managing Director and Sanjeev Bhatia, Chief Financial Officer of PC Jeweller Limited ('the **Company**'), hereby certify that:

- a) We have reviewed financial statements and the cash flow statement of the Company for the year ended March 31, 2019 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same.
- d) We have indicated to the auditors and Audit committee:
  - i) significant changes, if any, in internal control over financial reporting during the year;
  - ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **PC Jeweller Limited**

Date: 30/05/2019  
Place: New Delhi

Sd/-  
**(SANJEEV BHATIA)**  
Chief Financial Officer

Sd/-  
**(BALRAM GARG)**  
Managing Director  
DIN: 00032083

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members  
PC Jeweller Limited  
C-54, Preet Vihar, Vikas Marg,  
Delhi – 110092

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of PC Jeweller Limited (CIN: L36911DL2005PLC134929) having its registered office at C - 54, Preet Vihar, Vikas Marg, Delhi – 110092 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as mentioned below as on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of Director	DIN	Date of appointment in Company
1	Shri Balram Garg	00032083	13/04/2005
2	Shri Ramesh Kumar Sharma	01980542	07/02/2014
3	Dr. Manohar Lal Singla	03625700	20/09/2011
4	Shri Krishan Kumar Khurana	00253589	20/09/2011
5	Shri Miyar Ramanath Nayak	03352749	07/02/2014
6	Shri Suresh Kumar Jain	05103064	19/09/2015
7	Mrs. Sannovanda Machaiah Swathi	06952954	19/01/2018

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **R S Sharma & Associates**  
Company Secretaries

Place: New Delhi  
Date: July 19, 2019

Sd/-  
(RANDHIR SINGH SHARMA)  
**Proprietor**  
Membership No.: FCS2062  
C.P. No.: 3872

# MANAGEMENT DISCUSSION & ANALYSIS

## INDUSTRY OVERVIEW AND MARKET SIZE

Gems and jewellery industry plays a vital role in the Indian economy as it is one of the largest exporters and contributes a major chunk to the total foreign reserves of the country. The net exports from India rose from USD 15.66 billion in FY 2004 - 05 to USD 30.96 billion in FY 2018 - 19 at a Compound Annual Growth Rate (CAGR) of 4.99% over FY 2005 - 19. It contributes around 7% of the country's GDP and 15% to India's total merchandise exports. India's gems and jewellery industry is one of the largest in the world contributing almost 29% to the global jewellery consumption. Its market size is about USD 75 billion as of 2017 and is expected to reach USD 100 billion by 2025. One of the fastest growing sectors, it is extremely export oriented and labour intensive. India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. This sector currently employs over 4.64 million people and is expected to employ 8.23 million by 2022.

Gems & Jewellery market comprises of gold, diamond studded and silver jewellery as well as precious and semi-precious gemstones and its jewellery. A major chunk of gold jewellery manufactured in India is for domestic consumption, whereas a major portion of polished diamonds or finished diamond jewellery is exported. India is the world's largest centre for cut and polished diamonds in the world and exports 75% of the world's polished diamonds. Cut and polished diamonds account for the highest and gold jewellery accounts for the second highest share in India's exports of gems and jewellery. In FY 2019, India exported USD 23.82 billion worth of cut and polished diamonds, at a CAGR of 5.56%. India's share in the global diamond market is 65% in value terms, 85% in volume terms and 92% in number of pieces. India's gems and jewellery imports increased at a CAGR of 5.93% from USD 11.63 billion in FY 2004 - 05 to USD 26.05 billion in FY 2018 - 19.

## SEGMENT WISE PERFORMANCE

The Company is a single product entity, viz jewellery and is engaged in the business of manufacturing, sales and trading of jewellery. Jewellery is however, further segregated into gold, diamond, silver etc.

Based on geographical areas, the Company has two operating segments i.e. domestic sales and export sales. The share of domestic sales and export sales in the revenue from operations of the Company on standalone basis during FY 2018-19 was Rs.6929 crores (83%) and Rs.1439 crores (17%) respectively. The segment wise revenue and results of the Company as on March 31, 2019 on standalone basis are as under:

(Rs. in crores)

Segment Revenue:	Amount
a) Exports	1,439.48
b) Domestic	6,929.37
<b>Net sales/income from operations</b>	<b>8,368.85</b>
<b>Segment Results:</b>	
(Profit before tax and interest from each segment)	
a) Exports	(404.10)
b) Domestic	757.48
<b>Total profit before finance cost and unallocable expenditure</b>	<b>353.38</b>
<b>Less:</b>	
i) Finance costs	333.02
ii) Unallocable expenses, net	17.60
<b>Net profit before tax</b>	<b>2.76</b>

## OPPORTUNITIES AND THREATS

The Indian jewellery market is a very interesting market. At one end of sphere the expenditure on jewellery as a part of overall wedding expenditure is increasing and as per some reports the expenditure on jewellery constitutes nearly 35 - 40% of overall wedding expenditure. The trousseau of any Indian bride is even today incomplete without matching jewellery. The gold and other traditional jewellery items like Polki and Kundan continues to remain the favourite for wedding wear. On the other end jewellery is gradually becoming a life style and fashion accessory as well. This has increased the number of times when a jewellery item is purchased and has therefore also led the jewellers to invest into, create and stock more of light weight, relatively low priced and diamond studded jewellery items in addition to traditional wedding jewellery.

The sector is witnessing changes in customer preferences due to adoption of western lifestyle and their demand for new designs and varieties in jewellery. Further, rising quality awareness of customers has also provided a fillip to the organized retail segment, which is banking on its 'reliability' and 'quality' to compete against the highly fragmented unorganized jewellers.

The increase in the gold prices in the recent years has provided an incentive to the customers for recycling of their old jewellery and has also lowered the cost of acquisition of new jewellery. For the jewellers old jewellery acts as a source of raw material and also reduces their cash requirements in the sense that they are able to procure their raw material in kind only.

The Company does not perceive any major or predictable threats except that the retail jewellery is already a working capital intensive business and the demand for jewellery is now increasing



beyond the traditional wedding jewellery. This increase in the range and variety of jewellery demanded by the customers requires additional investment in inventory. Also though the diamond jewellery has higher margins it also has a much longer cash conversion cycle vis a vis gold and all of these factors have only increased the working capital intensity of the jewellery business.

## OUTLOOK

The organized jewellers are expected to grow at 10-11% through Fiscal 2022 and this growth will continue to be based on:

- i) continuing shift from unorganized towards organized players;
- ii) longer duration promotional schemes; and
- iii) fresh showroom additions.

At the same time operating profitability is expected to remain stable at around 5% despite the aggressive promotional schemes and new showroom openings on account of sales mix shifting towards diamonds and diamond studded jewellery which have higher margins. The increasing number of Indian middle class with a commensurate increase in the disposable income is expected to lead to an increase in the jewellery demand.

## RISKS AND CONCERNS

The Company has well defined systems and procedures for managing its operational risks, which includes a system of movement of jewellery through specialised courier agency, strong room and CCTVs and armed guards at all its showrooms. The entire inventory of the Company is insured. The Company has cash pick up arrangements with leading banks, with transit insurance.

The Company is also exposed to price risk movements both in

gold as well as its forex exposure. However, it has put rigorous systems and procedures in place to take care of these concerns. The Company has in place a risk management framework that helps in anticipating, identifying and evaluating business risks and challenges across the Company and finding ways to mitigate them.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has effective internal control system in place, which are regularly reviewed by independent Internal Auditors of the Company and the internal audit reports are periodically reviewed by Audit Committee.

The Company has also put in place adequate internal financial controls with reference to the financial statements commensurate with the size and nature of operations of the Company. Based on the assessment carried out by an independent agency and the evaluation of the results of the assessment, the Board of Directors are of the opinion that the Company has adequate internal controls over financial reporting that are operating effectively as of March 31, 2019. However, Statutory Auditors in their report on internal financial controls has specified a material weakness but confirmed that except for possible effects of that weakness, the Company's internal financial controls over financial reporting were operating effectively as at March 31, 2019. For the weakness and explanation on the same, please refer to Directors' Report.

## FINANCIAL PERFORMANCE

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 and the applicable Rules, as amended from time to time and other pronouncements / provisions of the applicable laws. The salient parameters of the standalone financial performance of the Company during the year under review as compared to previous year are as under:

(Rs. in crores except earnings per share)

Particulars	2018-19	2017-18
Revenue from operations	8368.85	9,488.97
Total revenue	8461.17	9,588.54
Total expenses	8458.41	8818.37
Profit before tax	2.76	770.17
Tax expense	5.57	202.77
Net profit/(loss) after tax	(2.81)	567.40
Total comprehensive income/(loss)	(2.48)	567.90
Earnings per equity share (Rs.)		
- Basic	(0.07)	14.94
- Diluted	(0.07)	14.73

During the year under review, the overall revenue from operations of the Company on standalone basis was down by 12% to Rs.8,369 crores. The Company incurred net loss after tax of Rs.2.81 crores on account of loss in the export segment. The share of domestic and export sales in the revenue from operations on standalone basis is Rs.6,929 crores (83%) and Rs.1,439 crores (17%) respectively.

#### KEY FINANCIAL RATIOS

Details of key financial ratios of the Company, changes therein as compared to previous financial year alongwith explanations for those ratios where change is 25% or more are as under:

Key Ratios	Units	2018-19	2017-18	% Change	Explanations
Debtors Turnover	Times	4.74	6.25	(24.16)	Not Applicable
Inventory Turnover	Times	1.65	2.05	(19.51)	Not Applicable
Interest Coverage Ratio	Times	1.06	3.54	(70.06)	The decline is on account of loss in the export division. The interest expenses have increased even though the total debt has declined there is an increase in the Fund Based exposure vis a vis Non Fund Based.
Current Ratio	Times	1.97	1.71	15.20	Not Applicable
Debt Equity Ratio	Times	0.82	1.14	(28.07)	The Company has reduced its leverage during the year resulting in improvement in the ratio.
Operating Profit Margin	%	4.10	11.40	64.04	The decline is on account of reduction in export margins.
Net Profit Margin	%	(0.03)	5.98	(101.01)	The decline is on account of net loss incurred during the year.
Return on Net Worth	%	(0.07)	14.51	(100.48)	

#### HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company acknowledges that its principal asset is its employees and believes in establishing and building a strong performance and competency driven culture amongst its employees with greater sense of accountability and responsibility. As on March 31, 2019, the Company had 2026 full time employees. The industrial relations within the Company have remained harmonious throughout the year.

**References** - Various industry reports and websites including GJEPC, CRISIL, DIPP, www.ibef.org etc.

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:  
L36911DL2005PLC134929
- Name of the Company: PC Jeweller Limited
- Registered address: C - 54, Preet Vihar, Vikas Marg,  
Delhi - 110092
- Website: www.pcjeweller.com
- E-mail id: info@pcjeweller.com
- Financial Year reported: April 1, 2018 to March 31, 2019
- Sector(s) that the Company is engaged in (industrial activity  
code-wise): Jewellery (3211 - As per NIC 2008)
- Key products that the Company manufactures/provides (as  
in balance sheet): Gold and Diamond studded Jewellery
- Total number of locations where business activity is  
undertaken by the Company:
  - Number of International locations: Nil. However, the  
Company has one subsidiary 'PC Jeweller Global DMCC'  
in Dubai and one step down subsidiary 'Comercializadora  
Internacional PC Jeweller International S.A.S.' in  
Columbia.
  - Number of National locations: 91 (86 showrooms,  
5 manufacturing units)

- Markets served by the Company: National and International

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital : Rs.394.65 crores
- Total Turnover : Rs.8,368.85 crores
- Total loss after taxes : Rs.2.81 crores
- Total spending on Corporate Social Responsibility (CSR) as  
percentage of profit after tax (%): Our total spending on CSR  
during the year was Rs.3 crores, which is 0.48% of average net  
profits of last 3 financial years.
- List of activities in which expenditure in 4 above has been  
incurred: Promoting education

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/  
Companies?: Yes
- Do the Subsidiary Company/Companies participate in the BR  
Initiatives of the Parent Company? If yes, then indicate the  
number of such subsidiary company(s): No
- Do any other entity/entities (e.g. suppliers, distributors  
etc.) that the Company does business with, participate in  
the BR initiatives of the Company? If yes, then indicate the  
percentage of such entity / entities? [Less than 30%, 30-60%,  
More than 60%]: No

### SECTION D: BR INFORMATION

#### 1. Details of Director responsible for implementation of BR Policy and BR Head

No.	Particulars	Details
1	DIN Number	01980542
2	Name	Shri Ramesh Kumar Sharma
3	Designation	Executive Director & Chief Operating Officer
4	Telephone number	011-47104810
5	e-mail id	rksharma@pcjeweller.com

#### 2. Principle-wise (as per NVGs) BR Policy / Policies

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for ....	Yes	No	Yes	Yes	Yes	No	NA	Yes	Yes
2	Has the policy been formulated in consultation with the relevant stakeholders?	Yes	NA	Yes	Yes	Yes	NA	NA	Yes	Yes
3	Does the policy conform to any national / international standards?@	Yes	NA	Yes	Yes	Yes	NA	NA	Yes	Yes
4	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?@	Yes	NA	Yes	Yes	Yes	NA	NA	Yes	Yes

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Yes	NA	Yes	Yes	Yes	NA	NA	Yes	Yes
6	Indicate the link for the policy to be viewed online.	Most of the policies are uploaded on the website / intranet of the Company for information of relevant stakeholders and employees.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, where ever applicable								
8	Does the company have in-house structure to implement the policy?	The relevant policies / practices are embedded in day-to-day business operations of the Company and are implemented at management levels or through implementing agencies.								
9	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Yes, where ever applicable								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The management of the Company internally keeps on reviewing the implementation of the laid down policies and practices.								

@ Some of the policies / practices have been implemented and followed over a period of time as per the industry norms and / or best practices and have not been specifically approved by the Board. However, they are broadly in compliance with applicable laws.

**If answer to the question at Sr. No. 1 against any principle, is "No", please explain why:**

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principles	Within the overall guidance of the Board / management, the policies / practices are framed and / or modified from time to time. Some of the policies / practices have been implemented and followed over a period of time as per industry norms and / or best practices and have not been specifically approved by the Board. Although, some of these principles have not been codified in the form of formal policies, the Company endeavours to incorporate these principles in its operations and that these are followed to the maximum possible extent.								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next six month									
5	It is planned to be done within next one year									
6	Any other reason (Please specify)									

### 3. GOVERNANCE RELATED TO BR:

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year –**

The management monitors the BR initiatives from time to time and assessment of BR performance is done annually.

- **Does the Company publish a BR or Sustainability Report? What is hyperlink for viewing this report? How frequently it is published?**

The Company has started publishing BR Report from financial year 2016-17 as a part of its Annual Report. The BR Report can be accessed at the Company's website [www.pcjeweller.com](http://www.pcjeweller.com) in the 'Investor' section.

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption apply only to the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

Our policies under this principle include Code of Conduct, Vigil Mechanism / Whistle Blower Policy. The Company's policies do not apply to external stakeholders including suppliers, contractors etc., however, the Company follows zero tolerance on any acts of bribery, corruption etc. by such agencies during their dealings with the Company.

2. **How many stakeholders' complaints have been received in the past financial year and what**

**percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

We have not received any complaints with regard to violation of Code of Conduct, Vigil Mechanism / Whistle Blower Policy during the financial year 2018-19.

**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE**

The Company is engaged in the jewellery business and manufactures gold and diamond jewellery, which do not lose their physical properties and lustre with time. Jewellery is a fully recyclable product and can be exchanged with a new jewellery piece at any time. India has a tradition of recycling of old jewellery. The Company also encourages this practice and often runs incentive schemes for customers for exchanging their old jewellery.

**PRINCIPLE 3: BUSINESS SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES**

The Company acknowledges that its principal asset is its employees and they are the fundamental drivers of its growth. The Company is always determined for welfare of the employees.

1. Total number of employees – 2026
2. Total number of employees hired on temporary/contractual/casual basis – Nil
3. Number of permanent women employees – 649
4. Number of permanent employees with disabilities - The Company provides equal opportunity to all and do not discriminate on the grounds of disability. However, as on March 31, 2019, there are no permanent employees with disabilities.
5. Do you have an employee association that is recognized by management? – No
6. What percentage of your permanent employees is members of this recognized employee association? – Not Applicable
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year: NIL
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?:

Permanent Employees	The Company organizes various in-house training sessions to upgrade the working skills of its employees as well as provide them basic fire and safety training.
Permanent Women Employees	
Employee with Disabilities	Not Applicable
Casual / Temporary / Contractual Employee	

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT INTEREST OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED**

**1. Has the Company mapped its internal and external shareholders?**

The Company's stakeholders include its employees, suppliers, customers, investors, bankers and regulatory authorities.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

The disadvantaged and vulnerable stakeholders are differently abled and women employees of the Company.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof.**

The Company provides equal opportunity to differently abled and women employees. The Company also believes in women empowerment by providing them more and more employment opportunities. The policies adopted and put in place by the Company, specifically – CSR Policy and Code of Conduct, defines the way ahead for the Company towards the contribution to be made to the society and the manner in which it will conduct itself.

**PRINCIPLE 5: BUSINESS SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/suppliers/contractors/NGOs/others?**

As a socially responsible organisation, the Company is committed to protect and safeguard human

rights as well as conduct its business with honesty, integrity and ethically. The Company acknowledges the importance of human rights and discourage practices of child labour, forced labour etc.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

The Company did not receive any complaint related to human rights during the financial year 2018-19.

#### **PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

1. **Does the policy related to principle 6 cover only the Company or extend to the Group/Joint ventures/suppliers/contractors/NGOS/others?**

Although, the Company do not have any specific environment policy, but it gives prime importance to the environment for long term sustainability. The Company also strives to minimise wastage of papers and energy. Recently, the Company installed solar plant at one of its manufacturing unit.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

No

3. **Does the company identify and assess potential environmental risks? Y/N**

No

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No

5. **Has Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc? Y/N. If yes, please give hyperlink to web page etc.**

No

6. **Are the Emissions/Waste generated by the Company within permissible limits given by CPCB/SPCB for the financial year being reported?**

The Company is in the business of manufacturing of jewellery, mainly manufactured by hand, which does not generate substantial emission/waste.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

Nil

#### **PRINCIPLE 7: BUSINESS, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

1. **Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.**

The Company is a member of the following associations/chambers:

1. ASSOCHAM (The Associated Chambers of Commerce & Industry of India)
2. FICCI (Federation of Indian Chambers of Commerce and Industry)
3. GJEP (The Gems & Jewellery Export Promotion Council)
4. FIEO (Federation of Indian Export Organisations)
5. EPCES (Export Promotion Council for EOUs & SEZs)

2. **Have you advocated/lobbied through above associations for advancement or improvement of public good? Yes/No; If yes, specify the broad areas.**

The Company generally participates in programmes organised by these associations and supports various issues for better customer experience.

#### **PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

Social responsibility has always been at the forefront of the Company's operating philosophy. As a responsible corporate citizen, the Company tries to contribute towards social causes on a regular basis. The Company has in place Corporate Social Responsibility ("CSR") Policy. CSR programs



or projects undertaken by the Company in terms of this Policy relate to activities listed in Schedule VII of the Companies Act, 2013. The Company also made donations from time to time for various charitable activities.

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?**

The Company has undertaken CSR programs through implementing agencies.

**3. Have you done any impact assessment of your initiative?**

Currently no impact assessment of initiatives has been undertaken. However, the Company may in future review the impact of its various initiatives, as and when required.

**4. What is the Company's direct contribution to community development projects Amount in INR and the details of the projects undertaken?**

During the year, the Company made a contribution of Rs.3 crores in relation to the CSR activities towards promoting education. The Company also made donations of Rs.1.03 crores towards various charitable activities.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

The Company encourage its employees to be involved with and work on social and environmental projects. Further, the Company has been opening more of its new showrooms in small locations of the country and consequentially promoting employment thereat. The Company also outsources jewellery manufacturing to a large number of small artisans which provides them with a steady source of income.

**PRINCIPLE 9: BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER**

**1. What percentage of customer complaints/ consumer cases as on the end of financial year?**

Negligible

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws?**

The Company prides itself in being a customer centric organization. It sells 100% hallmarked jewellery to provide trust and comfort to its customers. Additionally all its showrooms are equipped with 'Karatometers', where any customer can test purity of the jewellery. Its product packaging displays all the information mandated by the applicable laws. The product pricing is also transparent and explained to the customers.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as of end of financial year?**

There was no case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

The Company being customer centric organization, works very closely with its customers choices and keeps their demands and purchasing preferences in mind, hence, keeps on creating new designs and collections at regular intervals. In addition, the Company actively takes feedback from its customers and addresses their issues, if any.

# INDEPENDENT AUDITOR'S REPORT

## To the Members of PC Jeweller Limited Report on the Audit of the Standalone Financial Statements

### QUALIFIED OPINION

1. We have audited the accompanying standalone financial statements of PC Jeweller Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR QUALIFIED OPINION

3. As explained in note 51 to the standalone financial statements, the Company has provided discounts of ₹ 513.65 crores to export customers adjusted against revenues for the year ended 31 March 2019. The Company is in 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 has filed the necessary applications with the appropriate authority for approval of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. 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 statements.
4. We conducted our audit in accordance with the Standards on Auditing 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 Financial Statements 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### EMPHASIS OF MATTER – DELAY IN RECEIPT OF PROCEEDS AGAINST EXPORT OF GOODS

5. We draw attention to note 52 to the accompanying standalone financial statements 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 ₹ 966.43 crores beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the Company has represented that the Company is in the process of regularizing the defaults and has filed the necessary applications with the appropriate authority for condonation of such delays. However, approvals for the same are awaited. Management is of the view that the possible penalties etc. which may be levied for these contraventions are likely to be condoned by the regulatory authorities. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
7. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

**Independent Auditor's Report to the members of PC Jeweller Limited on the standalone financial statements for the year ended 31 March 2019 (contd.)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Existence and valuation of inventory</b></p> <p>The Company has an inventory balance of ₹ 4,988.11 crores as at 31 March 2019, as disclosed in note 10 of the accompanying standalone financial statements. Refer note 3(j) for the corresponding accounting policy adopted by the management with respect to the inventory balance.</p> <p>The Company purchases gold from nominated agencies prescribed by the Reserve Bank of India. Further, the Company also purchases gold and diamonds from institutional parties and from the customers as per the exchange schemes announced by the Company.</p> <p>With respect to existence of inventory as at year end, there is an inherent risk of loss from theft or possible malafide intent, due to the high intrinsic value and portable nature of individual inventory items.</p> <p>In addition to the physical verification performed by the management with the help of an independent professional gemologist, the lenders of the Company also conduct stock counts, on a regular basis throughout the year, with the help of their appointed independent gemologists.</p> <p>With respect to valuation of the inventory, the Company categorizes diamonds purchased into the respective cost categories defined by the management based on price bands and other physical characteristics of the diamonds. For diamond jewellery items purchased from the customers under the exchange scheme, the Company involves independent professional gemologist to determine the correct cost category of such items.</p> <p>Considering the complexities involved, portable nature of diamonds, high inherent risk and high level of estimation uncertainty involved in valuation of the inventory, the existence and valuation of inventory has been determined as key audit matter for the current year's audit.</p>	<p>Our audit work in relation to the existence and valuation of inventory included, but was not limited to, performing the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for physical verification, recognition and measurement of purchase cost of gold, diamonds and cost of manufactured jewellery items.</li> <li>• Evaluated the design and tested the operating effectiveness of controls implemented by the Company with respect to such process including controls around safeguarding the high value inventory items.</li> <li>• Assessed the appropriateness of accounting policy and management valuation methodology adopted by the management.</li> <li>• Evaluated the professional competence, objectivity and professional experience and competence of the gemologist used by the management.</li> <li>• On a sample basis, tested invoices and other underlying records to validate the costs and characteristics basis which the inventory is categorized for inventory management and valuation.</li> <li>• Obtained the management physical verification records and inventory reconciliation performed by the management as at the year end.</li> <li>• Inspected reports of physical verification done by gemologists appointed by the lenders of the Company for corroborative evidence.</li> <li>• Performed independent test counts to corroborate management counts and valuation based on management categorization with the help of an independent professional gemologist used as an auditor's expert.</li> <li>• On a sample basis, tested samples of inventory sold before year-end and subsequent to year-end to corroborate management's assessment of net realisable value of closing inventory balance.</li> <li>• Evaluated disclosures made in the accompanying financial statements for appropriateness in accordance with the requirements of the accounting standards.</li> </ul>

**Independent Auditor's Report to the members of PC Jeweller Limited on the standalone financial statements for the year ended 31 March 2019 (contd.)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Recoverability of investments, loans and short-term financial assets, given to/due from subsidiary companies</b></p> <p>The Company has investments of ₹ 135.28 crores, long-term loans amounting to ₹ 125.44 crores and short-term financial assets of ₹ 58.28 crores recoverable from four wholly-owned subsidiary companies as at 31 March 2019.</p> <p>The investment in the aforesaid subsidiaries are accounted for at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amount of the investment when impairment indicators exist by comparing the fair value (less costs of disposal) and carrying amount of the investment as on the reporting date.</p> <p>The loans given to, and the short-term financial assets recoverable from, such subsidiary companies are accounted for as per Ind AS 109, Financial Instruments.</p> <p>Refer note 3(h) for the accounting policy disclosed in the accompanying standalone financial statements.</p> <p>Owing to the current operations of three of the subsidiary companies with aggregate carrying value of investments, long term loans and short term financial assets amounting to ₹ 185.15 crores as at 31 March 2019, the management has performed an impairment assessment and has estimated the recoverable amount of the aforementioned carrying value from the subsidiaries 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. The key assumptions underpinning management's assessment of the fair valuation include, but are not limited to, projections of future cash flows, growth rates, discount rates, estimated future operating and capital expenditure.</p> <p>Basis the valuation performed as above, the Company has recorded ₹ 0.05 crores and ₹ 14.24 crores as provision for impairment in the value of investments in and recoverability of short term financial assets respectively of the subsidiary, PC Universal Private Limited, as disclosed in note 53 to the accompanying standalone financial statements.</p> <p>Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in either impairment of the investments, the long term loans given to or short term financial assets recoverable from these subsidiaries.</p> <p>Accordingly, considering the materiality, complexity and significance of judgement involved, the fair valuation of aforesaid investments, long term loans and short term financial assets has been considered to be a key audit matter for current year's audit.</p>	<p>Our audit procedures in relation to the valuation of the investment and loans included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's processes and controls for determining the fair valuation of long term loans, investment and short term financial assets.</li> <li>• Evaluated the design of and tested the operating effectiveness of the key controls around the fair valuation of the long term loans, investment and short term financial assets including controls around cash flow projections.</li> <li>• Evaluated the professional competence, expertise and objectivity of the valuation specialist used by the management.</li> <li>• Assessed the appropriateness of the valuation methodology used to arrive at the estimated fair value of the investments and other aforementioned recoverable using an auditor's expert.</li> <li>• Tested the accuracy of the input data provided by the management to the valuation specialist by reconciling the projected cash flows to approved business plans of the investee company.</li> <li>• Tested the reasonableness of the key assumptions used in the cash flow projections and fair valuation, such as growth rates, targeted savings, discount rate, etc. considering our understanding of the business, industry and relevant market factors.</li> <li>• Obtained and evaluated sensitivity analysis performed by the management on aforesaid key assumptions and performed further independent sensitivity analysis to determine impact of estimation uncertainty on the fair valuation.</li> <li>• Tested the mathematical accuracy of the cash flow projections, fair valuation computation and resulting impairment recorded in the current year.</li> <li>• Evaluated the appropriateness of disclosures made in the financial statement in relation to such investments and other aforementioned recoverable and their fair valuation as required by applicable accounting standards.</li> </ul>

**INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

8. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover

the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that

## Independent Auditor's Report to the members of PC Jeweller Limited on the standalone financial statements for the year ended 31 March 2019 (contd.)

there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

12. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 these financial statements.
13. 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 financial statements, 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 company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's 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 Company's ability 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 financial statements 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 Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
14. 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.
  15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate



## Independent Auditor's Report to the members of PC Jeweller Limited on the standalone financial statements for the year ended 31 March 2019 (contd.)

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. As required by section 197(16) of the Act, we report that the Company has not paid remuneration to its directors during the year in accordance with the provisions and limits laid down under section 197 read with Schedule V of the Act. However, pending requisite approval from the shareholders as required by Schedule V of the Act, the Company has classified the excess remuneration paid to a director as recoverable as at 31 March 2019 in the standalone financial statements.

18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

19. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:

- a) we have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the standalone financial statements dealt with by this report are in agreement with the books of account;
- d) except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
- f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2019 as per Annexure II expressed modified opinion; and
- h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in note 44 (b) and 44 (c) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No.: 058644

**Place:** New Delhi  
**Date:** 30 May 2019



## Annexure I to the Independent Auditor's Report of even date to the members of PC Jeweller Limited on the standalone financial statements for year ended 31 March 2019

### Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment ('PPE').
  - (b) the PPE have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the PPE is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has granted unsecured loans to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - (a) in our opinion the terms and conditions of grant of such loan are not, *prima facie*, prejudicial to the Company's interest.
  - (b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;
  - (c) there is no overdue amount in respect of loans granted to such company.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provision of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), as applicable, have been complied with in respect of the deposits accepted, except that the Company has received ₹1.95 crore as advances from various customers for supply of goods to such customers, which are outstanding for more than three hundred and sixty-five days as on 31 March 2019, but incorrectly not considered as deposits in accordance with Rule 2(1)(c) of the Rules and accordingly, incorrectly not disclosed as deposits. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (₹ in crore)	Period to which the amount relates	Due date	Date of payment
Income-tax Act, 1961	Income-tax (including interest)	90.37	Financial year 2017-18	15 March 2018	Not yet paid

- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**Annexure I to the Independent Auditor's Report of even date to the members of PC Jeweller Limited on the standalone financial statements for year ended 31 March 2019 (contd.)**

**Statement of disputed dues**

Name of the statute	Nature of dues	Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-tax	0.19	-	Assessment year ('AY') 2009-10	Income-tax Appellate Tribunal ('ITAT')
Income-tax Act, 1961	Income-tax	0.85	-	AY 2013-14	ITAT
Income-tax Act, 1961	Income-tax	4.43	-	AY 2014-15	ITAT
Customs Act, 1962	Custom duty	2.43	2.43	Financial year 2010-11	Principal Commissioner of Customs, New Delhi

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any loan or borrowings payable to the government and further, did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit except for theft of inventory and cash at the Gurgaon Showroom of the Company perpetrated by an employee, involving amount aggregating ₹ 12.67 crores. The Company has since recovered an amount of ₹ 8.86 crores, filed an insurance claim for the recovery of the balance amount, terminated the services of and initiated legal action against the said employee.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act except for in the following cases:

S. No	Payment made to	Amount Paid/ provided in excess of limits prescribed (₹ in crore)	Amount due for recovery as at 31 March 2019 (₹ in crore)	Steps taken to secure the recovery of the amounts	Remarks (if any)
1.	Managing Director	5.65	4.87	The Company is in the process of obtaining necessary approval from the shareholders as required by Schedule V of the Act.	The Company has classified the excess remuneration amounting to ₹ 4.87 crore paid to its managing director as recoverable as at 31 March 2019 in the standalone financial statements.

- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

**Rajni Mundra**

Partner

Membership No.: 058644

**Place:** New Delhi

**Date:** 30 May 2019

## Annexure II to the Independent Auditor's Report of even date to the members of PC Jeweller Limited on the standalone financial statements for year ended 31 March, 2019

### Annexure II

#### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of PC Jeweller Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### QUALIFIED OPINION

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's IFCoFR as at 31 March 2019:

The Company's internal controls over financial reporting with respect to the reconciliation of confirmation received from the customers towards the completeness of revenue recognised and inventory lying with customers for the sales made on consignment basis, were not operating effectively, which could result in a potential material misstatement in

**Annexure II to the Independent Auditor's Report of even date to the members of PC Jeweller Limited on the standalone financial statements for year ended 31 March 2019 (contd.)**

the carrying value of revenues, inventory, cost of goods sold, trade receivables and its consequential impact on the earnings, reserves and related disclosures in the financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note issued by the ICAI, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as at 31 March 2019.

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2019, and the material weakness do not affect our opinion on the standalone financial statements of the Company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

**Rajni Mundra**

Partner

Membership No.: 058644

**Place:** New Delhi

**Date:** 30 May 2019

## STANDALONE BALANCE SHEET AS AT 31 MARCH 2019

(₹ in crores)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>A Assets</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	4	59.18	77.30
b) Intangible assets under development		0.45	-
c) Financial assets			
i) Investments	5	135.23	133.93
ii) Loans	6	157.27	129.50
iii) Other financial assets	7	3.68	6.77
d) Deferred tax assets, net	8	36.99	18.92
e) Other non-current assets	9	22.86	27.70
<b>Total non-current assets</b>		<b>415.66</b>	<b>394.12</b>
<b>2 Current assets</b>			
a) Inventories	10	4,988.11	5,161.28
b) Financial assets			
i) Investments	11	8.39	18.63
ii) Trade receivables	12	1,773.00	1,761.81
iii) Cash and cash equivalents	13	82.73	382.74
iv) Bank balance other than (iii) above	14	236.15	1,108.73
v) Loans	6	36.48	32.11
vi) Other financial assets	7	47.24	7.18
c) Other current assets	9	76.28	94.38
<b>Total current assets</b>		<b>7,248.38</b>	<b>8,566.86</b>
<b>Total assets</b>		<b>7,664.04</b>	<b>8,960.98</b>
<b>B Equity and liabilities</b>			
<b>1 Equity</b>			
a) Equity share capital	15	394.65	394.36
b) Other equity	16	3,541.84	3,531.44
<b>Total equity</b>		<b>3,936.49</b>	<b>3,925.80</b>
<b>Liabilities</b>			
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	17	11.58	29.50
b) Provisions	18	45.00	6.42
<b>Total non-current liabilities</b>		<b>56.58</b>	<b>35.92</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	19	2,090.65	1,024.97
ii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises; and		0.58	0.54

	Notes	As at 31 March 2019	As at 31 March 2018
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,264.28	3,560.64
iii) Other financial liabilities [other than those specified in item (c)]	21	52.39	104.94
b) Other current liabilities	22	173.88	185.49
c) Provisions	18	2.27	2.23
d) Current tax liabilities (net)	23	86.92	120.45
<b>Total current liabilities</b>		<b>3,670.97</b>	<b>4,999.26</b>
<b>Total liabilities</b>		<b>3,727.55</b>	<b>5,035.18</b>
<b>Total equity and liabilities</b>		<b>7,664.04</b>	<b>8,960.98</b>

Notes 1 to 53 form an integral part of these standalone financial statements.

This is the standalone balance sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

Place: New Delhi  
Date: 30 May 2019

For and on behalf of the Board of Directors

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating  
Officer  
DIN-01980542

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer



## STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2019

(₹ in crores)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>1 Revenue from operations</b>	24	8,368.85	9,488.97
2 Other income	25	92.32	99.57
<b>3 Total income (1+2)</b>		<b>8,461.17</b>	<b>9,588.54</b>
<b>4 Expenses</b>			
a) Cost of materials consumed	26	7,925.02	8,830.81
b) Purchases of stock-in-trade	27	12.41	318.08
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	(148.92)	(1,006.42)
d) Excise duty		-	3.47
e) Employee benefits expense	29	112.40	89.69
f) Finance costs	30	340.39	311.88
g) Depreciation and amortisation expenses	31	16.75	20.46
h) Other expenses	32	200.36	250.40
<b>Total expenses</b>		<b>8,458.41</b>	<b>8,818.37</b>
<b>5 Profit before tax (3-4)</b>		<b>2.76</b>	<b>770.17</b>
6 Tax expense			
a) Current tax	33	23.82	198.65
b) Deferred tax	8	(18.25)	4.12
<b>Total tax expense</b>		<b>5.57</b>	<b>202.77</b>
<b>7 (Loss)/profit for the year</b>		<b>(2.81)</b>	<b>567.40</b>
8 Other comprehensive income:			
(i) Items that will not be reclassified to profit or loss:			
- Remeasurement of post employment benefit obligations		0.51	0.76
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(0.18)	(0.26)
<b>Other comprehensive income for the year, net of tax</b>		<b>0.33</b>	<b>0.50</b>
<b>9 Total comprehensive income for the year (7+8)</b>		<b>(2.48)</b>	<b>567.90</b>
Earnings per equity share: (face value of ₹ 10 per share)	34		
Basic earnings per share (in ₹)		(0.07)	14.94
Diluted earnings per share (in ₹)		(0.07)	14.73

Notes 1 to 53 form an integral part of these standalone financial statements.

This is the standalone statement of Profit and Loss referred to in our report of even date. For and on behalf of the Board of Directors

For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating  
Officer  
DIN-01980542

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

Place: New Delhi  
Date: 30 May 2019

# STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

## A. EQUITY SHARE CAPITAL:

(₹ in crores)

Particulars	Note	No. of shares	Amount
<b>Issued, subscribed and fully paid up Equity shares of ₹ 10 each</b>			
<b>Balance as at 1 April 2017</b>	15	<b>179,137,600</b>	<b>179.14</b>
Changes in equity share capital during the year		215,217,600	215.22
<b>Balance as at 31 March 2018</b>	15	<b>394,355,200</b>	<b>394.36</b>
Changes in equity share capital during the year		292,787	0.29
<b>Balance as at 31 March 2019</b>	15	<b>394,647,987</b>	<b>394.65</b>

## B. Other equity:

(₹ in crores)

Particulars	Equity component of preference shares	Equity component of debentures	Reserves and surplus				Total
			Securities premium	General reserve	Share options outstanding account	Retained earnings	
<b>Balance as at 1 April 2017</b>	<b>226.32</b>	<b>364.98</b>	<b>519.35</b>	<b>54.54</b>	<b>13.89</b>	<b>2,008.56</b>	<b>3,187.64</b>
Profit for the year	-	-	-	-	-	567.40	567.40
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	0.50	0.50
<b>Total comprehensive income for the year</b>	<b>226.32</b>	<b>364.98</b>	<b>519.35</b>	<b>54.54</b>	<b>13.89</b>	<b>2,576.46</b>	<b>3,755.54</b>
Conversion of compulsorily convertible preference shares into equity	(226.32)	-	-	-	-	-	(226.32)
Conversion of compulsorily convertible debentures into equity	-	(364.98)	-	-	-	-	(364.98)
Security premium on conversion of compulsorily convertible debentures into equity	-	-	353.75	-	-	-	353.75
Security premium on conversion of compulsorily convertible preference shares into equity	-	-	212.87	-	-	-	212.87
Share option expense for the year	-	-	-	-	1.48	-	1.48
Gain on early conversion of compulsorily convertible debentures into equity (net of deferred tax of ₹6.21 crores)	-	-	-	-	-	11.75	11.75
Transactions with owners in their capacity as owners:							
Issue of bonus shares	-	-	(190.45)	-	-	-	(190.45)
Issue of equity shares	-	-	3.31	-	-	-	3.31
Dividends distributed to equity shareholders	-	-	-	-	-	(17.92)	(17.92)
Dividend distribution tax on dividend paid to equity shareholders	-	-	-	-	-	(3.65)	(3.65)
Dividend distribution tax on dividend paid to preference shareholders	-	-	-	-	-	(3.94)	(3.94)
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>898.83</b>	<b>54.54</b>	<b>15.37</b>	<b>2,562.70</b>	<b>3,531.44</b>
Loss for the year	-	-	-	-	-	(2.81)	(2.81)
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	0.33	0.33
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>898.83</b>	<b>54.54</b>	<b>15.37</b>	<b>2,560.22</b>	<b>3,528.96</b>
Share option expense for the year	-	-	-	-	39.80	-	39.80
Transactions with owners in their capacity as owners:							
Issue of bonus shares	-	-	(0.14)	-	-	-	(0.14)
Issue of equity shares	-	-	12.76	-	(12.76)	-	-
Dividends distributed to equity shareholders	-	-	-	-	-	(19.73)	(19.73)
Dividend distribution tax on dividend paid to equity shareholders	-	-	-	-	-	(4.05)	(4.05)
Dividend distribution tax on dividend paid to preference shareholders	-	-	-	-	-	(3.00)	(3.00)
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>911.45</b>	<b>54.54</b>	<b>42.41</b>	<b>2,533.44</b>	<b>3,541.84</b>

Notes 1 to 53 form an integral part of these standalone financial statements.

This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

Place: New Delhi  
Date: 30 May 2019

For and on behalf of the Board of Directors

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating Officer  
DIN-01980542

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

## STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

(Indirect method)

(₹ in crores)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>A Cash flow from operating activities:</b>		
Profit before tax	2.76	770.17
<b>Adjustments for:</b>		
Depreciation and amortisation	16.75	20.46
Share based payments to employees	38.44	4.80
Interest income on fixed deposit	(40.21)	(47.32)
Interest income on loans given to subsidiaries and body corporate	(15.34)	(16.68)
Net loss/(profit) on disposal of property, plant and equipment	7.32	(0.05)
Income from investments	(0.84)	(0.91)
Finance costs	333.01	301.29
Unwinding of discount on security deposits	0.23	1.02
Unrealised gain on foreign exchange	(116.58)	(23.26)
Actuarial loss forming part of other comprehensive income	0.51	0.76
Adjustment due to fair valuation of gold loan at unfixed prices	10.36	(5.68)
Fair valuation adjustment of forwards contracts	(1.16)	0.49
Straight lining of lease expense	(1.48)	(0.22)
Interest expense on compulsorily convertible debentures	-	(24.92)
Advances written off	1.23	-
Provision on advance to suppliers	1.68	-
Provision for impairment of loan to subsidiary	14.29	-
Provision for impairment of investment in subsidiary	-	-
Provision for expected credit loss for trade receivables	22.11	-
<b>Operating profit before working capital changes</b>	<b>273.08</b>	<b>979.95</b>
<b>Adjustments for:</b>		
Decrease/(increase) in inventories	173.17	(1,042.64)
Decrease in financial assets	14.28	6.51
Decrease in non-financial assets	20.02	167.96
(Increase)/decrease in trade receivables	23.32	(443.05)
(Decrease)/increase in trade payables	(2,297.98)	739.58
(Decrease)/increase in financial liabilities	(14.18)	21.10
(Decrease)/increase in non-financial liabilities	(10.12)	43.28
Increase in provisions	0.14	1.62
<b>Cash (used in)/generated from operating activities</b>	<b>(1,818.27)</b>	<b>474.31</b>
Direct taxes paid	(18.87)	(140.31)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,837.14)</b>	<b>334.00</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment including capital advances	(7.71)	(17.19)
Proceeds from disposal of property, plant and equipment	1.31	0.18
Redemption/(purchase) of current investments, net	11.08	(8.32)
Loans (given to)/ repaid by body corporate including subsidiary companies	(33.57)	177.10
Interest received	48.30	50.46
Redemption/(purchase) of fixed deposits, net	866.80	(552.11)
<b>Net cash (used in)/generated from investing activities</b>	<b>886.21</b>	<b>(349.88)</b>
<b>C Cash flow from financing activities:</b>		
Repayment long term loans, net of repayments	(33.45)	(8.95)
Proceeds from allotment of employee stock options	0.15	0.08
Proceeds of short term borrowings, net	1,065.68	391.00

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Dividends paid including corporate dividend tax	(40.90)	(44.85)
Interest paid	(340.56)	(314.54)
<b>Net cash generated from financing activities</b>	<b>650.92</b>	<b>22.74</b>
Net increase in cash and cash equivalents (A+B+C)	(300.01)	6.86
Cash and cash equivalents at the beginning of the year	382.74	375.88
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>82.73</b>	<b>382.74</b>

Notes 1 to 53 form an integral part of these standalone financial statements.

**This is the Standalone Cash Flow Statement referred to in our report of even date.**

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

**Place:** New Delhi  
**Date:** 30 May 2019

**For and on behalf of the Board of Directors**

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating  
Officer  
DIN-01980542

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 1. CORPORATE INFORMATION

#### Nature of operations

PC Jeweller Limited (the 'Company') was incorporated on 13 April 2005. The Company is engaged in the business of manufacturing, sale and trading of gold jewellery, diamond studded jewellery and silver items. The Company's shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited.

#### General information and statement of compliance with Ind AS

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act'), Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/provisions of applicable laws.

The standalone financial statements for the year ended 31 March 2019 were authorised and approved for issue by the Board of Directors on 30 May 2019. Revisions to standalone financial statements, if required, is permitted by the Board of Directors subject to obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

### 2. APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD (IND AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorised have been considered in preparing these standalone financial statements.

#### Standards issued but not effective

On 30 March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effective date for adoption is financials periods beginning on or after 1 April 2019.

#### Ind AS 116 – Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Company intends to adopt this standard from 1 April 2019 and is currently in the process of assessing the impact of adoption of this standard which is expected to be significant.

#### Amendment to Ind AS 12, Income taxes

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is 1 April 2019. Further, there has been amendments in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

#### Amendment to Ind AS 19, Employee benefits

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is 1 April 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

#### Amendment to Ind AS 109, Financial instruments

On 30 March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after 1 April 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

#### Amendment to Ind AS 23, Borrowing costs

On 30 March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 23 "Borrowing Costs"

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after 1 April 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Overall consideration

The standalone financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements.

##### Basis of preparation

The standalone financial statements have been prepared on a going concern basis under the historical cost basis except for the following –

- Certain financial assets and liabilities which have been measured at fair value (refer note 40 for further details); and
- Share based payments which are measured at fair value of the options at the grant date.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its financial currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per the requirements of schedule III to the Act, unless otherwise stated.

#### b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### c) Foreign currency translation

##### Initial recognition

Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

##### Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

##### Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

#### d) Revenue recognition

##### Sale of goods

Revenue from the contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Sales, as disclosed, are inclusive of excise but are net of trade allowances, rebates, goods and service tax,



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

vat and amounts collected on behalf of third parties.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). In respect of contracts with customers that contain a financing component i.e. when payment by a customer occurs significantly before performance and the fair value of goods provided to the customer at the end of the contract term exceeds the advance payments received, interest expense is recognized on recognition of a contract liability over the contract period and is presented under the head finance costs in statement of profit and loss and total transaction price including financing component is recognized when control of the goods is transferred to the customer.

### *Satisfaction of performance obligations*

The Company's revenue is derived from the single performance obligation to transfer primarily gold and diamond products under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. In respect of sale of goods at prices that are yet to be fixed at the year end, adjustments to the provisional amount billed to the customers are recognised based on the year end closing gold rate.

### *Interest and dividend income*

Interest income is recognised on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive the payment is established. Other income is recognised when no significant uncertainty as to its determination or realisation exists.

## e) Property, plant and equipment

### *Recognition and initial measurement*

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at their cost of acquisition less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

### *Subsequent measurement (depreciation and useful lives)*

Depreciation on property, plant and equipment is provided on written-down value, computed on the basis of useful lives (as set out below) prescribed in Schedule II of the Act:

Asset category	Estimated useful life (in years)
Buildings	30
Plant and equipment	15
Office equipment	5
Computers	3 for data processing units and 6 for servers
Furniture and fixtures	10
Vehicles	8 for motor cars and 10 for scooters

Leasehold improvements have been amortised over the estimated useful life of the assets or the period of lease, whichever is lower. The residual values, useful lives and method of depreciation and amortisation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### *De-recognition*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### f) Leased assets

#### Company as a lessee

##### *Operating leases*

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

The Company does not execute any leases as a lessor.

### g) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

### h) Financial instruments

#### Financial assets

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

##### *Subsequent measurement*

**i. Financial instruments at amortised cost** – the financial instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the

principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. All the debt instruments of the Company are measured at amortised cost.

**ii. Mutual funds** – All mutual funds in scope of Ind AS 109 are measured at fair value through profit and loss (FVTPL).

##### *De-recognition of financial assets*

A financial asset is primarily de-recognised when the right to receive cash flows from the asset have expired or the Company has transferred its right to receive cash flows from the asset.

#### Financial liabilities

##### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

##### *Subsequent measurement*

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. These liabilities include borrowings.

##### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### Compound financial instruments

Compound financial instruments are separated into liability and equity components based on the terms of the contract. On issuance of the said instrument, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholders' equity, net of income-tax effects, and not subsequently re-measured.

### Derivative contracts and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

#### *Embedded derivatives*

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified variable. The Company enters into purchase gold contract, in which the amount payable is not fixed based on gold price on the date of purchase, but instead is affected by changes in gold prices in future. Such transactions are entered into to protect against the risk of gold price movement in the purchased gold. Accordingly, such unfixed payables are considered to have an embedded derivative. The Company designates the gold price risk in such instruments as hedging instruments, with gold inventory considered to be the hedged item. The hedged risk is gold prices in USD.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Changes in fair value of the hedging instrument attributable to the risk hedged is recorded as part of the

carrying value of the hedged item.

#### *Other derivatives*

The Company also uses foreign exchange forward contracts to hedge its exposure towards foreign currency. These foreign exchange forward contracts are not used for trading or speculation purposes. A derivative contract is recognised as an asset or a liability on the commitment date. Outstanding derivative contracts as at reporting date are fair valued and recognised as financial asset/ financial liability, with the resultant gain/(loss) being recognised in the statement of profit and loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **i) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *Trade receivables*

The Company applies approach permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

#### *Other financial assets*

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

risk has increased significantly, impairment loss is provided.

### j) Inventories

Raw Material: Lower of cost or net realisable value. Cost is determined on first in first out ('FIFO') basis.

Work in progress: At cost determined on FIFO basis upto estimated stage of completion.

Finished goods: Lower of cost or net realisable value. Cost is determined on FIFO basis, includes direct material and labour expenses and appropriate proportion of manufacturing overheads based on the normal capacity for manufactured goods.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

### k) Taxes on income

Tax expense recognised in the statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income ('OCI') or directly in equity.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income-tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity).

Deferred income-tax is calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets or liability arising during tax holiday period is not recognised to the extent it reverses out within the tax holiday period. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when

the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity).

### l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than three months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

### m) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### n) Post-employment, long term and short term employee benefits

#### *Defined contribution plans*

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into funds established under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

#### *Defined benefit plans*

Gratuity is a post-employment benefit defined under The Payment of Gratuity Act, 1972 and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the OCI in the year in which such gains or losses are determined.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### *Other long-term employee benefits*

Liability in respect of compensated absences is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to the statement of profit and loss in the year in which such gains or losses are determined.

### *Short-term employee benefits*

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

#### **o) Share based payments**

##### *Employee stock option plan*

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

#### **p) Operating expenses**

Operating expenses are recognised in the statement of profit and loss upon utilisation of the service or as incurred.

#### **q) Borrowing costs**

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

#### **r) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

#### **s) Provisions, contingent assets and contingent liabilities**

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

#### **t) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except for anti-dilutive potential equity shares.

### u) **Equity, reserves and dividend payment**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

### v) **Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

#### *Significant management judgements and estimates*

The following are significant management judgements and estimates in applying the accounting policies of the Company that have the most significant effect on the financial statements.

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Classification of leases** – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**Recoverability of advances/receivables** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Useful lives of depreciable/amortizable assets** – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## NOTE 4: PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and equipments	Office equipments	Computers	Furniture and fixtures	Vehicles	Total
<b>Gross block</b>									
<b>As at 1 April 2017</b>	<b>7.58</b>	<b>3.11</b>	<b>74.70</b>	<b>5.08</b>	<b>20.72</b>	<b>4.45</b>	<b>6.06</b>	<b>5.99</b>	<b>127.69</b>
Additions	-	-	6.26	0.49	3.55	0.86	0.52	2.54	<b>14.22</b>
Disposals	-	-	-	-	-	-	-	(1.39)	<b>(1.39)</b>
<b>As at 31 March 2018</b>	<b>7.58</b>	<b>3.11</b>	<b>80.96</b>	<b>5.57</b>	<b>24.27</b>	<b>5.31</b>	<b>6.58</b>	<b>7.14</b>	<b>140.52</b>
Additions	-	-	4.32	0.88	1.17	0.38	0.48	0.03	<b>7.26</b>
Disposals	-	-	(17.16)	(0.03)	(2.12)	(0.07)	(0.66)	(0.28)	<b>(20.32)</b>
<b>As at 31 March 2019</b>	<b>7.58</b>	<b>3.11</b>	<b>68.12</b>	<b>6.42</b>	<b>23.32</b>	<b>5.62</b>	<b>6.40</b>	<b>6.89</b>	<b>127.46</b>
<b>Accumulated depreciation and amortisation</b>									
<b>As at 1 April 2017</b>	-	<b>0.56</b>	<b>22.63</b>	<b>1.68</b>	<b>12.57</b>	<b>2.15</b>	<b>2.27</b>	<b>2.16</b>	<b>44.02</b>
Charge for the year	-	0.24	11.05	0.61	4.74	1.10	1.06	1.66	<b>20.46</b>
Reversal on disposals	-	-	-	-	-	-	-	(1.26)	<b>(1.26)</b>
<b>As at 31 March 2018</b>	-	<b>0.80</b>	<b>33.68</b>	<b>2.29</b>	<b>17.31</b>	<b>3.25</b>	<b>3.33</b>	<b>2.56</b>	<b>63.22</b>
Charge for the year	-	0.22	9.34	0.61	3.51	0.93	0.91	1.23	<b>16.75</b>
Reversal on disposals	-	-	(9.30)	(0.02)	(1.71)	(0.06)	(0.44)	(0.16)	<b>(11.69)</b>
<b>As at 31 March 2019</b>	-	<b>1.02</b>	<b>33.72</b>	<b>2.88</b>	<b>19.11</b>	<b>4.12</b>	<b>3.80</b>	<b>3.63</b>	<b>68.28</b>
<b>Net block:</b>									
As at 31 March 2019	7.58	2.09	34.40	3.54	4.21	1.50	2.60	3.26	<b>59.18</b>
As at 31 March 2018	7.58	2.31	47.28	3.28	6.96	2.06	3.25	4.58	<b>77.30</b>

**Note :** The amount of contractual commitments for the acquisition of property, plant and equipment, but not recognised as a liability as at 31 March 2019 was nil (31 March 2018 ₹ 1.03 crores).

## NOTE 5: NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
<b>Investments in equity instruments (unquoted) - fully paid up - at cost</b>		
<b>In wholly owned subsidiary companies</b>		
PC Universal Private Limited	0.05	0.05
50,000 (31 March 2018: 50,000) equity shares of ₹ 10 each		
Transforming Retail Private Limited	0.01	0.01
10,000 (31 March 2018: 10,000) equity shares of ₹ 10 each		
Luxury Products Trendsetter Private Limited	1.36	0.01
10,000 (31 March 2018: 10,000) equity shares of ₹ 10 each		
PC Jeweller Global DMCC	133.86	133.86
73,400 (31 March 2018: 73,400) equity shares of AED 1,000 each		
	<b>135.28</b>	<b>133.93</b>
Less : Provision for impairment	(0.05)	-
	<b>135.23</b>	<b>133.93</b>
<b>Aggregate amount of unquoted investments</b>	135.23	133.93
<b>Aggregate amount of impairment in value of investment</b>	0.00	-

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## NOTE 6: FINANCIAL ASSETS - LOANS

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Security deposits				
- Considered good- Unsecured	23.60	5.58	31.69	-
Loan to subsidiaries (refer note (a) below and note 37)				
- Considered good- Unsecured	125.44	30.16	89.55	31.34
- Credit impaired	-	14.24	-	-
Loan to other body corporate (refer note (a) below)				
- Considered good- Unsecured	8.23	0.74	8.26	0.77
Less: Loss allowance	-	(14.24)	-	-
<b>Total</b>	<b>157.27</b>	<b>36.48</b>	<b>129.50</b>	<b>32.11</b>

(a) Loans have been given to Shivani Sarees Private Limited, PC Universal Private Limited and Luxury Products Trendsetter Private Limited for business purposes.

## NOTE 7: OTHER FINANCIAL ASSETS

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
<b>(Unsecured and considered good)</b>				
Deposits with maturity of more than 12 months (refer note (a) below)	3.68	-	6.77	-
Foreign currency receivables, net	-	47.22	-	7.16
Others	-	0.02	-	0.02
<b>Total</b>	<b>3.68</b>	<b>47.24</b>	<b>6.77</b>	<b>7.18</b>

(a) Held as margin money for procurement of gold from suppliers against letter of credit. 3.50 - 6.61 -

## NOTE 8: DEFERRED TAX ASSETS, NET

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset arising on account of</b>		
Difference between accounting base and tax base of property, plant and equipment	17.02	13.34
Provision for employee benefits	3.08	3.01
Deferred lease rent	1.45	1.90
Provision for discount	2.68	4.46
Financial assets and liabilities at amortised cost	0.60	0.60
Fair valuation of derivatives	0.40	0.40
Expected credit loss on trade receivables	7.73	-
Others	5.58	-
	<b>38.54</b>	<b>23.71</b>
<b>Deferred tax liability arising on account of</b>		
Financial assets at fair value through profit or loss	(0.83)	(0.45)
Valuation of inventory	(0.72)	(4.34)
	<b>(1.55)</b>	<b>(4.79)</b>
<b>Net deferred tax assets</b>	<b>36.99</b>	<b>18.92</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## (a) Changes in deferred tax assets and deferred tax liabilities from 1 April 2018 to 31 March 2019

Particulars	Opening balance as on 1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2019
<b>Deferred tax asset arising on account of</b>					
Difference between accounting base and tax base of property, plant and equipment	13.34	3.68	-	-	17.02
Provision for employee benefits	3.01	0.25	(0.18)	-	3.08
Deferred lease rent	1.90	(0.45)	-	-	1.45
Provision for discount	4.46	(1.78)	-	-	2.68
Financial assets and liabilities at amortised cost	0.60	-	-	-	0.60
Fair valuation derivatives	0.40	-	-	-	0.40
Expected credit loss on trade receivables	-	7.73	-	-	7.73
Others	-	5.58	-	-	5.58
	<b>23.71</b>	<b>15.01</b>	<b>(0.18)</b>	-	<b>38.54</b>
<b>Deferred tax liability arising on account of</b>					
Financial assets at fair value through profit or loss	(0.45)	(0.38)	-	-	(0.83)
Valuation of inventory	(4.34)	3.62	-	-	(0.72)
	<b>(4.79)</b>	<b>3.24</b>	-	-	<b>(1.55)</b>
<b>Net deferred tax assets</b>	<b>18.92</b>	<b>18.25</b>	<b>(0.18)</b>	-	<b>36.99</b>

## (b) Changes in deferred tax assets and deferred tax liabilities from 1 April 2017 to 31 March 2018

(₹ in crores)

Particulars	Opening balance as on 1 April 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2018
<b>Deferred tax asset arising on account of</b>					
Difference between accounting base and tax base of property, plant and equipment	10.90	2.44	-	-	13.34
Provision for employee benefits	2.20	1.07	(0.26)	-	3.01
Deferred lease rent	1.45	0.45	-	-	1.90
Provision for discount	2.17	2.29	-	-	4.46
Financial assets and liabilities at amortised cost	0.60	-	-	-	0.60
Fair valuation derivatives	0.23	0.17	-	-	0.40
Compound instruments (refer note below)	14.85	(8.64)	-	(6.21)	-
	<b>32.40</b>	<b>(2.22)</b>	<b>(0.26)</b>	<b>(6.21)</b>	<b>23.71</b>
<b>Deferred tax liability arising on account of</b>					
Financial assets at fair value through profit or loss	(0.56)	0.11	-	-	(0.45)
Valuation of inventory	(2.33)	(2.01)	-	-	(4.34)
	<b>(2.89)</b>	<b>(1.90)</b>	-	-	<b>(4.79)</b>
<b>Net deferred tax assets</b>	<b>29.51</b>	<b>(4.12)</b>	<b>(0.26)</b>	<b>(6.21)</b>	<b>18.92</b>

**Note :**

During year ended 31 March 2018, the Company had converted compulsorily convertible debentures (CCDs) into equity earlier than its due date of conversion and therefore, the deferred tax on the outstanding liability portion of CCDs, amounting to ₹ 6.21 crores had been transferred to retained earnings.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## NOTE 9: OTHER ASSETS

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Capital advances	0.41	-	3.43	-
Advances to suppliers	-	36.35	-	38.01
Balances with statutory authorities	3.18	21.01	3.18	41.57
Prepaid expenses	19.27	5.58	21.09	4.34
Others	-	15.02	-	10.46
	<b>22.86</b>	<b>77.96</b>	<b>27.70</b>	<b>94.38</b>
Less : Provision for doubtful advances	-	(1.68)	-	-
	<b>22.86</b>	<b>76.28</b>	<b>27.70</b>	<b>94.38</b>

## NOTE 10: INVENTORIES

(₹ in crores)

(valued at lower of cost and net realisable value)	As at 31 March 2019	As at 31 March 2018
Raw materials	362.68	684.77
Work-in-progress	1,473.83	2,179.52
Finished goods	3,137.25	2,270.52
Stock-in-trade	14.35	26.47
	<b>4,988.11</b>	<b>5,161.28</b>

## NOTE 11: CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
<b>Investment in mutual funds (quoted) - at fair value through profit and loss</b>		
Canara Robeco Capital Protection Oriented Fund Series 8 Regular Growth Plan (31 March 2019: 1,500,000 units, 31 March 2018: 1,500,000 units)	1.67	1.57
Union Capital Protection Oriented Fund Series 8- Regular Growth Plan (31 March 2019: 1,500,000 units, 31 March 2018: 1,500,000 units)	1.62	1.53
State Bank of India Dual Advantage Fund - Series - XXIII Regular Growth Plan (31 March 2019: 1,500,000 units, 31 March 2018: 1,500,000 units)	1.61	1.54
Union Corporate Bond Fund - Regular Growth Plan (31 March 2019: 1,076,745 units, 31 March 2018: nil)	1.15	-
Canara Robeco Capital Protection Oriented Fund Series 7 Regular Growth Plan (31 March 2019: 750,000 units, 31 March 2018: 750,000 units)	0.87	0.82
Canara Robeco Capital Protection Oriented Fund-Series 9 Regular Growth Plan (31 March 2019: 600,000 units, 31 March 2018: 600,000 units)	0.64	0.60
Canara Robeco Capital Protection Oriented Fund Series 10 Regular Growth Plan (31 March 2019: 250,000 units, 31 March 2018: nil)	0.25	-
HDFC Top 100 Fund-Growth Plan (31 March 2019: 4,661 units, 31 March 2018: 4,661 units)	0.23	0.20
ICICI Prudential Corporate Bond Fund - Regular Growth Plan (31 March 2018: 71,825 units, 31 March 2018: 71,825 units)	0.20	0.19
State Bank of India Magnum Balanced Fund - Regular Growth Plan (31 March 2019: 10,628 units, 31 March 2018: 327,145 units)	0.15	4.01
Canara Robeco balanced - Regular Growth Plan (31 March 2019: nil, 31 March 2018: 130,765 units)	-	1.89
Union Asset Allocation Fund Growth Plan (31 March 2019: nil, 31 March 2018: 989,531 units)	-	1.50
Canara Robeco Capital Protection Oriented Fund Series 5 Regular Growth Plan (31 March 2019: nil, 31 March 2018: 1,129,700 units)	-	1.29
Union Focussed Largecap Fund Regular Growth Plan (31 March 2019: nil, 31 March 2018: 1,007,438 units)	-	1.03

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019	As at 31 March 2018
Bank of India AXA Corporate Credit Spectrum Fund- Regular Growth Plan (31 March 2019: nil, 31 March 2018: 541,158 units)	-	0.72
Bank of India AXA Capital Protection Oriented Fund Series-5 (31 March 2019: nil, 31 March 2018: 599,990 units)	-	0.68
Bank of India AXA Short Term Income Fund- Regular Growth Plan (31 March 2019: nil, 31 March 2018: 269,826 units)	-	0.51
HDFC CPO III - 1173D January 2015 - Regular Growth Plan (31 March 2019: nil, 31 March 2018: 200,000 units)	-	0.24
ICICI Prudential Capital Protection Oriented Fund Series IV Regular Growth Plan (31 March 2019: nil, 31 March 2018: 120,000 units)	-	0.19
Kotak Capital Protection Oriented Scheme Series-1 Regular Growth Plan (31 March 2019: nil, 31 March 2018: 100,000 units)	-	0.12
	<b>8.39</b>	<b>18.63</b>
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>8.39</b>	<b>18.63</b>

## NOTE 12: TRADE RECEIVABLES

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Considered good - secured	-	-
Considered good - unsecured*	1,773.00	1,761.81
Credit impaired	22.11	-
Less: Loss allowance	(22.11)	-
	<b>1,773.00</b>	<b>1,761.81</b>

\* Includes receivable from related parties amounting ₹ 13.88 crores (31 March 2018: ₹ 8.31 crores) (refer note 37)

## NOTE 13: CASH AND CASH EQUIVALENTS

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Balances with banks - in current accounts	16.00	193.80
Cheques on hand	1.55	141.54
Cash on hand	12.04	30.39
Deposits with original maturity of less than 3 months	53.14	17.01
	<b>82.73</b>	<b>382.74</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

## NOTE 14: OTHER BANK BALANCES

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Deposits with maturity of more than 3 months but less than 12 months (refer note a & b below)	236.03	1,108.68
Unclaimed dividend account (refer note c below)	0.12	0.05
	<b>236.15</b>	<b>1,108.73</b>

- (a) Held as margin money for procurement of gold from suppliers against letter of credit. 165.65 1,061.61
- (b) *Inter-alia*, includes deposits of ₹29.31 crores (31 March 2018: ₹19.19 crores) which are earmarked.
- (c) Not due for deposit to the Investor Education and Protection Fund.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## NOTE 15: EQUITY SHARE CAPITAL

## a) Authorised share capital

(₹ in crores)

	Number of shares	Amount
<b>Equity shares of ₹ 10 each</b>		
Total authorised equity share capital as at 1 April 2017	240,000,000	240.00
Increase during the year, 2017-18	200,000,000	200.00
<b>Total authorised equity share capital as at 31 March 2019/ 31 March 2018</b>	<b>440,000,000</b>	<b>440.00</b>
<b>Preference shares of ₹ 10 each</b>		
<b>Total authorised preference share capital as at 31 March 2019/ 31 March 2018/ 1 April 2017</b>	<b>260,000,000</b>	<b>260.00</b>

## Issued, subscribed and paid-up share capital:

(₹ in crores)

	Number of shares	Amount
<b>Equity shares of ₹ 10 each</b>		
Balance as at 1 April 2017	179,137,600	179.14
Issued on exercise of employee stock options	75,200	0.08
Issue of bonus shares	179,212,800	179.21
Conversion of compulsorily convertible debentures into equity shares	22,473,600	22.47
Conversion of compulsorily convertible preference shares into equity shares*	13,456,000	13.46
Balance as at 31 March 2018	<b>394,355,200</b>	<b>394.36</b>
Issued on exercise of employee stock options	292,787	<b>0.29</b>
<b>Shares issued and fully paid as at 31 March 2019</b>	<b>394,647,987</b>	<b>394.65</b>
<b>Preference shares of ₹ 10 each</b>		
Balance as at 1 April 2017	257,372,912	257.37
Converted into equity shares during 2017-18*	257,372,912	257.37
<b>Balance as at 31 March 2018</b>	-	-

\*During the financial year ended 31 March 2017, the Company had issued compulsorily convertible preference shares ('CCPS'). CCPS are compound financial instruments and in accordance with Ind AS, the Company had bifurcated amount so received into equity and liability components. The liability component amounting to ₹ 28.48 crores was reflected in borrowings and equity component (net of transaction cost ₹ 2.57 crores) amounting to ₹ 226.32 crores was reflected in other equity.

In the previous year, the aforementioned CCPS were converted into 13,456,000 equity shares as per terms of the agreement.

## b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

## Terms and rights attached to preference shares

During the financial year ended 31 March 2018, the entire CCPS got converted into 13,456,000 equity shares of the Company having face value of ₹10 each per terms of the agreement. However, the preference shareholders received a mandatory dividend of 13% per annum during the current year as per terms agreed.

## c) Shares reserved for issue under options

3,461,867 equity shares are reserved for the issue under the Employees' stock option plan of the Company. Information relating to Employees' stock option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 36.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## d) Details of shareholders holding more than 5% of the shares of the Company\*

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
<b>Equity shares of ₹ 10 each</b>				
Mr. Balram Garg	133,952,100	33.94%	133,952,100	33.97%
Mr. Padam Chand Gupta	-	- **	100,743,600	25.55%
Mr. Sachin Gupta	90,443,600	22.92%	-	-
	<b>224,395,700</b>	<b>56.86%</b>	<b>234,695,700</b>	<b>59.52%</b>

\*As per the records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

\*\*Succession to the shareholding of Late Shri Padam Chand Gupta (Promoter) in the Company is pending the probate of his will and for the intervening period Mr. Sachin Gupta is holding the shares of Late Shri Padam Chand Gupta as the nominee of Late Shri Padam Chand Gupta's dematerialised account.

- e) The shareholders of the Company approved the issue of 179,212,800 equity shares as bonus shares which were subsequently allotted on 10 July 2017. Further the Company has allotted 11,236,800 equity shares as bonus shares on 19 August 2017 on conversion of compulsorily convertible debentures. Other than this, the Company has not issued any shares pursuant to contract without payment being received in cash, or allotted as fully paid up by way of bonus shares or bought back any shares during the period of five years immediately preceding the date of balance sheet.

## NOTE 16: OTHER EQUITY

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Retained earnings	2,533.44	2,562.70
General reserve	54.54	54.54
Securities premium	911.45	898.83
Share options outstanding account	42.41	15.37
	<b>3,541.84</b>	<b>3,531.44</b>

**Retained earnings**

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

**General reserve**

Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with the Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Act, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

**Securities premium**

Securities premium is used to record the premium on issue of shares. The premium will be utilised in accordance with provisions of the Act.

**Share options outstanding account**

The reserve account is used to recognise the grant date fair value of options issued to employees under employee stock option plan, over the vesting period.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## NOTE 17: NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in crores)

	Interest rate	Maturity date	As at 31 March 2019	As at 31 March 2018	Remarks
<b>Secured</b>					
Vehicle loans	8.80%-10.65%	May 2024	2.28	3.19	Refer note (i)
Term loans from banks	11.45%	November 2020	27.58	74.24	Refer note (ii)
			<b>29.86</b>	<b>77.43</b>	

	Effective Interest rate	Maturity date	As at 31 March 2019	As at 31 March 2018	Remarks
<b>Unsecured</b>					
Liability component of compulsorily convertible preference shares	11.45%	September 2018	-	13.37	Refer note (iii)
			-	<b>13.37</b>	
<b>Total borrowings</b>					
Less: Current maturities of long term borrowings (refer note 21)			(18.28)	(61.30)	
<b>Total</b>			<b>11.58</b>	<b>29.50</b>	

(i) Vehicle loans are secured by way of hypothecation of assets, thus purchased.

(ii) Term loans from banks (including current maturities) aggregating to ₹ 27.58 crores (31 March 2018: ₹ 74.24 crores) are secured against first and exclusive registered mortgage charge on immovable properties belonging to other body corporates. These loans are further fully secured by personal guarantees of promoter directors and corporate guarantees of the said body corporates.

(iii) Liability component of CCPS represents the mandatory payments required under the terms of the CCPS, discounted at the effective interest rate. Mandatory dividend payable at the rate of 13% per annum has been duly paid by the Company during the year.

## NOTE 18: PROVISIONS

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Provision for employee benefits obligations (refer note 35)	6.52	2.27	6.42	2.23
Provision for tax liability (refer note below)	38.48	-	-	-
	<b>45.00</b>	<b>2.27</b>	<b>6.42</b>	<b>2.23</b>

**Note:** The following is the movement in provision for tax liability from the beginning to the close of the reporting period:

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Balance as at the beginning of the year	-	-
Add: Provision made during the year	38.48	-
Less: Utilised during the year	-	-
Less: Written back during the year	-	-
Balance as at the end of the year	<b>38.48</b>	-

## NOTE 19: CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in crores)

	Interest rate	Maturity date	As at 31 March 2019	As at 31 March 2018	Remarks
<b>Secured (carried at amortised cost)</b>					
Cash credit facilities	9.65% - 12.70%	Payable on demand	2,023.00	584.19	Refer note (i)
Packing credit facilities	4.65%-9.25%	Payable on demand	19.53	84.98	Refer note (i)
Post shipment credit facilities	4.65%-9.25%	Payable on demand	0.00	121.83	Refer note (i)
Demand loans	10.00%-13.00%	Payable on demand	30.00	85.00	Refer note (i)
Commercial papers	8.00%-8.50%	May 2018	-	148.97	Refer note (i)
Bank overdraft	18.00%	Payable on demand	18.12	-	Refer note (i)
<b>Total</b>			<b>2,090.65</b>	<b>1,024.97</b>	

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

- (i) Cash credit facilities, packing credit facilities, post shipment credit facilities, demand loans, commercial papers and bank overdraft are secured against first pari passu charge on current assets, property, plant and equipment and fixed deposits of the Company. These loans are further fully secured by personal guarantees of promoter directors and their relatives and corporate guarantees and collateral securities of other companies.

**NOTE 20: TRADE PAYABLES**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 43)	0.58	0.54
- Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,264.28	3,560.64
	<b>1,264.86</b>	<b>3,561.18</b>

\* Includes gold on lease ₹ 1,120.20 crores (31 March 2018: ₹ 3,384.47 crores) on which interest is charged at 1.75% to 3.25% per annum (31 March 2018: 1.40% to 3.00% per annum).

**NOTE 21: OTHER CURRENT FINANCIAL LIABILITIES**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Current maturities of long term debt (refer note 17)	18.28	47.93
Current maturities of liability component of CCPS (refer note 17)	-	13.37
Interest accrued but not due on borrowings	3.03	3.20
Unpaid dividends*	0.12	0.05
Application money received for allotment of securities to the extent refundable*	0.02	0.02
Creditors for capital goods	1.56	1.69
Employee related payables	5.10	6.82
Others	24.28	31.86
	<b>52.39</b>	<b>104.94</b>

\*Not due for deposit to the Investor Education and Protection Fund

**NOTE 22: OTHER CURRENT LIABILITIES**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Advances received from customers	6.15	17.91
Deposits received from customers	141.85	140.68
Statutory dues payable	8.87	3.92
Deferred revenue	-	11.18
Others	17.01	11.80
	<b>173.88</b>	<b>185.49</b>

**NOTE 23: CURRENT TAX LIABILITIES (NET)**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Provision for income-tax (net of prepaid taxes)	86.92	120.45
	<b>86.92</b>	<b>120.45</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## NOTE 24: REVENUE FROM OPERATIONS

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products*	8,368.85	9,488.97
	<b>8,368.85</b>	<b>9,488.97</b>

\*Revenue for the period ended 31 March 2019 is net of Goods and Service Tax (GST) which is applicable from 1 July 2017, however, revenue for the periods upto 30 June 2017 is net of value added tax but gross of excise duty. Accordingly, revenue for the year ended 31 March 2019 is not comparable with that of the previous year, presented in these financial statements.

## NOTE 25: OTHER INCOME

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on:		
fixed deposits with banks	40.21	47.32
loans to subsidiaries	14.51	15.83
loan to a body corporate	0.83	0.85
other financial assets carried at amortised cost	5.66	5.91
Gain on investments measured at FVTPL	0.84	0.91
Duty drawback on export	1.84	-
Profit on sale of property, plant and equipment (net)	-	0.05
Net gain on foreign currency transactions and translations	23.46	25.94
Other non-operating income	4.97	2.76
	<b>92.32</b>	<b>99.57</b>

## NOTE 26: COST OF MATERIALS CONSUMED

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Raw material</b>		
Balance at the beginning of the year	684.77	648.55
Add: purchases during the year	7,602.93	8,867.03
Balance at the end of the year	362.68	684.77
	<b>7,925.02</b>	<b>8,830.81</b>

## NOTE 27: PURCHASES OF STOCK-IN-TRADE

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Purchases of stock-in-trade	12.41	318.08
	<b>12.41</b>	<b>318.08</b>

## NOTE 28: CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Opening balance</b>		
Work-in-progress	2,179.52	1,108.05
Finished goods	2,270.52	2,335.63
Stock-in-trade	26.47	26.41
	<b>4,476.51</b>	<b>3,470.09</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Closing balance</b>		
Work-in-progress	1,473.83	2,179.52
Finished goods	3,137.25	2,270.52
Stock-in-trade	14.35	26.47
	<b>4,625.43</b>	<b>4,476.51</b>
	<b>(148.92)</b>	<b>(1,006.42)</b>

**NOTE 29: EMPLOYEE BENEFITS EXPENSE**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	66.94	76.52
Contribution to provident and other funds	4.21	4.42
Share based payments to employees	38.44	4.80
Staff welfare expenses	2.81	3.95
	<b>112.40</b>	<b>89.69</b>

**NOTE 30: FINANCE COSTS**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on financial liabilities at amortised cost#	304.23	251.74
Interest on late deposit of tax	7.38	11.30
Other finance costs	28.78	48.84
	<b>340.39</b>	<b>311.88</b>

# includes ₹ 106.93 crores (previous year ₹ 134.31 crores) as finance cost on gold on lease included in trade payables.

**NOTE 31: DEPRECIATION AND AMORTISATION EXPENSES**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment	16.75	20.46
	<b>16.75</b>	<b>20.46</b>

**NOTE 32: OTHER EXPENSES**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Advertisement and publicity	22.28	59.74
Labour charges	14.22	35.30
Hallmarking charges	0.93	1.05
Consumption of packing material	1.64	3.70
Rent (refer note 45)	53.46	59.13
Business promotion	8.67	18.51
Communication	4.07	5.22
Repairs and maintenance- others	4.03	7.06
Provision for impairment	14.29	-
Discount and commission	1.26	2.16
Electricity and water	9.07	9.08
Vehicle running and maintenance	1.01	0.93
Insurance	1.29	3.14
Legal and professional (including payment to auditors) (refer note (a) below)	6.75	7.93
Rates and taxes	1.41	7.41
Printing and stationery	0.60	1.37
Security expenses	6.35	7.98

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31 March 2019	Year ended 31 March 2018
Travelling and conveyance	1.48	3.76
Advances written off	1.23	-
Provision on advance to suppliers	1.68	-
Expected credit loss on trade receivables	22.11	-
Net loss on disposal of property, plant and equipment	7.32	-
Bank charges	8.62	9.07
Donation	1.03	1.13
Expenditure on corporate social responsibility activities (refer note 46)	3.00	5.25
Miscellaneous	2.56	1.48
	<b>200.36</b>	<b>250.40</b>
<b>(a) Payment to the auditors:</b>		
- As auditors	0.77	0.48
- For other services (including limited reviews)	0.47	0.45
- For reimbursement of expenses	0.05	0.05
<b>Total</b>	<b>1.29</b>	<b>0.98</b>

## NOTE 33: CURRENT TAX

## (a) Income-tax expense through the statement of profit and loss

(₹ in crores)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Current tax:</b>		
Current tax on profits for the year	23.81	202.98
Adjustments for current tax of prior periods	0.01	(4.33)
	<b>23.82</b>	<b>198.65</b>
<b>Deferred tax:</b>		
In respect of current year origination and reversal of temporary differences	(18.25)	3.86
Adjustments due to changes in tax rates	-	0.26
<b>Total tax expense</b>	<b>5.57</b>	<b>202.77</b>

## (b) Income-tax on other comprehensive income

(₹ in crores)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Re-measurement of defined benefit obligations	(0.18)	(0.26)
<b>Total tax expense recognised in other comprehensive income</b>	<b>(0.18)</b>	<b>(0.26)</b>

## (c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Accounting profit before income-tax</b>	2.76	770.17
Applicable Indian statutory income-tax rate	34.94%	34.61%
Computed expected tax expense	0.96	266.56
Prior period adjustments	0.01	(4.33)
Effect of non-deductible expenses	5.18	7.43
Income exempt from tax (see note below)	(0.32)	(66.63)
Others	(0.26)	(0.26)
<b>Income-tax expense reported in the statement of profit and loss</b>	<b>5.57</b>	<b>202.77</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

**Note:**

The Company has three manufacturing units located in Noida Special Economic Zone, namely, unit I, unit II and unit III. Unit III is fully exempt from income tax till 31 March 2021. Remaining units, i.e., unit I and unit II are partially exempted till 31 March 2022 and 31 March 2025 respectively under the provisions of Section 10AA of the Income-tax Act, 1961.

The Company's manufacturing unit located in Dehradun is eligible for the deduction of 100% of the profits and gains of the unit for the first 5 consecutive years and 30% for the next 5 consecutive years under Section 80 IC of the Income - tax Act, 1961 till 31 March 2019.

**NOTE 34: EARNINGS PER SHARE**

Particulars	Units	Year ended 31 March 2019	Year ended 31 March 2018
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
<b>Net (loss) /profit attributable to shareholders for basic earnings per share</b>	₹ in crores	<b>(2.81)</b>	<b>567.40</b>
Interest savings on compulsory convertible preference shares, net of tax	₹ in crores	-	2.40
Interest savings on compulsory convertible debentures, net of tax	₹ in crores	-	1.11
<b>Net (loss)/profit attributable to shareholders for diluted earnings per share</b>	₹ in crores	<b>(2.81)</b>	<b>570.91</b>
<b>Weighted average number of equity shares for basic earnings per share</b>		<b>394,562,992</b>	<b>394,355,200</b>
Effect of conversion of convertible debentures, convertible preference shares and exercise of share options		-	7,739,238
<b>Weighted average number of equity shares for diluted earnings per share</b>		<b>394,562,992</b>	<b>402,094,438</b>
Basic earnings per share	₹	(0.07)	14.94
Diluted earnings per share	₹	(0.07)	14.73

**Note:**

The incremental shares from assumed exercise of share options are not included in calculating the diluted per-share amounts for the year ended 31 March 2019 as these are anti-dilutive.

**NOTE 35: EMPLOYEE BENEFITS**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Gratuity	7.08	6.82
Compensated absences	1.71	1.83
	<b>8.79</b>	<b>8.65</b>

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the amount recognised in the balance sheet for the defined benefit plan.

(₹ in crores)

	Gratuity benefits	
	As at 31 March 2019	As at 31 March 2018
<b>Change in the present value of the defined benefit obligation:</b>		
Opening defined benefit obligation	6.82	5.62
Interest cost	0.51	0.42
Current service cost	1.25	1.34
Benefits paid	(0.99)	(0.24)
Actuarial (gains) on obligation	(0.51)	(0.76)
Past service cost, including losses on curtailments	-	0.44
<b>Closing defined benefit obligation</b>	<b>7.08</b>	<b>6.82</b>
<b>Expense recognised in the statement of profit and loss:</b>		
Current service cost	1.25	1.34
Past service cost, including losses on curtailments	-	0.44
Interest cost	0.51	0.42
	<b>1.76</b>	<b>2.20</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

	Gratuity benefits	
	As at 31 March 2019	As at 31 March 2018
<b>(Income) recognised in the other comprehensive income:</b>		
Net actuarial (gain) in the year	(0.51)	(0.76)
	<b>(0.51)</b>	<b>(0.76)</b>
<b>Net expense recognised in the total comprehensive income</b>	<b>1.25</b>	<b>1.44</b>
<b>Breakup of actuarial (gain)/loss</b>		
Actuarial gain arising from change in demographic assumption	-	(1.47)
Actuarial loss arising from change in financial assumption	0.10	1.20
Actuarial gain arising from experience adjustment	(0.61)	(0.49)
	<b>(0.51)</b>	<b>(0.76)</b>

**Actuarial assumptions used**

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.00%	7.40%
Long-term rate of compensation increase	10.00%	10.00%
Average remaining life	28.18	29.50

**Demographic assumptions used**

	As at 31 March 2019	As at 31 March 2018
Mortality table	IALM(2006-08)	IALM(2006-08)
Retirement age	60 years	60 years
Average remaining life	28.18	29.50

These assumptions were developed by the management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

**Sensitivity analysis**

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability:

	(₹ in crores)			
	As at 31 March 2019		As at 31 March 2018	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
<b>Discount rate</b>				
(Decrease)/ increase in the defined benefit liability	(0.24)	0.26	(0.23)	0.25
<b>Salary growth rate</b>				
Increase/ (decrease) in the defined benefit liability	0.23	(0.22)	0.23	(0.22)
<b>Average life expectancy</b>				
Increase/ (decrease) in the defined benefit liability	negligible	negligible	negligible	negligible

The present value of the defined benefit obligation is calculated as mentioned in note 2(v) of the standalone financial statements. The sensitivity analysis is based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another since some of the assumptions may be co-related.

Based on historical data, the Company expects contributions of ₹ 1.85 crores (31 March 2018 : ₹ 1.76 crores) in the next 12 months.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

Amounts for the current and previous four years are as follows:

(₹ in crores)

	2018-19	2017-18	2016-17	2015-16	2014-15
Defined benefit obligations	7.08	6.82	5.62	3.85	3.05
Experience gain/(loss) adjustments on planned liabilities	0.61	0.49	0.09	0.50	0.25

### Compensated absences

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Therefore, based on the independent actuarial report, provision for compensated absences has been bifurcated as current and non-current.

### Actuarial assumptions used

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.00%	7.40%
Expected salary escalation rate	10.00%	10.00%

### Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 2.81 crores (31 March 2018 : ₹ 2.90 crores). There are no amounts outstanding of post employment benefits, other long-term benefits, termination benefits and share-based payment for the current and previous year.

### NOTE 36: EMPLOYEE STOCK OPTION PLAN

#### PC Jeweller Limited Employee Stock Option Plan 2011

During the year ended 31 March 2012, the Company had formulated Employee Stock Option Scheme referred to as PC Jeweller Limited Employee Stock Option Plan 2011 (the 'Plan') for all eligible employees/directors of the Company and its subsidiaries.

The plan is implemented by the Nomination and Remuneration Committee constituted by the Company under the policy and framework laid down by the Company and/ or the Board of Directors of the Company, in accordance with the authority delegated to the Nomination and Remuneration Committee in this regard from time to time and subject to the amendments, modifications and alterations to the plan made by the Company and/ or the Board of Directors in this regard. The issuance of the shares are under the guidance, advice and directions of the Nomination and Remuneration Committee.

Each stock option granted entitles the grantee thereof to apply for and be allotted one equity share of the Company upon vesting. Vesting of the options shall take place over a period of 4 years with a minimum vesting period of 1 year from the grant date.

(a) The vesting schedule is set forth as follows:

Vesting	Number of months from the date of grant of options	Percentage of options vested	Cumulative percentage of options vested
1	12	10	10
2	24	20	30
3	36	30	60
4	48	40	100

The options granted shall vest so long as the employee continues to be in employment with the Company, i.e., the options will lapse if the employment is terminated prior to vesting. Even after the options are vested, un-exercised options may be forfeited if the services of the employee are terminated for reasons specified in the Plan.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

(b) Set out below is a summary of options granted under the Plan:

	31 March 2019		31 March 2018	
	Average exercise price per share	Number of options	Average exercise price per share	Number of options
<b>Balance at the beginning of the year</b>	<b>10.00</b>	<b>1,626,037</b>	<b>10.00</b>	<b>688,700</b>
Options granted during the year*	10.00	-	10.00	1,032,537
Options exercised during the year	10.00	292,787	10.00	75,200
Options lapsed during the year	10.00	75,000	10.00	20,000
<b>Balance at the end of the year</b>	<b>10.00</b>	<b>1,258,250</b>	<b>10.00</b>	<b>1,626,037</b>
Vested and exercisable	10.00	398,940	10.00	85,090

\*includes 782,537 options granted due to corporate action to existing option holders.

(c) Exercise price and expiry dates of share options outstanding at the end of the year:

Grant date	Weighted average remaining contractual life of options outstanding as on		Expiry date	Average exercise price per share	Total share options granted	Share options outstanding as on 31 March 2019	Share options outstanding as on 31 March 2018
	31 March 2019	31 March 2018					
14 May 2015	4.12	5.12	13 May 2023	10.00	726,300	480,700	593,500
25 May 2017	6.16	7.16	24 May 2025	10.00	50,000	45,000	50,000
1 August 2017	6.34	7.34	31 July 2025	10.00	100,000	90,000	100,000
19 January 2018	6.81	7.81	18 January 2026	10.00	882,537	642,550	882,537
<b>Total</b>						<b>1,258,250</b>	<b>1,626,037</b>

(d) The fair value of the options granted has been calculated on the date of grant using Black Scholes option pricing model with the following assumptions:

(i)	Grant date	14 May 2015	25 May 2017	1 August 2017	19 January 2018
(ii)	Expiry date	13 May 2023	24 May 2025	31 July 2025	18 January 2026
(iii)	Fair value of options granted (per share)	₹ 318.22	₹ 393.99	₹ 231.55	₹ 536.47
(iv)	Exercise price	₹ 10	₹ 10	₹ 10	₹ 10
(v)	Share price at grant date	₹ 328.50	₹ 452.60	₹ 251.75	₹ 587.35
(vi)	Weighted historical volatility (%)	52.61	52.82	52.48	51.85
(vii)	Time to maturity-years	8 years	8 years	8 years	8 years
(viii)	Expected dividend yield (%)	0.71	1.23	1.23	1.23
(ix)	risk free interest rate (%)	7.97- 8.04	6.82- 7.09	6.50- 6.83	7.26- 7.37

The volatility used in the Black Scholes Option Pricing Model is the annualized standard deviation of the continuously compounded rate of return of the stock over a period of time. Informal tests and preliminary research tends to confirm that estimates of the expected long-term future volatility should be based on historical volatility for a period that approximates the expected life of the options being valued. The Company was listed on BSE Limited and National Stock Exchange of India Limited on 27 December 2012. The volatility is determined by taking into account the period since the listing of the Company.

#### NOTE 37: RELATED PARTY TRANSACTIONS:

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## List of related parties

Relationship	Name of the related party
Subsidiaries	PC Universal Private Limited*
	Transforming Retail Private Limited *
	Luxury Products Trendsetter Private Limited*
	PC Jeweller Global DMCC*
Step down subsidiary	Comercializadora Internacional PC Jeweller International S.A.S.
Key management personnel (KMP)**	Late Mr. Padam Chand Gupta (up till 28 January 2019)
	Mr. Balram Garg
Relatives of key management personnel***	Mr. Nitin Gupta (Son of Late Mr. Padam Chand Gupta) - (up till 28 January 2019)
	Mr. Sachin Gupta (Son of Late Mr. Padam Chand Gupta) - (up till 28 January 2019)
	Mrs. Krishna Devi (Wife of Late Mr. Padam Chand Gupta) - (up till 28 January 2019)
	Mrs. Pooja Garg (Wife of Mr. Balram Garg)
	Mrs. Ghazal Garg (Wife of Mr. Nitin Gupta) - (up till 28 January 2019)
Other entities in which KMP has significant influence	Padam Chand, Hindu Undivided Family (up till 28 January 2019)
	Balram Garg, Hindu Undivided Family
	Shivani Sarees Private Limited (from 17 May 2018 till 28 January 2019)

\*Certain directors of the Company are also directors in these entities.

\*\*Also refer note 15(d) for parties with more than 5% voting rights.

\*\*\*where transactions have occurred during the reporting period.

Details of transaction between the Company and its related parties are disclosed below:

(₹ in crores)

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>(i) Transactions during the year</b>						
<b>Loan given</b>						
PC Universal Private Limited	41.47	110.45	-	-	-	-
Luxury Products Trendsetter Private Limited	7.47	14.88	-	-	-	-
	<b>48.94</b>	<b>125.33</b>	-	-	-	-
<b>Provision for impairment of investment</b>						
PC Universal Private Limited	0.05	-	-	-	-	-
	<b>0.05</b>	-	-	-	-	-
<b>Provision for impairment of loan</b>						
PC Universal Private Limited	14.24	-	-	-	-	-
	<b>14.24</b>	-	-	-	-	-
<b>Loan repaid by</b>						
PC Universal Private Limited	13.05	302.14	-	-	-	-
	<b>13.05</b>	<b>302.14</b>	-	-	-	-
<b>Expenses incurred on behalf of</b>						
Transforming Retail Private Limited	0.01	0.01	-	-	-	-
	<b>0.01</b>	<b>0.01</b>	-	-	-	-
<b>Interest income on loan</b>						
PC Universal Private Limited	10.00	12.98	-	-	-	-
Luxury Products Trendsetter Private Limited	4.51	2.86	-	-	-	-
Shivani Sarees Private Limited	-	-	-	-	0.58	-
	<b>14.51</b>	<b>15.84</b>	-	-	<b>0.58</b>	-

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>Sale of goods</b>						
Transforming Retail Private Limited	13.19	6.06	-	-	-	-
Luxury Products Trendsetter Private Limited	25.69	38.45	-	-	-	-
PC Universal Private Limited	-	263.97	-	-	-	-
	<b>38.88</b>	<b>308.48</b>	-	-	-	-
<b>Purchase of goods</b>						
Transforming Retail Private Limited	1.08	-	-	-	-	-
Luxury Products Trendsetter Private Limited	42.27	48.70	-	-	-	-
PC Universal Private Limited	-	252.13	-	-	-	-
	<b>43.35</b>	<b>300.83</b>	-	-	-	-
<b>Purchase of services</b>						
Luxury Products Trendsetter Private Limited	-	0.23	-	-	-	-
	-	<b>0.23</b>	-	-	-	-
<b>Labour income received</b>						
PC Universal Private Limited	0.10	0.84	-	-	-	-
	<b>0.10</b>	<b>0.84</b>	-	-	-	-
<b>Remuneration paid*</b>						
Mr. Balram Garg	-	-	1.55	7.20	-	-
Mr. Nitin Gupta	-	-	0.32	0.42	-	-
Others	-	-	0.03	-	-	-
	-	-	<b>1.90</b>	<b>7.62</b>	-	-
<b>Rent paid</b>						
Late Mr. Padam Chand Gupta	-	-	4.05	5.59	-	-
Mr. Balram Garg	-	-	0.33	0.37	-	-
Mr. Nitin Gupta	-	-	0.57	0.78	-	-
Mr. Sachin Gupta	-	-	0.57	0.78	-	-
Shivani Sarees Private Limited	-	-	-	-	0.66	-
	-	-	<b>5.52</b>	<b>7.52</b>	<b>0.66</b>	-
<b>Final dividend paid</b>						
Mr. Balram Garg	-	-	6.70	6.70	-	-
Late Mr. Padam Chand Gupta	-	-	4.52	5.04	-	-
Others	-	-	0.03	0.42	0.11	0.11
	-	-	<b>11.25</b>	<b>12.16</b>	<b>0.11</b>	<b>0.11</b>
<b>Sitting fees paid</b>						
Late Mr. Padam Chand Gupta	-	-	0.01	0.04	-	-
	-	-	<b>0.01</b>	<b>0.04</b>	-	-

\* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done for the Company as a whole.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

(₹ in crores)

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>Balance outstanding at the year end</b>						
<b>Loans</b>						
PC Universal Private Limited	83.47	55.05	-	-	-	-
Luxury Products Trendsetter Private Limited	41.97	34.50	-	-	-	-
	<b>125.44</b>	<b>89.55</b>	-	-	-	-
<b>Interest accrued on loan</b>						
PC Universal Private Limited	36.75	27.75	-	-	-	-
Luxury Products Trendsetter Private Limited	7.65	3.59	-	-	-	-
	<b>44.40</b>	<b>31.34</b>	-	-	-	-
<b>Provision for impairment of loan</b>						
PC Universal Private Limited	14.24	-	-	-	-	-
	<b>14.24</b>	-	-	-	-	-
<b>Trade receivables</b>						
PC Universal Private Limited	0.43	0.31	-	-	-	-
Transforming Retail Private Limited	9.05	7.61	-	-	-	-
Luxury Products Trendsetter Private Limited	4.40	0.39	-	-	-	-
	<b>13.88</b>	<b>8.31</b>	-	-	-	-
<b>Trade payable</b>						
Luxury Products Trendsetter Private Limited	4.01	-	-	-	-	-
	<b>4.01</b>	-	-	-	-	-
<b>Investments</b>						
Transforming Retail Private Limited	0.01	0.01	-	-	-	-
Luxury Products Trendsetter Private Limited	1.36	0.01	-	-	-	-
PC Jeweller Global DMCC	133.86	133.86	-	-	-	-
PC Universal Private Limited	0.05	0.05	-	-	-	-
	<b>135.28</b>	<b>133.93</b>	-	-	-	-
<b>Provision for impairment of investment</b>						
PC Universal Private Limited	0.05	-	-	-	-	-
	<b>0.05</b>	-	-	-	-	-
<b>Other current liabilities - remuneration</b>						
Mr. Balram Garg	-	-	-	0.39	-	-
Mr. Nitin Gupta	-	-	-	0.03	-	-
	-	-	-	<b>0.42</b>	-	-
<b>Other current assets - remuneration recoverable</b>						
Mr. Balram Garg	-	-	4.87	-	-	-
	-	-	<b>4.87</b>	-	-	-
<b>Advance to Supplies</b>						
Luxury Products Trendsetter Private Limited	-	8.48	-	-	-	-
	-	<b>8.48</b>	-	-	-	-

During the year, the Company has paid short-term employee benefits amounting ₹ 1.55 crores (previous year ₹ 7.20 crores) included in Key management personnel's compensation. As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key management personnel are not included.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 38: DETAILS OF AMOUNTS DUE FROM ENTITIES PURSUANT TO REGULATION 34 OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND DISCLOSURE UNDER SECTION 186(4) OF THE ACT:**

As at 31 March 2019

Particulars	(₹ in crores)				
	PC Universal Private Limited (Wholly owned Subsidiary)	Luxury Products Trendsetter Private Limited (Wholly owned Subsidiary)	Transforming Retail Private Limited (Wholly owned Subsidiary)	PC Jeweller Global DMCC (Wholly owned Subsidiary)	Shivani Sarees Private Limited
<b>Investments</b>					
Investments at the beginning of the year	0.05	0.01	0.01	133.86	-
Additions during the financial year	-	1.35	-	-	-
Less : Provision for impairment	(0.05)	-	-	-	-
Investments at the end of the financial year	-	1.36	0.01	133.86	-
<b>Loans and advances</b>					
Loans at the beginning of the year (including accrued interest)	82.80	38.09	-	-	9.03
Additions during the year	41.47	7.47	-	-	-
Interest income during the year	10.00	4.51	-	-	0.83
Repayment during the year	13.05	-	-	-	0.03
Interest paid during the year	1.00	0.44	-	-	0.86
Loans at the end of the year (including accrued interest)	120.22	49.63	-	-	8.97
Provision for impairment	(14.24)	-	-	-	-
Maximum balance outstanding during the year	124.17	49.63	-	-	9.03
Rate of interest	Refer note (ii)	Refer note (ii)	NA	NA	10%
Repayment terms	Refer note (iii)	Refer note (iii)	NA	NA	Refer note (iv)

**Notes :**

- (i) The Company has given loans to above entities for business purposes. All the loans given are unsecured loans.
- (ii) As per the agreement, the rate of interest for the loan is the average cost of working capital facilities obtained by the lender i.e. 31 March 2019: 11.60% (31 March 2018:11.25%).
- (iii) The loan is to be repaid within 5 years from the date of the receipt of each tranche of loan.
- (iv) The loan is to be repaid in 10 installments commencing from 1 April 2024.

As at 31 March 2018

Particulars	(₹ in crores)				
	PC Universal Private Limited (Wholly owned Subsidiary)	Luxury Products Trendsetter Private Limited (Wholly owned Subsidiary)	Transforming Retail Private Limited (Wholly owned Subsidiary)	PC Jeweller Global DMCC (Wholly owned Subsidiary)	Shivani Sarees Private Limited
<b>Investments</b>					
Investments at the beginning/end of the year	0.05	0.01	0.01	133.86	-
<b>Loans and advances</b>					
Loans at the beginning of the year (including accrued interest)	267.68	20.65	-	-	9.31
Additions during the year	110.45	14.88	-	-	-
Interest income during the year	12.98	2.86	-	-	0.85

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

Particulars	PC Universal Private Limited (Wholly owned Subsidiary)	Luxury Products Trendsetter Private Limited (Wholly owned Subsidiary)	Transforming Retail Private Limited (Wholly owned Subsidiary)	PC Jeweller Global DMCC (Wholly owned Subsidiary)	Shivani Sarees Private Limited
Repayment during the year	302.14	-	-	-	0.28
Interest paid during the year	6.16	0.30	-	-	0.85
Loans at the end of the year (including accrued interest)	82.80	38.09	-	-	9.03
Maximum balance outstanding during the year	301.26	38.09	-	-	9.31
Rate of interest	Refer note (ii)	Refer note (ii)	NA	NA	10%
Repayment terms	Refer note (iii)	Refer note (iii)	NA	NA	Refer note (iv)

**Note:**

- (i) The Company has given loans to above entities for business purposes. All the loans given are unsecured loans.
- (ii) As per the agreement, the rate of interest for the loan is the average cost of working capital facilities obtained by the lender i.e. 31 March 2018: 11.25% (31 March 2017:11.50%).
- (iii) The loan is to be repaid within 5 years from the date of the receipt of each tranche of loan.
- (iv) The loan is to be repaid in 10 installments commencing from 1 January 2019.

**NOTE 39: HEDGING ACTIVITY AND DERIVATIVES**

The Company enters into foreign currency forward contracts to hedge against the foreign currency risk relating to payment of foreign currency payables. The Company does not apply hedge accounting on such relationships. Further, the Company does not enter into any derivative transactions for speculative purposes.

**Fair value hedge of gold price risk in inventory**

The Company enters into contracts to purchase gold wherein the Company has the option to fix the purchase price based on market price of gold during a stipulated time period. The prices are linked to gold prices. Accordingly, these contracts are considered to have an embedded derivative that is required to be separated. Such feature is kept to hedge against exposure in the value of inventory of gold due to volatility in gold prices. The Company designates the embedded derivative in the payable for such purchases as the hedging instrument in fair value hedging of inventory. The Company designates only the spot-to-spot movement of the gold inventory as the hedged risk. The carrying value of inventory is accordingly adjusted for the effective portion of change in fair value of hedging instrument. There is no ineffectiveness in the relationships designated by the Company for hedge accounting.

Disclosure of effects of fair value hedge accounting on financial position:

Hedged item - Changes in fair value of inventory attributable to change in gold prices

Hedging instrument - Changes in fair value of the option to fix prices of gold purchases, as described above

As at 31 March 2019

(₹ in crores)

Commodity price risk	Carrying amount of hedged item		Carrying amount of hedging instrument		Maturity date	Hedge Ratio	Balance sheet classification	Impact of change in fair value relating to the hedged risk
	Assets	Liabilities	Assets	Liabilities				
Hedged item - inventory of gold	704.22	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(15.96)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	15.96	-	Range - within 6 months		Trade payables	15.96

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

As at 31 March 2018

(₹ in crores)

Commodity price risk	Carrying amount of hedged item		Carrying amount of hedging instrument		Maturity date	Hedge Ratio	Balance sheet classification	Impact of change in fair value relating to the hedged risk
	Assets	Liabilities	Assets	Liabilities				
Hedged item - inventory of gold	593.99	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	20.27
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	-	20.27	Range - within 6 months		Trade payables	(20.27)

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

**Note 40: Financial instruments****i) Fair values hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates;

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Financial assets and liabilities measured at fair value - recurring fair value measurements**

(₹ in crores)

	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2019</b>				
<b>Financial assets</b>				
<b>Investments at fair value through profit or loss</b>				
Mutual funds	8.39	-	-	<b>8.39</b>
<b>Derivative instruments</b>				
Option to fix prices of gold in purchase contracts	15.96	-	-	<b>15.96</b>
Forward contracts	-	47.22	-	<b>47.22</b>
<b>Total financial assets</b>	<b>24.35</b>	<b>47.22</b>	-	<b>71.57</b>
<b>As at 31 March 2018</b>				
<b>Financial assets</b>				
<b>Investments at fair value through profit or loss</b>				
Mutual funds	18.63	-	-	<b>18.63</b>
<b>Derivative instruments</b>				
Forward contracts	-	7.16	-	<b>7.16</b>
<b>Total financial assets</b>	<b>18.63</b>	<b>7.16</b>	-	<b>25.79</b>
<b>Financial liabilities</b>				
<b>Derivative instruments</b>				
Option to fix prices of gold in purchase contracts	20.27	-	-	<b>20.27</b>
<b>Total financial liabilities</b>	<b>20.27</b>	-	-	<b>20.27</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## (ii) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices for investments in mutual funds.
- Use of market available inputs such as gold prices and foreign exchange rates for option to fix prices of gold in purchase contracts and foreign currency forward contracts.

## NOTE 41: FINANCIAL RISK MANAGEMENT

## i) Financial instruments by category

Particulars	31 March 2019		31 March 2018	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Investments				
- mutual funds	8.39	-	18.63	-
Loans				
- to subsidiaries	-	155.60	-	120.89
- to other body corporates	-	8.97	-	9.03
Trade receivables	-	1,773.00	-	1,761.81
Security deposits	-	29.18	-	31.69
Cash and cash equivalents	-	82.73	-	382.74
Other receivables	-	0.02	-	0.02
Derivative financial asset	47.22	-	7.16	-
Unclaimed dividend account	-	0.12	-	0.05
Bank deposits	-	239.71	-	1,115.45
<b>Total</b>	<b>55.61</b>	<b>2,289.33</b>	<b>25.79</b>	<b>3,421.68</b>
<b>Financial liabilities</b>				
Borrowings	-	2,102.23	-	1,054.47
Trade payables*	-	1,264.86	-	3,561.18
Other financial liabilities	-	52.39	-	104.94
<b>Total</b>	<b>-</b>	<b>3,419.48</b>	<b>-</b>	<b>4,720.59</b>

\*Trade payables includes value of the option to fix prices on gold purchases (embedded derivative) that is carried at FVTPL. The value of such embedded derivative which is financial asset of ₹ 15.96 crores as at 31 March 2019 (31 March 2018: financial liability ₹ 20.27 crores) is reduced/ added (as the case may be) from value of trade payables (as discussed further below).

- The carrying value of trade receivables, securities deposits, insurance claim receivable, loans given, cash and bank balances and other financial assets recorded at amortised cost (net of impairment, if any), is considered to be a reasonable approximation of fair value.
- The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following table presents the option to fix prices on gold purchases that are added to/offset with trade payables, as at 31 March 2019 and 31 March 2018:

Particulars	₹ in crores		
	Amount of trade payables	Gross amounts set off/added to the balance sheet	Amounts presented in the balance sheet
31 March 2019	1,280.82	(15.96)	1,264.86
31 March 2018	3,540.91	20.27	3,561.18

Option to fix prices on gold purchases is an embedded derivative that will be settled together with the trade payables. Accordingly, such amounts are either added to or offset with but are shown separately in the table above.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## ii) Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting sensitivity analysis	Forward contracts
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Mix of borrowings taken at fixed and floating rates
Market risk - gold prices	Payables linked to gold prices	Sensitivity analysis	Used as a hedging instrument for gold inventory
Market risk - security price	Investments in mutual funds	Sensitivity analysis	Portfolio diversification

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019**

The Company's risk management is carried out by a central treasury department of the Company under policies approved by the Board of Directors. The Board of Directors provide written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, market risk, credit risk and investment of excess liquidity.

**A) Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks and financial institutions, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The credit risk for cash and cash equivalents, mutual funds, bank deposits and derivative financial instruments is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

In respect of trade receivables, in previous years, the Company was not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Company provides for expected credit losses on trade receivables by assessing individual financial instruments for expectation of any credit losses. However, during the current year, credit risk has been increased significantly, hence the Company has provided for the expected credit loss as per the Company's policy to provides for lifetime expected credit losses upon significant increase in credit risk.

In respect of other financial assets, credit risk has been increased significantly during the current year, hence the Company has provided for the expected credit loss as per the Company's policy to provides for 12 months expected credit losses upon significant increase in credit risk.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

Detail of trade receivables that are past due is given below:

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Not due	829.89	1,254.24
0-30 days past due	13.85	157.47
31-60 days past due	39.48	289.06
61-90 days past due	12.46	55.53
More than 90 days past due	899.43	5.51
Expected credit loss (loss allowance provision)	(22.11)	-
	<b>1,773.00</b>	<b>1,761.81</b>

Expected credit losses of financial assets (other than trade receivables) is given below:

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Loan to subsidiaries	169.84	120.89
Expected credit loss (loss allowance provision)	(14.24)	-
	<b>155.60</b>	<b>120.89</b>

Reconciliation of loss allowance provision from beginning to end of reporting period:

	Trade receivables	Other financial assets
Loss allowance on 1 April 2018	-	-
Loss allowance created during the year	22.11	14.24
<b>Loss allowance on 31 March 2019</b>	<b>22.11</b>	<b>14.24</b>

#### Concentration of financial assets

Concentration of credit risk with respect to trade receivables are limited, due to the Company's consumer base being large and diverse. All trade receivable are reviewed and assessed for default on a quarterly basis.

The Company's exposure to credit risk for trade receivables is presented below:

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Export wholesale customers*	1,722.51	1,698.94
Domestic wholesale customers	23.23	38.43
Franchise stores	26.00	23.39
Others	1.26	1.05
	<b>1,773.00</b>	<b>1,761.81</b>

\*Net of expected credit loss amounting to ₹22.11 crores (31 March 2018 : nil)

#### B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

**Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Expiring within one year (bank overdraft and other facilities)	246.33	38.29
	<b>246.33</b>	<b>38.29</b>

**Contractual maturities of financial liabilities**

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(₹ in crores)

31 March 2019	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>						
Borrowings	2,090.65	23.52	11.35	0.35	0.34	2,126.21
Trade payable	-	1,264.86	-	-	-	1,264.86
Other financial liabilities	0.14	30.94	-	-	-	31.08
<b>Total</b>	<b>2,090.79</b>	<b>1,319.32</b>	<b>11.35</b>	<b>0.35</b>	<b>0.34</b>	<b>3,422.15</b>

(₹ in crores)

31 March 2018	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>						
Borrowings	876.00	219.55	20.17	11.34	0.70	1,127.76
Trade payable	-	3,561.18	-	-	-	3,561.18
Other financial liabilities	0.07	38.68	-	-	-	38.75
<b>Total</b>	<b>876.07</b>	<b>3,819.41</b>	<b>20.17</b>	<b>11.34</b>	<b>0.70</b>	<b>4,727.69</b>

**C) Market risk - foreign exchange**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company, as per its overall strategy, uses forward contracts to mitigate its risks associated with fluctuations in foreign currency, and such contracts are not designated as hedges under Ind AS 109. The Company does not use forward contracts and swaps for speculative purposes.

**Sensitivity**

The sensitivity to profit or loss from changes in the exchange rates arises mainly from financial instruments denominated in USD. In case of a reasonably possible change in INR/USD exchange rates of +/- 4 % (previous year +/-4%) at the reporting date, keeping all other variables constant, there would have been corresponding impact on losses/profits of ₹ 30.63 crores (previous year ₹ 31.81 crores).

**D) Interest rate risk****i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

*Interest rate risk exposure*

Below is the overall exposure of the Company to interest rate risk:

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Variable rate borrowing	2,090.65	791.00
Fixed rate borrowing	29.86	324.77
<b>Total borrowings</b>	<b>2,120.51</b>	<b>1,115.77</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**Sensitivity**

The sensitivity to profit or loss in case of a reasonably possible change in interest rates of +/- 50 basis points (previous year: +/- 50 basis points), keeping all other variables constant, would have resulted in corresponding impact on losses/profits by ₹ 6.80 crores (previous year ₹ 2.59 crores).

**ii) Assets**

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**E) Price risk**
**Exposure from investments in mutual funds:**

The Company's exposure to price risk arises from investments in mutual funds held by the Company and classified in the balance sheet as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

**Sensitivity:**

The sensitivity to profit or loss in case of an increase in price of the instrument by 5% keeping all other variables constant would have resulted in corresponding impact on (losses)/profits by ₹ 0.27 crores (previous year ₹ 0.61 crores).

**Exposure from trade payables:**

The Company's exposure to price risk also arises from trade payables of the Company that are at unfixed prices, and, therefore, payment is sensitive to changes in gold prices. The option to fix gold prices are classified in the balance sheet as fair value through profit or loss. The option to fix gold prices are at unfixed prices to hedge against potential losses in value of inventory of gold held by the Company.

The Company applies fair value hedge for the gold purchased whose price is to be fixed in future. Therefore, there will no impact of the fluctuation in the price of the gold on the Company's profit/loss for the period.

**NOTE 42: CAPITAL MANAGEMENT**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

The Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	(₹ in crores)	
(a) Particulars	31 March 2019	31 March 2018
Non-current borrowings (refer note 17)	11.58	29.50
Current borrowings (refer note 19)	2,090.65	1,024.97
Other financial liability (refer note 21)	21.31	64.51
Less: Cash and cash equivalents (refer note 13)	(82.73)	(382.74)
<b>Net debts</b>	<b>2,040.81</b>	<b>736.24</b>
Equity share capital (refer note 15)	394.65	394.36
Other equity (refer note 16)	3,541.84	3,531.44
<b>Total Capital</b>	<b>3,936.49</b>	<b>3,925.80</b>
<b>Gearing ratio</b>	<b>51.84%</b>	<b>18.75%</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## (b) Dividends

Particulars	(₹ in crores)	
	31 March 2019	31 March 2018
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March 2017 of ₹ 1.00 per share	-	17.92
Final dividend for the year ended 31 March 2018 of ₹ 0.50 per share	19.73	-
Dividend distribution tax on final dividend for the year ended 31 March 2017	-	3.65
Dividend distribution tax on final dividend for the year ended 31 March 2018	4.05	-
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, board of directors have recommended the dividend of ₹ nil (31 March 2018 : ₹ 0.55) per fully paid preference share. This proposed dividend was subject to approval of shareholders at the ensuing Annual General Meeting.	-	14.21
In addition to the above dividends, the Board of Directors have recommended a dividend of ₹ nil (31 March 2018 : ₹ 0.50) per fully paid equity share. This proposed dividend is subject to approval of shareholders at the ensuing Annual General Meeting.	-	19.72
Dividend distribution tax on the proposed dividend for equity shareholders	-	4.05
Dividend distribution tax on the proposed dividend for preference shareholders	-	2.92

**NOTE 43: MICRO, SMALL AND MEDIUM ENTERPRISES**

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	(a) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006:	
Principal amount due to micro and small enterprises	0.53	0.54
Interest due on above	0.05	-*
(b) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.05	-*
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	0.05	-*

\* Rounded off to nil

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## NOTE 44: CONTINGENT LIABILITY

(₹ in crores)

		As at 31 March 2019	As at 31 March 2018
(a)	Claims against the Company not acknowledged as debts*#	0.97	0.97
(b)	Demand from the income-tax authorities (amounts paid under protest : nil (31 March 2018 : ₹ 0.22 crores))*	5.47	5.86
(c)	Demands from the Custom authorities against which appeals have been filed (amounts paid under protest ₹ 2.43 crores)	2.43	2.43
(d)	Demands from the sales tax authorities against which appeals have been filed	-	8.24
(e)	Estimated amount of contracts remaining to be executed on capital account and not provided for	-	1.03

- (f) The Honourable Supreme Court, has passed a decision on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.

\*Excluding interest which is not ascertainable

#Company has furnished bank guarantees amounting to ₹ 0.42 crores

## NOTE 45: DISCLOSURES IN RESPECT OF NON-CANCELLABLE OPERATING LEASES

The Company leases various offices and retail stores under non-cancellable operating leases with different periods. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Contractual lease expense are summarised as below.

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Upto one year	42.31	51.39
Two to five years	123.84	159.11
More than five years	42.99	54.55
	<b>209.14</b>	<b>265.05</b>
Lease payments under operating leases are disclosed as 'rent' in the statement of profit and loss	53.46	59.13

## NOTE 46: CORPORATE SOCIAL RESPONSIBILITY

The Company's CSR programs/projects focuses on sectors and issues as mentioned in Schedule VII read with Section 135 of the Act. The CSR committee has been formed by the Company as per the Act. A CSR committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalisation of such proposals in due course.

- a) Gross amount required to be spent by the Company during the year is ₹ 12.47 crores (31 March 2018 : ₹ 10.94 crores)
- a) Amount spent during the year on CSR (excluding 5% administrative expenses)

(₹ in crores)

S.No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purpose other than (i) above	3.00	-	3.00

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 47: RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES PURSUANT TO IND AS -7 CASH FLOWS**

The changes of the Company's liabilities arising from financing activities can be classified as follows:

(₹ in crores)				
Particulars	Long term borrowings	Short term borrowings	Equity share capital	Total
<b>Net debt as at 01 April 2017</b>	<b>168.81</b>	<b>633.97</b>	<b>179.14</b>	<b>981.92</b>
Proceeds from allotment of employee stock options	-	-	0.08	<b>0.08</b>
Issue of bonus shares	-	-	179.21	<b>179.21</b>
Conversion of CCD and CCPS into equity shares	-	-	35.93	<b>35.93</b>
Movement in the liability components pertaining to CCD and CCPS	(66.66)	-	-	<b>(66.66)</b>
Repayment of non-current borrowings (net)	(11.35)	-	-	<b>(11.35)</b>
Proceeds of current borrowings (net)	-	391.00	-	<b>391.00</b>
<b>Net debt as at 31 March 2018</b>	<b>90.80</b>	<b>1,024.97</b>	<b>394.36</b>	<b>1,510.13</b>
Proceeds from allotment of employee stock options	-	-	0.15	<b>0.15</b>
Allotment of employee stock options due to corporate action	-	-	0.14	<b>0.14</b>
Movement in the liability components pertaining to CCD and CCPS	(13.37)	-	-	<b>(13.37)</b>
Repayment of non-current borrowings (net)	(33.45)	-	-	<b>(33.45)</b>
Payment of dividend on CCPS	(14.12)	-	-	<b>(14.12)</b>
Proceeds of current borrowings (net)	-	1,065.68	-	<b>1,065.68</b>
<b>Net debt as at 31 March 2019</b>	<b>29.86</b>	<b>2,090.65</b>	<b>394.65</b>	<b>2,515.15</b>

**NOTE 48: SEGMENT INFORMATION**

Disclosure for segment information as required by Ind AS 108 'Operating Segment', notified under the Act has been provided in the consolidated financial statements of the Company comprising the Company and its wholly owned subsidiaries.

**NOTE 49: IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Ind AS 115: Revenue from Contracts with Customers, establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

In accordance with the transition provisions in Ind AS 115, the Company has adopted full retrospective approach. However, there is no impact on the retained earnings as at 01 April 2017 and for the profit for the year ended 31 March 2018. Pursuant to change in accounting policy, the following items have been affected-

- a) In case of certain contracts with customers, the Company arranges the logistics of the goods to customers' premises and charges the freight from the customer. In such cases, the Company netted off expense incurred for provision of these services from the freight income forming part of 'other income'. Now, freight expenses have been grouped under 'other expenses- miscellaneous' and the entire amount charged from customer is grouped under 'other income'.
- b) For sales made under Jewel for Less scheme, the interest benefit given to customers on the deposits was earlier grouped under 'other expenses- discount and commission'. Now, this amount has been grouped under 'finance costs- other finance costs'.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

The impact of the change in accounting policy on the comparative figures has been given as below:

(₹ in crores)

Statement of profit and loss (extract) year ended 31 March 2018	Pre-adoption of Ind As 115	Increase / (decrease)	Post-adoption of Ind As 115
<b>Other income</b>			
Other non operating income	2.15	0.61	2.76
	2.15	0.61	2.76
<b>Other expenses</b>			
Miscellaneous	0.87	0.61	1.48
	0.87	0.61	1.48
<b>Other expenses</b>			
Discount and commission	12.75	(10.59)	2.16
	12.75	(10.59)	2.16
<b>Finance costs</b>			
Other finance costs	38.25	10.59	48.84
	38.25	10.59	48.84

There is no impact on the Earning per share (EPS) as result on the adoption of aforementioned adjustment of Ind AS 115.

**(a) Disaggregation of revenue**

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography.

(₹ in crores)

Revenue from operations	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue by geography</b>		
Export	1,439.48	2,690.37
Domestic	6,929.37	6,798.60
<b>Total</b>	<b>8,368.85</b>	<b>9,488.97</b>

**(b) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

(₹ in crores)

Description	Year ended 31 March 2019	Year ended 31 March 2018
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	15.38	4.52
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**(c) Assets and liabilities related to contracts with customers**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
<b>Description</b>	<b>Current</b>	<b>Current</b>
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	6.15	17.91
Deferred income	-	11.18

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

## (d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

(₹ in crores)

Description	Year ended 31 March 2019	Year ended 31 March 2018
Contract price	8,885.79	9,491.69
Less: Discount, rebates, credits etc.	516.94	2.72
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>8,368.85</b>	<b>9,488.97</b>

**NOTE 50: POST REPORTING DATE EVENTS**

On 11 May 2019, the Board of Directors of the Company approved the scheme of arrangement for demerger of 'Export Division' and subsequent amalgamation of the same with its newly incorporated wholly owned subsidiary company, namely PCJ Gems & Jewellery Limited under Section 230-232 of the Companies Act, 2013, with effect from the appointed date i.e. 1 April 2019. The aforementioned scheme shall be effective subject to necessary statutory/ regulatory and other approvals to be obtained by both the aforementioned entities.

**Disclosure pursuant to Ind AS 105 'Non-Current Assets Held for Sale and Discontinued Operations'****a) Description of the disposal group**

The Company is having two core business verticals viz. Domestic Division and Export Division. The Board has decided to demerge the export division of PC Jeweller Limited and subsequent amalgamation of the same with its newly incorporated wholly owned subsidiary company i.e. PCJ Gems & Jewellery Limited.

The net worth of the export division as on 31 March 2019 is ₹ 1,564.30 crores.

The turnover of the export division for the year ended 31 March 2019 is ₹ 1,439.48 crores which represents 20.77% of the Company's turnover.

**b) Description of facts and circumstances leading to the expected disposal, and the expected manner and timing of the disposal**

In the view of the Board the commercial activities of the two verticals are distinct and diverse from each other and in order to ensure sustainable long term growth, profitability, market share and continuous customer service both require focused management attention, different sets of skills and resources to meet competitive, regulatory environment and to mitigate risks. With these objectives in mind, it was proposed to demerge the "Export Division" of the Company into a separate entity. Thus, the Company would be able to revise its business plans and priorities from time to time, thereby ensuring speedy and profitable growth of the two businesses and enhance shareholder's wealth.

**c) Reportable segment in which the disposal group is presented in accordance with Ind AS 108 Operating Segments**

The division proposed to be demerged is currently presented under Export segment in the segment information required under Ind AS 108 on 'Operating Segments'.

**NOTE 51: DISCOUNT TO EXPORT CUSTOMERS**

During the current year, the Company has provided discounts to export customers aggregating to ₹ 513.65 crores which is subject to approval from the Authorised Dealer Banks as stipulated by the Master Circular on Exports of Goods and Services - Master Circular No.14/2014-15 under the Foreign Exchange Management Act, 1999. The Company has initiated submission of the requisite applications with the respective authority to obtain the aforementioned approvals. Further, the Management does not expect any material penalty to be levied and therefore, no provision for the same has been recognised in these standalone financial statements.

**NOTE 52: DELAY IN RECEIPT OF FOREIGN CURRENCY AGAINST EXPORT**

Trade receivables as at 31 March 2019, *inter alia*, include outstanding from export customers aggregating ₹ 966.43 crores (net of discount) explained in note 51 above which have been outstanding for more than 9 months. The Company has filed necessary applications with the requisite authority per the regulations of the Foreign Exchange Management Act, 1999 for condonation of delays in repatriation of funds by its customers. The Management does not expect any material penalty to be levied on the company and therefore, no provision

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

for the same has been recognised in these standalone financial statements.

**NOTE 53: RECOVERABILITY OF INVESTMENTS, LOANS AND SHORT-TERM FINANCIAL ASSETS, GIVEN TO/DUE FROM SUBSIDIARY COMPANIES**

The Company has made investments of ₹ 135.28 crores (excluding impairment) in its four wholly-owned subsidiary companies viz. PC Universal Private Limited, Luxury Products Trendsetter Private Limited, Transforming Retail Private Limited and PC Jeweller Global DMCC as at 31 March 2019. The Company has also given non current loans amounting to ₹ 125.44 crores to two of its subsidiaries, PC Universal Private Limited and Transforming Retail Private Limited and has interest receivable from them amounting to ₹ 44.40 crores (excluding impairment) which is classified under current financial assets. Further, the Company has trade receivables amounting to ₹ 13.88 crores recoverable from PC Universal Private Limited, Luxury Products Trendsetter Private Limited and Transforming Retail Private Limited.

Owing to the current operations and net worth of these subsidiaries, the management had appointed an independent valuer to conduct the valuation of the aforementioned subsidiaries as at 31 March 2019 using the 'Discounted Cash Flow valuation model'. The management used this valuation to perform an impairment assessment of its total exposure in its subsidiaries in the form of investments and receivables ( loan, interest accrued and trade receivables) as at 31 March 2019. Basis the assessment, the Company has recorded provision for impairment in investment amounting to ₹ 0.05 crores and provision for doubtful receivables amounting to ₹ 14.24 crores in respect of PC Universal Private Limited.

**This is the summary of significant accounting policies and other explanatory information referred to in our report of even date**

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

**Place:** New Delhi  
**Date:** 30 May 2019

**For and on behalf of the Board of Directors**

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief  
Operating Officer  
DIN-01980542

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

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

### Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019

[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	8,368.85	8,368.85
	2.	Total Expenditure	8,458.41	8,458.41
	3.	Net Profit/ (Loss)	(2.81)	(2.81)
	4.	Earnings Per Share	(0.07)	(0.07)
	5.	Total Assets	7,664.04	7,664.04
	6.	Total Liabilities	3,727.55	3,727.55
	7.	Net Worth	3,936.49	3,936.49
	8.	Any other financial item(s) (as felt appropriate by the management)	No	No

### II Audit Qualifications (each audit qualification separately):

**Details of Audit Qualification:** As explained in note 4 to the standalone financial results, the Company has provided discounts of ₹ 513.65 crore to export customers adjusted against revenues for the year ended 31 March 2019. The Company is in 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 has filed the necessary applications with the appropriate authority for approval with of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. 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.

- Type of Audit Qualification:** Qualified Opinion
- Frequency of Qualification(s):** First Time for the financial year ended 31 March 2019
- For Audit Qualification where the impact is quantified by the Auditor, Management's view:** Not Applicable

#### For Audit Qualification where the impact is not quantified by the Auditor:

- Management's estimation on the impact of audit qualification:  
Not applicable
- If management is unable to estimate the impact, reasons for the same:

The Company is in jewellery export business for more than a decade now and all its bill payments were being received without any significant delay. However, UAE Government imposed 5% Import duty on Jewellery imports and followed up the same with 5% VAT w.e.f. January, 2018. In addition, the Company also started reducing its export consignments on account of ongoing credit crunch in India. This disrupted the entire business cycle and the Company's receivable payment cycle started slowing down leading to bunching up of export receivables. The Company is enjoying cordial business relations with its Buyers and the cause of delay was change in the local government policies at UAE and beyond their control. Accordingly, in order to mitigate their genuine operational issues as well as to ensure that the receivable payments do not get delayed further, the Company and its Buyers have entered into Settlement Deeds, whereby the Company has extended discount of 25% of the export value of outstanding receivables. As on date this settlement is one time and the Company is confident that it will help in faster realization of its outstanding export receivables. The Company has initiated the requisite filings for seeking approval of the aforementioned discount per para C.16 of Master Circular on Exports of Goods and Services - Master Circular No.14/2014-15 with the AD category- 1 Banks to obtain the aforementioned approvals. Further, 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.

- Auditors' Comments on (i) or (ii) above: Refer qualification mention in s.no II.

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.

### III Signatories:

- CEO/Managing Director Sd/-
- CFO Sd/-
- Audit Committee Chairman Sd/-
- Statutory Auditor Sd/-

Place: New Delhi  
Date: 30 May 2019

# INDEPENDENT AUDITOR'S REPORT

## To the Members of PC Jeweller Limited

### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

1. We have audited the accompanying consolidated financial statements of PC Jeweller Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
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 the other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019 and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

3. As explained in note 49 to the consolidated financial statements, the Holding Company has provided discounts of ₹ 513.65 crores to export customers adjusted against revenues for the year ended 31 March 2019. The Holding Company is in 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 has filed the necessary applications with the appropriate authority for approval of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. 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 statements.

4. We conducted our audit in accordance with the Standards on Auditing 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 Consolidated Financial Statements 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 17 of the Other Matters section below is sufficient and appropriate to provide a basis for our qualified opinion.

#### Emphasis of Matter – Delay in receipt of proceeds against export of goods

5. We draw attention to note 50 to the accompanying consolidated financial statements 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 ₹ 966.43 crores beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the Holding Company has represented that the Holding Company is in the process of regularizing the defaults and has filed the necessary applications with the appropriate authority for condonation of such delays. However, approvals for the same are awaited. Management is of the view that the possible penalties etc. which may be levied for these contraventions are likely to be condoned by the regulatory authorities. Our opinion is not modified in respect of this matter.

#### Key Audit Matter

6. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
7. In addition to the matter described in the Basis for Qualified Opinion paragraph, we have determined the matter

## Independent Auditor's Report to the members of PC Jeweller Limited on the consolidated financial statements for the year ended 31 March 2019 (contd.)

described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Existence and valuation of inventory</b></p> <p>Note 10 on the consolidated financial statements includes inventory balance amounting to ₹ 4,988.11 crores as at 31 March 2019 pertaining to the Holding Company. Refer note 3(l) for the corresponding accounting policy adopted by the management with respect to the inventory balance.</p> <p>The Holding Company purchases gold from nominated agencies prescribed by the Reserve Bank of India. Further, the Holding Company also purchases gold and diamonds from institutional parties and from the customers as per the exchange schemes announced by the Holding Company.</p>	<p>Our audit work in relation to the existence and valuation of inventory of the Holding Company included, but was not limited to, performing the following procedures:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the management's process for physical verification, recognition and measurement of purchase cost of gold, diamonds and cost of manufactured jewellery items.</li> </ul> <p>Evaluated the design and tested the operating effectiveness of controls implemented by the Holding Company with respect to such process including controls around safeguarding the high value inventory items.</p>
<p><b>Key audit matter</b></p> <p>With respect to existence of inventory as at year end, there is an inherent risk of loss from theft or possible malafide intent, due to the high intrinsic value and portable nature of individual inventory items.</p> <p>In addition to the physical verification performed by the management with the help of an independent professional gemologist, the lenders of the Holding Company also conduct stock counts, on a regular basis throughout the year, with the help of their appointed independent gemologists.</p> <p>With respect to valuation of the inventory, the Holding Company categorizes diamonds purchased into the respective cost categories defined by the management based on price bands and other physical characteristics of the diamonds. For diamond jewellery items purchased from the customers under the exchange scheme, the Holding Company involves independent professional gemologist to determine the correct cost category of such items.</p> <p>Considering the complexities involved, portable nature of diamonds, high inherent risk and high level of estimation uncertainty involved in valuation of the inventory, the existence and valuation of inventory has been determined as key audit matter for the current year's audit.</p>	<p><b>How our audit addressed the key audit matter</b></p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of accounting policy and management valuation methodology adopted by the management.</li> <li>Evaluated the professional competence, objectivity and professional experience and competence of the gemologist used by the management.</li> <li>On a sample basis, tested invoices and other underlying records to validate the costs and characteristics basis which the inventory is categorized for inventory management and valuation.</li> <li>Obtained the management physical verification records and inventory reconciliation performed by the management as at the year end.</li> <li>Inspected reports of physical verification done by gemologists appointed by the lenders of the Holding Company for corroborative evidence.</li> <li>Performed independent test counts to corroborate management counts and valuation based on management categorization with the help of an independent professional gemologist used as an auditor's expert.</li> <li>On a sample basis, tested samples of inventory sold before year-end and subsequent to year-end to corroborate management's assessment of net realisable value of closing inventory balance.</li> <li>Evaluated disclosures made in the accompanying financial statements for appropriateness in accordance with the requirements of the accounting standards.</li> </ul>

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

8. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be

made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information



## Independent Auditor's Report to the members of PC Jeweller Limited on the consolidated financial statements for the year ended 31 March 2019 (contd.)

identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management 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 the assets 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease

operations, or has no realistic alternative but to do so.

11. Those Board of Directors 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 Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 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 these consolidated financial statements.
13. 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 statements, 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 Group have adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's 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

## Independent Auditor's Report to the members of PC Jeweller Limited on the consolidated financial statements for the year ended 31 March 2019 (contd.)

are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
14. 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.
  15. 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.
  16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

17. We did not audit the financial statements of 4 subsidiaries, whose financial statements reflects total assets of ₹ 144.45 crores and net liability of ₹ 40.45 crores as at 31 March 2019, total revenues of ₹ 104.73 crores and net cash outflows amounting to ₹ 1.57 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates

to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

18. We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of ₹ 150.52 crores and net assets of ₹ 149.80 crores as at 31 March 2019, total revenues of ₹ 295.21 crores and net cash outflows amounting to ₹ 0.01 crores for the year ended on that date, as considered in the consolidated financial statements. This financial statement is unaudited and has been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statement. In our opinion and according to the information and explanations given to us by the management, this financial statement is not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statement certified by the management.

### Report on Other Legal and Regulatory Requirements

19. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company has not paid remuneration to its directors during the year in accordance with the provisions and limits laid down under section 197 read with Schedule V of the Act. However, pending requisite approval from the shareholders as required by Schedule V of the Act, the Holding Company has classified the excess remuneration paid to a director as recoverable as at 31 March 2019 in the consolidated financial statements. Further, based on our audit and on consideration of the reports of the other auditors, referred to in paragraph 17, on separate financial statements of the subsidiaries, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 3 subsidiary companies covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
20. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other

**Independent Auditor's Report to the members of PC Jeweller Limited on the consolidated financial statements for the year ended 31 March 2019 (contd.)**

auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

- a) we have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph with respect to the financial statements of the Holding Company;
- c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph with respect to the Holding Company;
- g) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company

and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and

- h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
  - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in note 44 (b) and 44 (c) to the consolidated financial statements;
  - ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act, during the year ended 31 March 2019; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

**Rajni Mundra**

Partner

Membership No.: 058644

**Place:** New Delhi

**Date:** 30 May 2019

## Annexure I to the Independent Auditor's Report of even date to the members of PC Jeweller Limited on the consolidated financial statements for the year ended 31 March 2019

### Annexure I

#### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of PC Jeweller Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

#### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their

operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

#### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Annexure I to the Independent Auditor's Report of even date to the members of PC Jeweller Limited on the consolidated financial statements for the year ended 31 March 2019 (Contd.)

### Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's IFCoFR as at 31 March 2019:

The Holding Company's internal controls over financial reporting with respect to the reconciliation of confirmation received from the customers towards the completeness of revenue recognised and inventory lying with customers for the sales made on consignment basis, were not operating effectively, which could result in a potential material misstatement in the carrying value of revenues, inventory, cost of goods sold, trade receivables and its consequential impact on the earnings, reserves and related disclosures in the consolidated financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion, and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting as at 31 March 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as at 31 March 2019.
11. We have considered the material weakness identified and reported above in determining the nature, timing, and

extent of audit tests applied in our audit of the consolidated financial statements of the Group as at and for the year ended 31 March 2019, and the material weakness do not affect our opinion on the consolidated financial statements of the Group.

### Other Matter

12. We did not audit the IFCoFR in so far as it relates to 3 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 143.52 crores and net liability of ₹ 40.57 crores as at 31 March 2019, total revenues of ₹ 104.72 crores and net cash outflows amounting to ₹ 1.56 crores for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

**Rajni Mundra**

Partner

Membership No.: 058644

**Place:** New Delhi

**Date:** 30 May 2019



# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

(₹ in crores)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>A Assets</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	4	73.11	91.24
b) Capital work-in-progress		0.46	0.78
c) Intangible assets	5	1.20	1.35
d) Intangible assets under development		0.45	-
e) Financial assets			
i) Loans	6	32.36	40.55
ii) Other financial assets	7	3.68	6.95
f) Deferred tax assets, net	8	46.86	24.61
g) Other non-current assets	9	22.98	27.91
<b>Total non-current assets</b>		<b>181.10</b>	<b>193.39</b>
<b>2 Current assets</b>			
a) Inventories	10	5,012.38	5,257.59
b) Financial assets			
i) Investments	11	8.39	18.63
ii) Trade receivables	12	1,987.35	1,851.31
iii) Cash and cash equivalents	13	85.35	386.94
iv) Bank balance other than (iii) above	14	236.21	1,169.45
v) Loans	6	6.41	0.92
vi) Other financial assets	7	47.24	7.18
c) Other current assets	9	85.02	99.05
<b>Total current assets</b>		<b>7,468.35</b>	<b>8,791.07</b>
<b>Total assets</b>		<b>7,649.45</b>	<b>8,984.46</b>
<b>B Equity and liabilities</b>			
<b>1 Equity</b>			
a) Equity share capital	15	394.65	394.36
b) Other equity	16	3,526.01	3,486.82
<b>Total equity</b>		<b>3,920.66</b>	<b>3,881.18</b>
<b>Liabilities</b>			
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	17	11.58	29.50
b) Provisions	18	45.18	6.57
<b>Total non-current liabilities</b>		<b>56.76</b>	<b>36.07</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	19	2,090.68	1,025.00
ii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises; and		0.65	0.54
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,261.12	3,621.81
iii) Other financial liabilities [other than those specified in item (c)]	21	54.68	109.42
b) Other current liabilities	22	175.71	187.78
c) Provisions	18	2.27	2.21
d) Current tax liabilities (net)	23	86.92	120.45
<b>Total current liabilities</b>		<b>3,672.03</b>	<b>5,067.21</b>
<b>Total liabilities</b>		<b>3,728.79</b>	<b>5,103.28</b>
<b>Total equity and liabilities</b>		<b>7,649.45</b>	<b>8,984.46</b>

Notes 1 to 53 form an integral part of these standalone financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

Place: New Delhi  
Date: 30 May 2019

For and on behalf of the Board of Directors

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating  
Officer  
DIN-01980542

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in crores)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
1 Revenue from operations	24	8,679.96	9,615.44
2 Other income	25	84.32	91.69
3 Total income (1+2)		<b>8,764.28</b>	<b>9,707.13</b>
4 Expenses			
a) Cost of materials consumed	26	8,109.49	8,829.01
b) Purchases of stock-in-trade	27	25.62	489.17
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	(61.73)	(1,044.34)
d) Excise duty		-	3.47
e) Employee benefits expense	29	120.29	96.27
f) Finance costs	30	345.50	314.48
g) Depreciation and amortisation expenses	31	18.90	21.46
h) Other expenses	32	204.21	261.03
<b>Total expenses</b>		<b>8,762.28</b>	<b>8,970.55</b>
5 Profit before tax (3-4)		<b>2.00</b>	<b>736.58</b>
6 Tax expense			
a) Current tax	33	23.83	198.65
b) Deferred tax	8	(22.44)	2.29
<b>Total tax expenses</b>		<b>1.39</b>	<b>200.94</b>
7 Profit for the year		<b>0.61</b>	<b>535.64</b>
8 Other comprehensive income:			
(A) (i) Items that will not be reclassified to profit or loss:			
- Remeasurement of post employment benefit obligations		0.55	0.75
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(0.19)	(0.26)
(B) (i) Items that will be reclassified to profit or loss:			
- Foreign currency translation		(0.82)	2.02
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(0.46)</b>	<b>2.51</b>
9 Total comprehensive income for the year (7+8)		<b>0.15</b>	<b>538.15</b>
Earnings per equity share: (face value of ₹ 10 per share)	34		
Basic earnings per share (in ₹)		0.02	14.16
Diluted earnings per share (in ₹)		0.02	13.97

Notes 1 to 53 form an integral part of these standalone financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

Place: New Delhi  
Date: 30 May 2019

For and on behalf of the Board of Directors

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating Officer  
DIN-01980542

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

## A Equity share capital:

(₹ in crores)

Particulars	Note	No. of shares	Amount
<b>Issued, subscribed and fully paid up</b>			
<b>Equity shares of ₹ 10 each</b>			
<b>Balance as at 1 April 2017</b>	15	<b>179,137,600</b>	<b>179.14</b>
Changes in equity share capital during the year		215,217,600	215.22
<b>Balance as at 31 March 2018</b>	15	<b>394,355,200</b>	<b>394.36</b>
Changes in equity share capital during the year		292,787	0.29
<b>Balance as at 31 March 2019</b>	15	<b>394,647,987</b>	<b>394.65</b>

## B Other equity:

(₹ in crores)

Particulars	Reserves and surplus							
	Equity component of preference shares	Equity component of debentures	Securities premium	General reserve	Share options outstanding account	Foreign currency translation reserve	Retained earnings	Total
<b>Balance as at 1 April 2017</b>	<b>226.32</b>	<b>364.98</b>	<b>519.35</b>	<b>54.54</b>	<b>13.89</b>	<b>(4.34)</b>	<b>1,998.03</b>	<b>3,172.77</b>
Profit for the year	-	-	-	-	-	-	535.64	<b>535.64</b>
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	2.02	0.49	<b>2.51</b>
<b>Total comprehensive income</b>	<b>226.32</b>	<b>364.98</b>	<b>519.35</b>	<b>54.54</b>	<b>13.89</b>	<b>(2.32)</b>	<b>2,534.16</b>	<b>3,710.92</b>
Conversion of compulsorily convertible preference shares into equity	(226.32)	-	-	-	-	-	-	<b>(226.32)</b>
Conversion of compulsorily convertible debentures into equity	-	(364.98)	-	-	-	-	-	<b>(364.98)</b>
Security premium on conversion of compulsorily convertible debentures into equity	-	-	353.75	-	-	-	-	<b>353.75</b>
Security premium on conversion of compulsorily convertible preference shares into equity	-	-	212.87	-	-	-	-	<b>212.87</b>
Share option expense for the year	-	-	-	-	1.48	-	-	<b>1.48</b>
Gain on early conversion of compulsorily convertible debentures into equity (net of deferred tax of ₹ 6.21 crores)	-	-	-	-	-	-	11.75	<b>11.75</b>
Transactions with owners in their capacity as owners:								
Issue of bonus shares	-	-	(190.45)	-	-	-	-	<b>(190.45)</b>
Issue of equity shares	-	-	3.31	-	-	-	-	<b>3.31</b>
Dividends distributed to equity shareholders	-	-	-	-	-	-	(17.92)	<b>(17.92)</b>
Dividend distribution tax on dividend paid to equity shareholders	-	-	-	-	-	-	(3.65)	<b>(3.65)</b>
Dividend distribution tax on dividend paid to preference shareholders	-	-	-	-	-	-	(3.94)	<b>(3.94)</b>
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>898.83</b>	<b>54.54</b>	<b>15.37</b>	<b>(2.32)</b>	<b>2,520.40</b>	<b>3,486.82</b>

Particulars	Reserves and surplus							Total
	Equity component of preference shares	Equity component of debentures	Securities premium	General reserve	Share options outstanding account	Foreign currency translation reserve	Retained earnings	
Profit for the year	-	-	-	-	-	-	0.61	<b>0.61</b>
Other comprehensive income (net of income tax)	-	-	-	-	-	(0.82)	0.36	<b>(0.46)</b>
<b>Total comprehensive income</b>	-	-	<b>898.83</b>	<b>54.54</b>	<b>15.37</b>	<b>(3.14)</b>	<b>2,521.37</b>	<b>3,486.97</b>
Share option expense for the year	-	-	-	-	39.80	-	-	<b>39.80</b>
Other adjustments	-	-	-	-	-	-	26.16	<b>26.16</b>
Transactions with owners in their capacity as owners:								
Issue of bonus shares	-	-	(0.14)	-	-	-	-	<b>(0.14)</b>
Issue of equity shares	-	-	12.76	-	(12.76)	-	-	-
Dividends distributed to equity shareholders	-	-	-	-	-	-	(19.73)	<b>(19.73)</b>
Divident distribution tax on dividend paid to equity shareholders	-	-	-	-	-	-	(4.05)	<b>(4.05)</b>
Divident distribution tax on dividend paid to preference shareholders	-	-	-	-	-	-	(3.00)	<b>(3.00)</b>
<b>Balance as at 31 March 2019</b>	-	-	<b>911.45</b>	<b>54.54</b>	<b>42.41</b>	<b>(3.14)</b>	<b>2,520.75</b>	<b>3,526.01</b>

Notes 1 to 53 form an integral part of these standalone financial statements.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

Place: New Delhi  
Date: 30 May 2019

For and on behalf of the Board of Directors

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating Officer  
DIN-01980542

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2019

(INDIRECT METHOD)

(₹ in crores)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>A Cash flow from operating activities:</b>		
Profit before tax	2.00	736.58
<b>Adjustments for:</b>		
Depreciation and amortisation	18.90	21.46
Share based payments to employees	39.80	4.80
Interest income on fixed deposit	(44.76)	(51.39)
Interest income on loans given to body corporate	(0.83)	(0.85)
Net loss/(profit) on disposal of property, plant and equipment	7.64	(0.05)
Income from investments	(0.84)	(0.91)
Finance costs	338.12	303.89
Unwinding of discount on security deposits	0.23	1.03
Foreign currency translation	1.50	2.02
Unrealised gain on foreign exchange	(122.44)	(24.07)
Actuarial gain forming part of other comprehensive income	0.55	0.75
Adjustment due to fair valuation of gold loan at unfixed prices	10.36	(7.01)
Fair valuation adjustment of forwards contracts	(1.16)	0.49
Straight lining of lease expense	(1.48)	(0.22)
Advances written off	1.23	-
Provision on advance to suppliers	1.68	-
Provision for expected credit loss for trade receivables	22.11	-
<b>Operating profit before working capital changes</b>	<b>272.61</b>	<b>986.52</b>
<b>Adjustments for:</b>		
Decrease/(increase) in inventories	269.05	(1,070.01)
Decrease in financial assets	140.15	14.15
Decrease in non-financial assets	23.29	156.95
(Increase) in trade receivables	(87.35)	(269.73)
(Decrease)/increase in trade payables	(2,379.05)	620.33
(Decrease)/increase in financial liabilities	(132.19)	22.53
(Decrease)/increase in non-financial liabilities	(19.62)	35.96
Increase in provisions	0.19	1.68
<b>Cash (used in)/generated from operating activities</b>	<b>(1,912.92)</b>	<b>498.38</b>
Direct taxes paid	(18.34)	(140.75)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,931.26)</b>	<b>357.63</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment including capital advances	(9.70)	(29.74)
Proceeds from disposal of property, plant and equipment	1.30	0.18
Redemption/ (purchase) of current investments, net	11.08	(8.32)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Loans repaid by body corporate	2.32	0.28
Interest received	45.54	47.74
Redemption/ (purchase) of fixed deposits, net	927.46	(388.17)
<b>Net cash used in investing activities</b>	<b>978.00</b>	<b>(378.03)</b>
<b>C Cash flow from financing activities:</b>		
(Repayment of) long term loans, net of repayments	(33.45)	(11.35)
Proceeds from allotment of employee stock options	0.15	0.08
Proceeds from short term borrowings, net	1,065.68	391.00
Dividends paid including dividend distribution tax	(40.90)	(44.85)
Interest paid	(339.81)	(338.80)
<b>Net cash used in financing activities</b>	<b>651.67</b>	<b>(3.92)</b>
Net increase in cash and cash equivalents (A+B+C)	(301.59)	(24.32)
Cash and cash equivalents at the beginning of the year	386.94	411.26
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>85.35</b>	<b>386.94</b>

Notes 1 to 53 form an integral part of these standalone financial statements.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

**Place:** New Delhi  
**Date:** 30 May 2019

For and on behalf of the Board of Directors

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating  
Officer  
DIN-01980542

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 1. Corporate information

#### Nature of operations

PC Jeweller Limited (the 'Parent Company') was incorporated on 13 April 2005. The Parent Company is engaged in the business of manufacturing, sale and trading of gold jewellery, diamond studded jewellery and silver items.

#### General information and statement of compliance with Ind AS

The consolidated financial statements include the financial statements of the Parent Company and its undermentioned subsidiaries (hereinafter referred as the 'Group'):

- i. PC Universal Private Limited, India, 100% subsidiary with effect from 28 February 2013
- ii. Transforming Retail Private Limited, India, 100% subsidiary with effect from 24 September 2014
- iii. Luxury Products Trendsetter Private Limited, India, 100% subsidiary with effect from 11 December 2015
- iv. PC Jeweller Global DMCC, Dubai ('PCJ DMCC'), 100% subsidiary with effect from 8 June 2016
- v. Comercializadora Internacional PC Jeweller International SAS, Columbia, 100% subsidiary of PCJ DMCC with effect from 25 April 2017.

The following table summarises the principal line of activity of each of the aforementioned subsidiary:

Subsidiaries	Principal activities
PC Universal Private Limited	Jewellery manufacturing and export
Transforming Retail Private Limited	Online retail trading in jewellery
Luxury Products Trendsetter Private Limited	Jewellery manufacturing and trading
PC Jeweller Global DMCC	Jewellery trading
Comercializadora Internacional PC Jeweller International SAS	Jewellery trading

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act') and Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/provisions of applicable laws.

The consolidated financial statements for the year ended 31 March 2019 were authorised and approved for issue by the

Board of Directors on 30 May 2019. Revisions to consolidated financial statements, if required, is permitted by the Board of Directors subject to obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

### 2. Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are authorised, have been considered in preparing these consolidated financial statements.

#### Standards issued but not effective

On 30 March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effective date for adoption is financials periods beginning on or after 1 April 2019.

#### Ind AS 116 – Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Group intends to adopt this standard from 1 April 2019 and is currently in the process of assessing the impact of adoption of this standard which is expected to be significant.

#### Amendment to Ind AS 12, Income taxes

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is 1 April 2019. Further, there has been amendments in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Group is evaluating the requirements of the amendments and their impact on the financial statements.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### Amendment to Ind AS 19, Employee benefits

On 30 March 2019, Ministry of Corporate Affairs (“MCA”) has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is 1 April 2019. The Group is evaluating the requirements of the amendments and their impact on the financial statements.

### Amendment to Ind AS 109, Financial instruments

On 30 March 2019, Ministry of Corporate Affairs (“MCA”) issued an amendment to Ind-AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after 1 April 2019. The Group is evaluating the requirements of the amendments and their impact on the financial statements.

### Amendment to Ind AS 23, Borrowing costs

On 30 March 2019, Ministry of Corporate Affairs (“MCA”) issued an amendment to Ind-AS 23 “Borrowing Costs” which clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after 1 April 2019. The Group is evaluating the requirements of the amendments and their impact on the financial statements.

## 3. Summary of significant accounting policies

### a) Overall consideration

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements.

### Basis of preparation

The consolidated financial statements have been prepared on a going concern basis under the historical cost basis except for the following –

- Certain financial assets and liabilities (refer note 40 for further details); and
- Share based payments which are measured at fair value of the options at the grant date

The consolidated financial statements of the Group are presented in Indian Rupees (₹) and all amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest crore as per the requirements of schedule III to the Act, unless otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding-off have been so stated by way of a note.

### b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 March 2019. All subsidiaries have a reporting date of 31 March 2019.

Subsidiaries are all entities over which control is exercised. Control is deemed to exist, only if there is:

- a) power over the entity
- b) exposure, or rights, to variable returns from its involvement with the entity; and
- c) the ability to use its power over the entity to affect the amount of its returns.

The Group reassesses, whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of the financial statements of subsidiaries begins on the date, control is established.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

policies adopted by the Group. The Group combines the financial statements of the Parent Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

Profit or loss and other comprehensive income of subsidiaries acquired or during the year are recognised from the effective date of acquisition.

### c) **Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### d) **Foreign currency translation**

#### *Initial recognition*

Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

#### *Measurement at the balance sheet date*

Foreign currency monetary items of the Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### *Treatment of exchange difference*

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

#### *Translation of foreign operations*

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Indian Rupees (₹) are translated into Indian Rupees (₹) upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Indian Rupees (₹) at the closing rate at the reporting date. Income and expenses have been translated into Indian Rupees (₹) at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

### e) **Revenue recognition**

#### *Sale of goods*

Revenue from the contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Sales, as disclosed, are inclusive of excise but are net of trade allowances, rebates, goods and service tax, vat and amounts collected on behalf of third parties.

The Group considers the terms of the contract and its customary business practices to determine the

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). In respect of contracts with customers that contain a financing component i.e. when payment by a customer occurs significantly before performance and the fair value of goods provided to the customer at the end of the contract term exceeds the advance payments received, interest expense is recognised on recognition of a contract liability over the contract period and is presented under the head finance costs in the statement of profit and loss and total transaction price including financing component is recognised when control of the goods is transferred to the customer.

### *Satisfaction of performance obligations*

The Group's revenue is derived from the single performance obligation to transfer primarily gold and diamond products under arrangements in which the transfer of control of the products and the fulfilment of the Group's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the entity has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the entity will collect the consideration to which it is entitled to in exchange for the goods.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. In respect of sale of goods at prices that are yet to be fixed at the year end, adjustments to the provisional amount billed to the customers are recognised based on the year end closing gold rate.

### *Interest and dividend income*

Interest income is recognised on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive the payment is established. Other income is recognised when no significant uncertainty as to its determination or realisation exists.

## f) **Property, plant and equipment**

### *Recognition and initial measurement*

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at their cost of acquisition less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

### *Subsequent measurement (depreciation and useful lives)*

Depreciation on property, plant and equipment is provided on written-down value, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act:

Asset category	Estimated useful life (in years)
Buildings	30
Plant and equipment	15
Office equipment	5
Computers	3 for data processing units and 6 for servers
Furniture and fixtures	10
Vehicles	8 for motor cars and 10 for scooters

Leasehold improvements have been amortised over the estimated useful life of the assets or the period of lease, whichever is lower. The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### *De-recognition*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### g) Intangible assets

#### *Recognition and initial measurement*

Intangible assets include trademarks and computer software purchased by the Group. All items of intangible assets are stated at their cost of acquisition. The cost comprises purchase price, and directly attributable cost of bringing the asset to its working condition for the intended use.

#### *Subsequent measurement (depreciation and useful lives)*

Amortisation of intangible assets is provided on written-down value for computer software and straight line method for trademarks, computed on the basis of useful lives (as set out below) prescribed in Schedule II the Act:

Asset category	Estimated useful life (in years)
Trademarks	10
Computer software	3

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### *De-recognition*

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

### h) Leased assets

#### **Group as a lessee**

#### *Operating leases*

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to the statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

The Group does not execute any leases as a lessor.

### i) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication

exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

### j) Financial instruments

#### **Financial assets**

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

#### *Subsequent measurement*

i. **Financial instruments at amortised cost** – the financial instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. All the debt instruments of the Group are measured at amortised cost.

ii. **Mutual funds** – All mutual funds in scope of Ind AS 109 are measured at fair value through profit and loss (FVTPL).

#### *De-recognition of financial assets*

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### Financial liabilities

#### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

#### *Subsequent measurement*

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. These liabilities include borrowings.

#### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### Compound financial instrument

Compound financial instrument are separated into liability and equity components based on the terms of the contract. On issuance of the said instrument, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

### Derivative contracts and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

#### *Embedded derivatives*

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows

of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified variable. The Group enters into purchase gold contract, in which the amount payable is not fixed based on gold price on the date of purchase, but instead is affected by changes in gold prices in future. Such transactions are entered into to protect against the risk of gold price movement in the purchased gold. Accordingly, such unfixed payables are considered to have an embedded derivative. The Group designates the gold price risk in such instruments as hedging instruments, with gold inventory considered to be the hedged item. The hedged risk is gold prices in USD.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Changes in fair value of the hedging instrument attributable to the risk hedged is recorded as part of the carrying value of the hedged item.

#### *Other derivatives*

The Group also uses foreign exchange forward contracts to hedge its exposure towards foreign currency. These foreign exchange forward contracts are not used for trading or speculation purposes. A derivative contract is recognised as an asset or a liability on the commitment date. Outstanding derivative contracts as at reporting date are fair valued and recognised as financial asset/ financial liability, with the resultant gain/(loss) being recognised in the statement of profit and loss.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### k) Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### Trade receivables

The Group applies approach permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

#### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

### l) Inventories

Raw Material: Lower of cost or net realisable value. Cost is determined on first in first out ('FIFO') basis.

Work in progress: At cost determined on FIFO basis upto estimated stage of completion.

Finished goods: Lower of cost or net realisable value. Cost is determined on FIFO basis, includes direct material and labour expenses and appropriate proportion of manufacturing overheads based on the normal capacity

for manufactured goods.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

### m) Taxes on income

Tax expense recognised in the statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income ('OCI') or directly in equity.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income-tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity).

Deferred income-tax is calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets or liability arising during tax holiday period is not recognised to the extent it reverses out within the tax holiday period. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity).

### n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

### o) **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### p) **Post-employment, long term and short term employee benefits**

#### *Defined contribution plans*

Provident fund benefit is a defined contribution plan under which the Group pays fixed contributions into funds established under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

#### *Defined benefit plans*

Gratuity is a post-employment benefit defined under The Payment of Gratuity Act, 1972 and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the OCI in the year in which such gains or losses are determined.

#### *Other long-term employee benefits*

Liability in respect of compensated absences is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to the statement of profit and loss in the year in which such

gains or losses are determined.

#### *Short-term employee benefits*

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

### q) **Share based payments**

#### *Employee stock option plan*

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

### r) **Operating expenses**

Operating expenses are recognised in the statement of profit or loss upon utilisation of the service or as incurred.

### s) **Borrowing costs**

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### t) **Fair value measurement**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

### u) **Provisions, contingent assets and contingent liabilities**

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefit is probable, related asset is disclosed.

### v) **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except for anti-dilutive potential equity shares.

### w) **Equity, reserves and dividend payment**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Retained earnings include current and prior period retained profits. All transactions with owners of the Parent Company are recorded separately within equity.

### x) **Segment reporting**

The Group has two operating/reportable segments based on geographical area, i.e., domestic sales and export sales.

The operating segments is managed separately as each involves different regulations, marketing approaches and other resources. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of segment operating results. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss. No asymmetrical allocations have been applied between segments

### y) **Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

#### *Significant management judgements and estimates*

The following are significant management judgements and estimates in applying the accounting policies of the Group that have the most significant effect on the financial statements.

**Recognition of deferred tax assets** – The extent to

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Classification of leases** – The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**Recoverability of advances/receivables** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses

the expected credit loss on outstanding receivables and advances.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT**

(₹ in crores)

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Computers	Furniture and fixtures	Vehicles	Total
<b>Gross block:</b>									
<b>As at 1 April 2017</b>	<b>7.58</b>	<b>5.26</b>	<b>75.48</b>	<b>5.26</b>	<b>21.16</b>	<b>4.67</b>	<b>6.25</b>	<b>6.48</b>	<b>132.14</b>
Additions	3.13	4.10	8.02	1.79	4.10	0.93	0.82	2.54	25.43
Disposals	-	-	-	-	-	-	-	(1.39)	(1.39)
Foreign currency translation	-	0.04	-	-	-	-	-	-	0.04
<b>As at 31 March 2018</b>	<b>10.71</b>	<b>9.40</b>	<b>83.50</b>	<b>7.05</b>	<b>25.26</b>	<b>5.60</b>	<b>7.07</b>	<b>7.63</b>	<b>156.22</b>
Additions	0.04	0.70	4.44	1.23	1.47	0.39	0.81	0.03	9.11
Disposals	-	-	(17.64)	(0.03)	(2.12)	(0.07)	(0.66)	(0.28)	(20.80)
Foreign currency translation	-	0.42	-	0.01	_*	_*	_*	-	0.43
<b>As at 31 March 2019</b>	<b>10.75</b>	<b>10.52</b>	<b>70.30</b>	<b>8.26</b>	<b>24.61</b>	<b>5.92</b>	<b>7.22</b>	<b>7.38</b>	<b>144.96</b>
<b>Accumulated depreciation</b>									
<b>As at 1 April 2017</b>	-	<b>0.61</b>	<b>22.69</b>	<b>1.70</b>	<b>12.64</b>	<b>2.28</b>	<b>2.34</b>	<b>2.66</b>	<b>44.92</b>
Depreciation charge for the year	-	0.34	11.34	0.75	4.96	1.17	1.10	1.66	21.32
Reversal on disposals	-	-	-	-	-	-	-	(1.26)	(1.26)
Foreign currency translation	-	_*	-	-	-	-	-	-	_*
<b>As at 31 March 2018</b>	-	<b>0.95</b>	<b>34.03</b>	<b>2.45</b>	<b>17.60</b>	<b>3.45</b>	<b>3.44</b>	<b>3.06</b>	<b>64.98</b>
Depreciation charge for the year	-	0.67	9.99	0.90	3.87	0.98	1.07	1.23	18.71
Reversal on disposals	-	-	(9.37)	(0.02)	(1.71)	(0.06)	(0.44)	(0.16)	(11.76)
Foreign currency translation	-	0.01	(0.09)	_*	_*	_*	_*	-	(0.08)
<b>As at 31 March 2019</b>	-	<b>1.63</b>	<b>34.56</b>	<b>3.33</b>	<b>19.76</b>	<b>4.37</b>	<b>4.07</b>	<b>4.13</b>	<b>71.85</b>
<b>Net block:</b>									
As at 31 March 2019	10.75	8.89	35.74	4.93	4.85	1.55	3.15	3.25	73.11
As at 31 March 2018	10.71	8.45	49.47	4.60	7.66	2.15	3.63	4.57	91.24

\*rounded off to nil

**Note:** The amount of contractual commitments for the acquisition of property, plant and equipment, but not recognised as a liability as at 31 March 2019 was nil (31 March 2018: ₹ 1.03 crores).

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019**

**NOTE 5: INTANGIBLE ASSETS**

(₹ in crores)

	Trademark	Computer software	Total
<b>Gross Block:</b>			
<b>As at 1 April 2017</b>	<b>1.08</b>	<b>0.04</b>	<b>1.12</b>
Additions	0.51	0.01	0.52
<b>As at 31 March 2018</b>	<b>1.59</b>	<b>0.05</b>	<b>1.64</b>
Additions	-	0.04	0.04
<b>As at 31 March 2019</b>	<b>1.59</b>	<b>0.09</b>	<b>1.68</b>
<b>Accumulated amortisation</b>			
<b>As at 1 April 2017</b>	0.13	0.02	0.15
Amortisation charge for the year	0.13	0.01	0.14
<b>As at 31 March 2018</b>	<b>0.26</b>	<b>0.03</b>	<b>0.29</b>
Amortisation charge for the year	0.16	0.03	0.19
<b>As at 31 March 2019</b>	<b>0.42</b>	<b>0.06</b>	<b>0.48</b>
<b>Net block:</b>			
As at 31 March 2019	1.17	0.03	1.20
As at 31 March 2018	1.33	0.02	1.35

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 6: FINANCIAL ASSETS - LOANS**

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Security deposits				
-Considered good- Unsecured	24.13	5.67	32.29	0.15
Loan to a body corporate (refer note (a) below)				
-Considered good- Unsecured	8.23	0.74	8.26	0.77
<b>Total</b>	<b>32.36</b>	<b>6.41</b>	<b>40.55</b>	<b>0.92</b>

(a) Loan has been given to Shivani Sarees Private Limited for business purposes.

**NOTE 7: OTHER FINANCIAL ASSETS**

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
<b>(Unsecured and considered good)</b>				
Deposits with maturity of more than 12 months (refer note (a) below)	3.68	-	6.95	-
Foreign currency receivables, net	-	47.22	-	7.16
Others	-	0.02	-	0.02
<b>Total</b>	<b>3.68</b>	<b>47.24</b>	<b>6.95</b>	<b>7.18</b>

(a) Held as margin money for procurement of gold from suppliers against letter of credit.	3.50	-	6.61	-
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**NOTE 8: DEFERRED TAX ASSETS, NET**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset arising on account of</b>		
Difference between accounting base and tax base of property, plant and equipment	17.22	13.33
Provision for employee benefits	3.13	3.05
Deferred lease rent	1.45	1.90
Provision for discount	2.68	4.46
Financial assets and liabilities at amortised cost	0.61	0.60
Fair valuation of derivatives	0.39	0.40
Losses carried forward	9.41	5.94
Minimum alternate tax credit entitlement	0.21	0.21
Expected credit loss on trade receivables	7.73	-
Others	5.58	-
	<b>48.41</b>	<b>29.89</b>
<b>Deferred tax liability arising on account of</b>		
Financial assets at fair value through profit or loss	(0.83)	(0.45)
Valuation of inventory	(0.72)	(4.83)
	<b>(1.55)</b>	<b>(5.28)</b>
<b>Net deferred tax assets</b>	<b>46.86</b>	<b>24.61</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**(a) Changes in deferred tax assets and deferred tax liabilities from 1 April 2018 to 31 March 2019**

(₹ in crores)

Particulars	Opening balance as on 1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2019
<b>Deferred tax asset arising on account of</b>					
Difference between accounting base and tax base of property, plant and equipment	13.33	3.89	-	-	17.22
Provision for employee benefits	3.05	0.27	(0.19)	-	3.13
Deferred lease rent	1.90	(0.45)	-	-	1.45
Provision for discount	4.46	(1.78)	-	-	2.68
Financial assets and liabilities at amortised cost	0.60	0.01	-	-	0.61
Fair valuation derivatives	0.40	(0.01)	-	-	0.39
Losses carried forward	5.94	3.47	-	-	9.41
Minimum alternate tax credit entitlement	0.21	-	-	-	0.21
Expected credit loss on trade receivables	-	7.73	-	-	7.73
Others	-	5.58	-	-	5.58
	<b>29.89</b>	<b>18.71</b>	<b>(0.19)</b>	-	<b>48.41</b>
<b>Deferred tax liability arising on account of</b>					
Financial assets at fair value through profit or loss	(0.45)	(0.38)	-	-	(0.83)
Valuation of inventory	(4.83)	4.11	-	-	(0.72)
	<b>(5.28)</b>	<b>3.73</b>	-	-	<b>(1.55)</b>
<b>Net deferred tax assets</b>	<b>24.61</b>	<b>22.44</b>	<b>(0.19)</b>	-	<b>46.86</b>

**(b) Changes in deferred tax assets and deferred tax liabilities from 1 April 2017 to 31 March 2018**

(₹ in crores)

Particulars	Opening balance as on 1 April 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2018
<b>Deferred tax asset arising on account of</b>					
Difference between accounting base and tax base of property, plant and equipment	10.85	2.48	-	-	13.33
Provision for employee benefits	2.23	1.08	(0.26)	-	3.05
Deferred lease rent	1.45	0.45	-	-	1.90
Provision for discount	2.17	2.29	-	-	4.46
Financial assets and liabilities at amortised cost	0.60	-	-	-	0.60
Fair valuation derivatives	0.23	0.17	-	-	0.40
Compound instruments	14.85	(8.64)	-	(6.21)	-
Losses carried forward	3.76	2.18	-	-	5.94
Minimum alternate tax credit entitlement	0.21	-	-	-	0.21
	<b>36.35</b>	<b>0.01</b>	<b>(0.26)</b>	<b>(6.21)</b>	<b>29.89</b>
<b>Deferred tax liability arising on account of</b>					
Financial assets at fair value through profit and loss	(0.56)	0.11	-	-	(0.45)
Valuation of inventory	(2.42)	(2.41)	-	-	(4.83)
	<b>(2.98)</b>	<b>(2.30)</b>	-	-	<b>(5.28)</b>
<b>Net deferred tax assets</b>	<b>33.37</b>	<b>(2.29)</b>	<b>(0.26)</b>	<b>(6.21)</b>	<b>24.61</b>

**Note :**

During year ended 31 March 2018, the Parent Company had converted compulsorily convertible debentures (CCDs) into equity earlier than its due date of conversion and therefore, the deferred tax on the outstanding liability portion of CCDs, amounting to ₹ 6.21 crores had been transferred to retained earnings.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 9: OTHER ASSETS**

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Capital advances	0.41	-	3.43	-
Advances to suppliers	-	36.97	-	29.70
Balances with statutory authorities	3.18	28.34	3.18	53.37
Prepaid expenses	19.39	6.13	21.30	5.17
Others	-	15.26	-	10.81
	<b>22.98</b>	<b>86.70</b>	<b>27.91</b>	<b>99.05</b>
Less: Provision for doubtful advances	-	(1.68)	-	-
	<b>22.98</b>	<b>85.02</b>	<b>27.91</b>	<b>99.05</b>

**NOTE 10: INVENTORIES**

(₹ in crores)

(valued at lower of cost and net realisable value)	As at 31 March 2019	As at 31 March 2018
Raw materials	366.27	672.27
Work-in-progress	1,482.55	2,182.07
Finished goods	3,149.21	2,272.70
Stock-in-trade	14.35	130.55
	<b>5,012.38</b>	<b>5,257.59</b>

**NOTE 11: CURRENT FINANCIAL ASSETS - INVESTMENTS**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
<b>Investment in mutual funds (quoted) - at fair value through profit and loss</b>		
Canara Robeco Capital Protection Oriented Fund Series 8 Regular Growth Plan (31 March 2019: 1,500,000 units, 31 March 2018: 1,500,000 units)	1.67	1.57
Union Capital Protection Oriented Fund Series 8- Regular Growth Plan (31 March 2019: 1,500,000 units, 31 March 2018: 1,500,000 units)	1.62	1.53
State Bank of India Dual Advantage Fund - Series - XXIII Regular Growth Plan (31 March 2019: 1,500,000 units, 31 March 2018: 1,500,000 units)	1.61	1.54
Union Corporate Bond Fund - Regular Growth Plan (31 March 2019: 1,076,745 units, 31 March 2018: nil)	1.15	-
Canara Robeco Capital Protection Oriented Fund Series 7 Regular Growth Plan (31 March 2019: 750,000 units, 31 March 2018: 750,000 units)	0.87	0.82
Canara Robeco Capital Protection Oriented Fund-Series 9 Regular Growth Plan (31 March 2019: 600,000 units, 31 March 2018: 600,000 units)	0.64	0.60
Canara Robeco Capital Protection Oriented Fund Series 10 Regular Growth Plan (31 March 2019: 250,000 units, 31 March 2018: nil)	0.25	-
HDFC Top 100 Fund-Growth Plan (31 March 2019: 4,661 units, 31 March 2018: 4,661 units)	0.23	0.20
ICICI Prudential Corporate Bond Fund - Regular Growth Plan (31 March 2018: 71,825 units, 31 March 2018: 71,825 units)	0.20	0.19
State Bank of India Magnum Balanced Fund - Regular Growth Plan (31 March 2019: 10,628 units, 31 March 2018: 327,145 units)	0.15	4.01
Canara Robeco balanced - Regular Growth Plan (31 March 2019: nil, 31 March 2018: 130,765 units)	-	1.89
Union Asset Allocation Fund Growth Plan (31 March 2019: nil, 31 March 2018: 989,531 units)	-	1.50
Canara Robeco Capital Protection Oriented Fund Series 5 Regular Growth Plan (31 March 2019: nil, 31 March 2018: 1,129,700 units)	-	1.29
Union Focussed Largecap Fund Regular Growth Plan (31 March 2019: nil, 31 March 2018: 1,007,438 units)	-	1.03

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

	As at 31 March 2019	As at 31 March 2018
Bank of India AXA Corporate Credit Spectrum Fund- Regular Growth Plan (31 March 2019: nil, 31 March 2018: 541,158 units)	-	0.72
Bank of India AXA Capital Protection Oriented Fund Series-5 (31 March 2019: nil, 31 March 2018: 599,990 units)	-	0.68
Bank of India AXA Short Term Income Fund- Regular Growth Plan (31 March 2019: nil, 31 March 2018: 269,826 units)	-	0.51
HDFC CPO III - 1173D January 2015 - Regular Growth Plan (31 March 2019: nil, 31 March 2018: 200,000 units)	-	0.24
ICICI Prudential Capital Protection Oriented Fund Series IV Regular Growth Plan (31 March 2019: nil, 31 March 2018: 120,000 units)	-	0.19
Kotak Capital Protection Oriented Scheme Series-1 Regular Growth Plan (31 March 2019: nil, 31 March 2018: 100,000 units)	-	0.12
	<b>8.39</b>	<b>18.63</b>
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>8.39</b>	<b>18.63</b>

**NOTE 12: TRADE RECEIVABLES**

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Considered good - secured	-	-
Considered good - unsecured	1,987.35	1,851.31
Credit impaired	22.11	
Less: Loss allowance	(22.11)	
	<b>1,987.35</b>	<b>1,851.31</b>

**NOTE 13: CASH AND CASH EQUIVALENTS**

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Balances with banks - in current accounts	18.44	197.62
Cheques on hand	1.55	141.54
Cash on hand	12.22	30.77
Deposits with original maturity of less than 3 months	53.14	17.01
	<b>85.35</b>	<b>386.94</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

**NOTE 14: OTHER BANK BALANCES**

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Deposits with maturity of more than 3 months but less than 12 months (refer note a & b below)	236.09	1,169.40
Unclaimed dividend account (refer note c below)	0.12	0.05
	<b>236.21</b>	<b>1,169.45</b>

- (a) Held as margin money for procurement of gold from suppliers against letter of credit. 165.65 1,122.33
- (b) *Inter-alia*, includes deposits of ₹ 29.31 crores (31 March 2018: ₹19.19 crores) which are earmarked.
- (c) Not due for deposit to the Investor Education and Protection Fund.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 15: EQUITY SHARE CAPITAL**

(₹ in crores)

	Number of shares	Amount
<b>a) Authorised share capital</b>		
<b>Equity shares of ₹ 10 each</b>		
Total authorised equity share capital as at 1 April 2017	240,000,000	240.00
Increase during the year, 2017-18	200,000,000	200.00
<b>Total authorised equity share capital as at 31 March 2019/ 31 March 2018</b>	<b>440,000,000</b>	<b>440.00</b>
<b>Preference shares of ₹ 10 each</b>		
<b>Total authorised preference share capital as at 31 March 2019/ 31 March 2018/ 1 April 2017</b>	<b>260,000,000</b>	<b>260.00</b>

**Issued, subscribed and paid-up equity share capital:**

(₹ in crores)

	Number of shares	Amount
<b>Equity shares of ₹ 10 each</b>		
Balance as at 1 April 2017	179,137,600	179.14
Issued on exercise of employee share options	75,200	0.08
Issue of bonus shares	179,212,800	179.21
Conversion of compulsorily convertible debentures into equity shares	22,473,600	22.47
Conversion of compulsorily convertible preference shares into equity shares*	13,456,000	13.46
Balance as at 31 March 2018	<b>394,355,200</b>	<b>394.36</b>
Issued on exercise of employee share options	292,787	0.29
<b>Shares issued and fully paid as at 31 March 2019</b>	<b>394,647,987</b>	<b>394.65</b>
<b>Preference shares of ₹ 10 each</b>		
Balance as at 1 April 2017	257,372,912	257.37
Converted into equity shares during 2017-18*	257,372,912	257.37
<b>Balance as at 31 March 2018</b>	-	-

\*During the financial year ended 31 March 2017, the Parent Company had issued compulsorily convertible preference shares ('CCPS'). CCPS are compound financial instruments and in accordance with Ind AS, the Parent Company had bifurcated amount so received into equity and liability components. The liability component amounting to ₹ 28.48 crores was reflected in borrowings and equity component (net of transaction cost ₹ 2.57 crores) amounting to ₹ 226.32 crores was reflected in other equity. In the previous year, the aforementioned CCPS were converted into 13,456,000 equity shares as per terms of the agreement.

**b) Terms and rights attached to equity shares**

The Parent Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Parent Company, holders of equity shares will be entitled to receive any of the remaining assets of the Parent Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

**Terms and rights attached to preference shares**

During the financial year ended 31 March 2018, the entire CCPS got converted into 13,456,000 equity shares of the Parent Company having face value of ₹10 each per terms of the agreement. However, the preference shareholders received a mandatory dividend of 13% per annum during the current year as per terms agreed.

**c) Shares reserved for issue under options**

3,461,867 equity shares are reserved for the issue under the Employees' stock option plan of the Parent Company. Information relating to Employees' stock option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 36.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### d) Details of shareholders holding more than 5% of the shares of the Parent Company\*

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
<b>Equity shares of ₹ 10 each</b>				
Mr. Balram Garg	133,952,100	33.94%	133,952,100	33.97%
Mr. Padam Chand Gupta	-	- **	100,743,600	25.55%
Mr. Sachin Gupta	90,443,600	22.92%	-	-
	<b>224,395,700</b>	<b>56.86%</b>	<b>234,695,700</b>	<b>59.52%</b>

\*As per the records of the Parent Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

\*\*Succession to the shareholding of Late Shri Padam Chand Gupta (Promoter) in the Parent Company is pending the probate of his will and for the intervening period Mr. Sachin Gupta is holding the shares of Late Shri Padam Chand Gupta as the nominee of Late Shri Padam Chand Gupta's dematerialised account.

- e) The shareholders of the Parent Company approved the issue of 179,212,800 equity shares as bonus shares which were subsequently allotted on 10 July 2017. Further the Parent Company has allotted 11,236,800 equity shares as bonus shares on 19 August 2017 on conversion of compulsorily convertible debentures. Other than this, the Parent Company has not issued any shares pursuant to contract without payment being received in cash, or allotted as fully paid up by way of bonus shares or bought back any shares during the period of five years immediately preceding the date of balance sheet.

### NOTE 16: OTHER EQUITY

	As at	
	31 March 2019	31 March 2018
Retained earnings	2,520.75	2,520.40
General reserve	54.54	54.54
Securities premium reserve	911.45	898.83
Share options outstanding account	42.41	15.37
Foreign currency translation reserve	(3.14)	(2.32)
	<b>3,526.01</b>	<b>3,486.82</b>

#### Retained earnings

Retained earnings are created from the profit of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

#### General reserve

Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with the Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Act, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

#### Securities premium

Securities premium is used to record the premium on issue of shares. The premium will be utilised in accordance with provisions of the Act.

#### Share options outstanding account

The reserve account is used to recognise the grant date fair value of options issued to employees under employee stock option plan, over the vesting period.

#### Foreign currency translation reserve

The Group's functional currency is Indian Rupees (₹). Some of the Group's entities prepares their financial statements in other foreign

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

currencies and their respective financials are converted to Indian Rupees (₹) as per requirements of Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" to enable the Parent Company to present its Consolidated Financial Statements as per the above mentioned requirements.

**NOTE 17: NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**

(₹ in crores)

	Interest rate	Maturity date	As at 31 March 2019	As at 31 March 2018	Remarks
<b>Secured</b>					
Vehicle loans	8.80%-10.65%	May 2024	2.28	3.19	Refer note (i)
Term loans from banks	11.45%	November 2020	27.58	74.24	Refer note (ii)
			<b>29.86</b>	<b>77.43</b>	

	Effective interest rate	Maturity date	As at 31 March 2019	As at 31 March 2018	Remarks
<b>Unsecured</b>					
Liability component of compulsorily convertible preference shares	11.45%	September 2018	-	13.37	Refer note (iii)
			-	<b>13.37</b>	
<b>Total borrowings</b>			<b>29.86</b>	<b>90.80</b>	
Less: Current maturities of long-term borrowings (refer note 21)			(18.28)	(61.30)	
<b>Total</b>			<b>11.58</b>	<b>29.50</b>	

- (i) Vehicle loans are secured by way of hypothecation of assets, thus purchased.
- (ii) Term loans from banks (including current maturities) aggregating to ₹ 27.58 crores (31 March 2018: ₹ 74.24 crores) are secured against first and exclusive registered mortgage charge on immovable properties belonging to other body corporates. These loans are further fully secured by personal guarantees of promoter directors and corporate guarantees of the said body corporates.
- (iii) Liability component of CCPS represents the mandatory payments required under the terms of the CCPS, discounted at the effective interest rate. Mandatory dividend payable at the rate of 13% per annum has been duly paid by the Parent Company during the year.

**NOTE 18: PROVISIONS**

(₹ in crores)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Provision for employee benefits obligations (refer note 35)	6.70	2.27	6.57	2.21
Provision for tax liability (refer note below)	38.48	-	-	-
	<b>45.18</b>	<b>2.27</b>	<b>6.57</b>	<b>2.21</b>

**Note:** The following is the movement in provision for tax liability from the beginning to the close of the reporting period:

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Balance as at the beginning of the year	-	-
Add: Provision made during the year	38.48	-
Less: Utilised during the year	-	-
Less: Written back during the year	-	-
Balance as at the end of the year	<b>38.48</b>	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**NOTE 19: CURRENT FINANCIAL LIABILITIES - BORROWINGS**

(₹ in crores)					
	Interest rate	Maturity date	As at 31 March 2019	As at 31 March 2018	Remarks
<b>Secured (carried at amortised cost)</b>					
Cash credit facilities	9.65% - 12.70%	Payable on demand	2,023.00	584.19	Refer note (i)
Packing credit facilities	4.65%-9.25%	Payable on demand	19.53	84.98	Refer note (i)
Post shipment credit facilities	4.65%-9.25%	Payable on demand	-	121.83	Refer note (i)
Demand loans	10.00%-13.00%	Payable on demand	30.00	85.00	Refer note (i)
Commercial papers	8.00%-8.50%	May 2018	-	148.97	Refer note (i)
Bank overdraft	18.00%	Payable on demand	18.12	-	Refer note (i)
<b>Unsecured (carried at amortised cost)</b>					
Loan from related party*	Nil	Payable on demand	0.03	0.03	Refer note (ii)
<b>Total</b>			<b>2,090.68</b>	<b>1,025.00</b>	

- (i) Cash credit facilities, packing credit facilities, post shipment credit facilities, demand loans, commercial papers and bank overdrafts are secured against first pari passu charge on current assets, property, plant and equipment and fixed deposits of the Parent Company. There loans are further fully secured by personal guarantees of promoter directors of the Parent Company and their relatives and corporate guarantees and collateral securities of other companies.
- (ii) The aforementioned loan represents interest free loan availed from late Padam Chand Gupta. However, due to demise of the said director on 28 January 2019, it ceased to be the loan from related party thereafter.

**NOTE 20: TRADE PAYABLE**

(₹ in crores)		
	As at 31 March 2019	As at 31 March 2018
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 43)	0.65	0.54
- Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,261.12	3,621.81
	<b>1,261.77</b>	<b>3,622.35</b>

\* Includes gold on lease ₹ 1,120.20 crores (31 March 2018: ₹ 3,438.54 crores) on which interest is charged at 1.75% to 3.25% per annum (31 March 2018: 1.40% to 3.00% per annum).

**NOTE 21: OTHER CURRENT FINANCIAL LIABILITIES**

(₹ in crores)		
	As at 31 March 2019	As at 31 March 2018
<b>Valued at amortised cost</b>		
Current maturities of long term debt (refer note 17)	18.28	47.93
Current maturities of liability component of CCPS (refer note 17)	-	13.37
Interest accrued but not due on borrowings	3.03	3.20
Unpaid dividends*	0.12	0.05
Application money received for allotment of securities to the extent refundable*	0.02	0.02
Creditors for capital goods	1.81	2.41
Employee related payables	6.20	7.89
Bank overdraft	-	1.56
Others	25.22	32.99
	<b>54.68</b>	<b>109.42</b>

\*Not due for deposit to the Investor Education and Protection Fund



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 22: OTHER CURRENT LIABILITIES**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Advances received from customers	6.24	18.44
Deposits received from customers	141.85	140.68
Statutory dues payable	10.61	5.68
Deferred revenue	-	11.18
Others	17.01	11.80
	<b>175.71</b>	<b>187.78</b>

**NOTE 23: CURRENT TAX LIABILITIES (NET)**

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Provision for income-tax (net of prepaid taxes)	86.92	120.45
	<b>86.92</b>	<b>120.45</b>

**NOTE 24: REVENUE FROM OPERATIONS**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products *	8,679.96	9,614.32
Sale of services	-	1.12
	<b>8,679.96</b>	<b>9,615.44</b>

\*Revenue for the period ended 31 March 2019 is net of Goods and Service Tax (GST) which become applicable from 1 July 2017. However, revenue for the periods upto 30 June 2017 is net of value added tax but gross of excise duty. Accordingly, revenue for the year ended 31 March 2019 is not comparable with that of the previous year, presented in these financial statements.

**NOTE 25: OTHER INCOME**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on:		
fixed deposits with banks	44.76	51.39
loan to a body corporate	0.83	0.85
other financial assets carried at amortised cost	5.76	5.96
Gain on investments measured at FVTPL	0.84	0.91
Duty drawback on export	1.84	-
Profit on sale of property, plant and equipment (net)	-	0.05
Net gain on foreign currency transaction and translation	25.29	29.64
Other non-operating income	5.00	2.89
	<b>84.32</b>	<b>91.69</b>

**NOTE 26: COST OF MATERIALS CONSUMED**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Raw material</b>		
Balance at the beginning of the year	672.27	648.63
Add: purchases during the year	7,803.49	8,852.65
Balance at the end of the year	366.27	672.27
	<b>8,109.49</b>	<b>8,829.01</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 27: PURCHASES OF STOCK-IN-TRADE**

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Purchases of stock-in-trade	25.62	489.17
	<b>25.62</b>	<b>489.17</b>

**NOTE 28: CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Opening balance</b>		
Work-in-progress	2,182.07	1,124.74
Finished goods	2,272.70	2,335.67
Stock-in-trade	130.55	78.38
	<b>4,585.32</b>	<b>3,538.79</b>
<b>Closing balance</b>		
Work-in-progress	1,482.55	2,182.07
Finished goods	3,149.21	2,272.70
Stock-in-trade	14.35	130.55
	<b>4,646.11</b>	<b>4,585.32</b>
Other inventory adjustments	0.94	(2.19)
	<b>(61.73)</b>	<b>(1,044.34)</b>

**NOTE 29: EMPLOYEE BENEFITS EXPENSE**

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	74.54	82.86
Contribution to provident and other funds	4.33	4.51
Share based payments to employees	38.44	4.80
Staff welfare expenses	2.98	4.10
	<b>120.29</b>	<b>96.27</b>

**NOTE 30: FINANCE COSTS**

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on financial liabilities at amortised cost#	308.79	252.90
Interest on late deposit of advance tax	7.38	11.30
Other finance costs	29.33	50.28
	<b>345.50</b>	<b>314.48</b>

# includes ₹ 111.14 crores (previous year ₹ 136.41 crores) as finance cost on gold on lease included in trade payables.

**NOTE 31: DEPRECIATION AND AMORTISATION EXPENSES**

	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment	18.71	21.32
Amortisation of intangible assets	0.19	0.14
	<b>18.90</b>	<b>21.46</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 32: OTHER EXPENSES**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Advertisement and publicity	22.74	60.65
Labour charges	16.14	36.22
Hallmarking charges	2.84	2.32
Consumption of packing material	1.71	3.82
Rent (refer note 45)	55.20	60.66
Business promotion	10.57	19.79
Communication	4.45	5.44
Repairs and maintenance		
- Buildings	0.24	0.47
- Others	4.08	7.08
Discount and commission	7.85	2.21
Electricity and water	9.34	9.36
Vehicle running and maintenance	1.01	0.93
Insurance	1.32	3.25
Legal and professional (including payment to auditors) (refer note a below)	7.98	9.48
Rates and taxes	1.41	7.58
Printing and stationery	0.67	1.51
Security expenses	6.70	8.25
Travelling and conveyance	1.65	4.32
Advances written off	1.23	-
Provision on advance to supplier	1.68	-
Expected credit loss on trade receivables	22.11	-
Net loss on disposal of property, plant and equipment	7.64	-
Bank charges	8.71	9.10
Donation	1.03	1.13
Expenditure on corporate social responsibility activities (refer note 46)	3.00	5.25
Miscellaneous	2.91	2.21
	<b>204.21</b>	<b>261.03</b>
<b>(a) Payment to auditors</b>		
- As auditors	0.84	0.57
- For other services (including limited reviews)	0.48	0.46
- For reimbursement of expenses	0.05	0.05
<b>Total</b>	<b>1.37</b>	<b>1.08</b>

**NOTE 33: CURRENT TAX**
**(a) Income-tax expense through the statement of profit and loss**

(₹ in crores)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Current tax:</b>		
Current tax on profits for the year	23.82	202.98
Adjustments for current tax of prior periods	0.01	(4.33)
	<b>23.83</b>	<b>198.65</b>
<b>Deferred tax:</b>		
In respect of current year origination and reversal of temporary differences	(22.44)	1.08
Adjustments due to changes in tax rates	-	1.21
<b>Total tax expense</b>	<b>1.39</b>	<b>200.94</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**(b) Income-tax on other comprehensive income**

(₹ in crores)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Re-measurement of defined benefit obligations	(0.19)	(0.26)
<b>Total tax expense recognised in other comprehensive income</b>	<b>(0.19)</b>	<b>(0.26)</b>

**(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**

(₹ in crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Accounting profit before income-tax</b>	2.00	736.58
Applicable Indian statutory income-tax rate	34.94%	34.61%
Computed expected tax expense	0.70	254.93
Prior period adjustments	0.01	(4.33)
Effect of non-deductible expenses	6.73	9.11
Effect of lower tax rate on subsidiaries	1.51	1.12
Effect of no tax on a foreign subsidiary	(2.89)	(1.80)
Income exempt from tax (see note below)	(0.32)	(66.63)
Others	(4.35)	8.54
<b>Income-tax expense reported in the statement of profit and loss</b>	<b>1.39</b>	<b>200.94</b>

**Note:**

The Parent Company has three manufacturing units located in Noida Special Economic Zone, namely, unit I, unit II and unit III. Unit III is fully exempt from income tax till 31 March 2021. Remaining units, i.e., unit I and unit II are partly exempted till 31 March 2022 and 31 March 2025 respectively under the provisions of Section 10AA of the Income-tax Act, 1961.

The Parent Company's manufacturing unit located in Dehradun is eligible for the deduction of 100% of the profits and gains of the unit for the first 5 consecutive years and 30% for the next 5 consecutive years under Section 80 IC of the Income - tax Act, 1961 till 31 March 2019.

**NOTE 34: EARNINGS PER SHARE**

Particulars	Units	Year ended 31 March 2019	Year ended 31 March 2018
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
<b>Net profit attributable to shareholders for basic earnings per share</b>	₹ in crores	<b>0.61</b>	<b>535.64</b>
Interest savings on compulsory convertible preference shares, net of tax	₹ in crores	-	2.40
Interest savings on compulsory convertible debentures, net of tax	₹ in crores	-	1.11
<b>Net profit attributable to shareholders for diluted earnings per share</b>	₹ in crores	<b>0.61</b>	<b>539.15</b>
<b>Weighted average number of equity shares for basic earnings per share</b>	₹ in crores	<b>394,562,992</b>	<b>380,076,598</b>
Effect of conversion of convertible debentures, convertible preference shares and exercise of share options	₹ in crores	917,677	7,739,238
<b>Weighted average number of equity shares for diluted earnings per share</b>	₹ in crores	<b>395,480,669</b>	<b>387,815,836</b>
Basic earnings per share	₹	0.02	14.16
Diluted earnings per share	₹	0.02	13.97

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### NOTE 35: EMPLOYEE BENEFITS

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Gratuity	7.26	6.96
Compensated absences	1.71	1.82
	<b>8.97</b>	<b>8.78</b>

The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit and loss and the amount recognised in the consolidated balance sheet for the defined benefit plan.

(₹ in crores)

	Gratuity benefits	
	As at 31 March 2019	As at 31 March 2018
<b>Change in the present value of the defined benefit obligation:</b>		
Opening defined benefit obligation	6.96	5.69
Interest cost	0.52	0.42
Current service cost	1.32	1.40
Benefits paid	(0.99)	(0.24)
Actuarial gains on obligation	(0.55)	(0.75)
Past service cost, including losses on curtailment	-	0.44
<b>Closing defined benefit obligation</b>	<b>7.26</b>	<b>6.96</b>
<b>Expense recognised in the statement of profit and loss:</b>		
Current service cost	1.32	1.40
Past service, including losses on curtailment	-	0.44
Interest cost	0.52	0.42
	<b>1.84</b>	<b>2.26</b>
<b>(Income) recognised in the other comprehensive income:</b>		
Net actuarial (gain) in the year	(0.55)	(0.75)
	<b>(0.55)</b>	<b>(0.75)</b>
<b>Net expense recognised in the total comprehensive income</b>	<b>1.29</b>	<b>1.51</b>
<b>Breakup of actuarial (gain)/loss</b>		
Actuarial gain arising from change in demographic assumption	-	(1.47)
Actuarial gain arising from change in financial assumption	0.10	1.20
Actuarial gain arising from experience adjustment	(0.65)	(0.48)
	<b>(0.55)</b>	<b>(0.75)</b>

#### Actuarial assumptions used

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.00% - 7.50%	7.40% - 7.70%
Long-term rate of compensation increase	8.00% - 10.00%	8.00% - 10.00%
Average remaining life	26.60 - 28.18	24.54 - 29.50

#### Demographic assumptions used

	As at 31 March 2019	As at 31 March 2018
Mortality table	IALM(2006-08)	IALM(2006-08)
Retirement age	60 years	60 years
Average remaining life	26.60 - 28.18	24.54 - 29.50

These assumptions were developed by the management of the Group with the assistance of independent actuarial appraisers. Discount factors are determined close to each year end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### Sensitivity analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability.

	(₹ in crores)			
	As at 31 March 2019		As at 31 March 2018	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
<b>Discount rate</b>				
(Decrease)/ increase in the defined benefit liability	(0.25)	0.28	(0.25)	0.27
<b>Salary growth rate</b>				
Increase/ (decrease) in the defined benefit liability	0.25	(0.23)	0.24	(0.23)
<b>Average life expectancy</b>				
Increase/ (decrease) in the defined benefit liability	negligible	negligible	negligible	negligible

The present value of the defined benefit obligation is calculated as mentioned in note 3(p) of the consolidated financial statements. The sensitivity analysis is based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another since some of the assumptions may be co-related.

Based on historical data, the Group expects contributions of ₹ 1.95 crores (31 March 2018 : ₹ 1.84 crores) in the next 12 months.

### Amounts for the current and previous four years are as follows:

	(₹ in crores)				
	2018-19	2017-18	2016-17	2015-16	2014-15
Defined benefit obligations	7.26	6.96	5.69	3.88	3.05
Experience (loss)/gain adjustments on planned liabilities	0.65	(0.48)	(0.10)	0.50	0.25

### Compensated absences

The leave obligations cover the Parent Company's liability for sick and earned leaves. The Parent Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However, based on past experience, the Parent Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore, based on the independent actuarial report, only a certain amount of provision has been presented as current and balance as non-current.

### Actuarial assumptions used

Particulars	As at	As at
	31 March 2019	31 March 2018
Discount rate	7.00%	7.40%
Expected salary escalation rate	10.00%	10.00%

### Defined contribution plans

The Group has certain defined contribution plans. In case of companies included in the Group which are incorporated in India, contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Group is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the year towards defined contribution plan is ₹ 2.92 crores (31 March 2018: ₹ 2.97 crores). There are no amounts outstanding of post employment benefits, other long-term benefits, termination benefits and share-based payment for the current and previous year.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### NOTE 36: EMPLOYEE STOCK OPTION PLAN

#### PC Jeweller Limited Employee Stock Option Plan 2011

During the year ended 31 March 2012, the Parent Company had formulated Employee Stock Option Scheme referred to as PC Jeweller Limited Employees' Stock Option Plan 2011 (the 'Plan') for all eligible employees/directors of the Group.

The plan is implemented by the Nomination and Remuneration Committee constituted by the Parent Company under the policy and framework laid down by the Parent Company and/ or the Board of Directors of the Parent Company, in accordance with the authority delegated to the Nomination and Remuneration Committee in this regard from time to time and subject to the amendments, modifications and alterations to the plan made by the Parent Company and/or the Board of Directors in this regard. The issuance of the shares are under the guidance, advice and directions of the Nomination and Remuneration Committee.

Each stock option entitles the grantee thereof to apply for and be allotted one equity share of the Parent Company upon vesting. Vesting of the options shall take place over a period of 4 years with a minimum vesting period of 1 year from the grant date.

(a) The vesting schedule is set forth as follows:

Vesting	Number of months from the date of grant of options	Percentage of options vested	Cumulative percentage of options vested
1	12	10	10
2	24	20	30
3	36	30	60
4	48	40	100

The options granted shall vest so long as the employee continues to be in employment with the Group, i.e., the options will lapse if the employment is terminated prior to vesting. Even after the options are vested, un-exercised options may be forfeited if the services of the employee are terminated for reasons specified in the Plan.

(b) Set out below is a summary of options granted under the plan:

	31 March 2019		31 March 2018	
	Average exercise price per share	Number of options	Average exercise price per share	Number of options
<b>Balance at the beginning of the year</b>	<b>10.00</b>	<b>1,626,037</b>	<b>10.00</b>	<b>688,700</b>
Options granted during the year*	10.00	-	10.00	1,032,537
Options exercised during the year	10.00	292,787	10.00	75,200
Options lapsed during the year	10.00	75,000	10.00	20,000
<b>Balance at the end of the year</b>	<b>10.00</b>	<b>1,258,250</b>	<b>10.00</b>	<b>1,626,037</b>
Vested and exercisable	10.00	398,940	10.00	85,090

\*includes 782,537 options granted due to corporate action to existing option holders.

(c) Exercise price and expiry dates of share options outstanding at the end of the year:

Grant date	Weighted average remaining contractual life of options outstanding as on		Expiry date	Average exercise price per share	Total share options granted	Share options outstanding as on 31 March 2019	Share options outstanding as on 31 March 2018
	31 March 2019	31 March 2018					
14 May 2015	4.12	5.12	13 May 2023	10.00	726,300	480,700	593,500
25 May 2017	6.16	7.16	24 May 2025	10.00	50,000	45,000	50,000
01 August 2017	6.34	7.34	31 July 2025	10.00	100,000	90,000	100,000
19 January 2018	6.81	7.81	18 January 2026	10.00	882,537	642,550	882,537
<b>Total</b>						<b>1,258,250</b>	<b>1,626,037</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

- (d) The fair value of the options granted has been calculated on the date of grant using Black Scholes Option Pricing Model with the following assumptions:

(i)	Grant date	14 May 2015	25 May 2017	1 August 2017	19 January 2018
(ii)	Expiry date	13 May 2023	24 May 2025	31 July 2025	18 January 2026
(iii)	Fair value of options granted (per share)	₹ 318.22	₹ 393.99	₹ 231.55	₹ 536.47
(iv)	Exercise price	₹ 10	₹ 10	₹ 10	₹ 10
(v)	Share price at grant date	₹ 328.50	₹ 452.60	₹ 251.75	₹ 587.35
(vi)	Weighted historical volatility (%)	52.61	52.82	52.48	51.85
(vii)	Time to maturity-years	8 years	8 years	8 years	8 years
(viii)	Expected dividend yield (%)	0.71	1.23	1.23	1.23
(ix)	Risk free interest rate (%)	7.97- 8.04	6.82- 7.09	6.50- 6.83	7.26- 7.37

The volatility used in the Black Scholes Option Pricing Model is the annualised standard deviation of the continuously compounded rate of return of the stock over a period of time. Informal tests and preliminary research tends to confirm that estimates of the expected long-term future volatility should be based on historical volatility for a period that approximates the expected life of the options being valued. The Parent Company was listed on BSE Limited and National Stock Exchange of India Limited on 27 December 2012. The volatility is determined by taking into account the period since the listing of the Parent Company.

### NOTE: 37 RELATED PARTY TRANSACTIONS:

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related parties relationships, transactions and outstanding balances including commitments where common control exist and with whom transactions have taken place during the reported period are as follows:

#### List of related parties

Relationship	Name of related party
Key management personnel (KMP)*	Late Mr. Padam Chand Gupta (up till 28 January 2019)
	Mr. Balram Garg
Relatives of key management personnel**	Mr. Nitin Gupta (Son of Late Mr. Padam Chand Gupta) - (up till 28 January 2019)
	Mr. Sachin Gupta (Son of Late Mr. Padam Chand Gupta) - (up till 28 January 2019)
	Mrs. Krishna Devi (Wife of Late Mr. Padam Chand Gupta) - (up till 28 January 2019)
	Mrs. Pooja Garg (Wife of Mr. Balram Garg)
	Mrs. Ghazal Garg (Wife of Mr. Nitin Gupta) - (up till 28 January 2019)
Other entities in which KMP has significant influence	Padam Chand, Hindu Undivided Family (up till 28 January 2019)
	Balram Garg, Hindu Undivided Family
	Shivani Sarees Private Limited (from 17 May 2018 till 28 January 2019)

\*also refer note 15(d) for parties with more than 5% voting rights.

\*\*where transactions have occurred during the reporting period.

Details of transaction between the Group and its related parties are disclosed below:

Particulars	(₹ in crores)			
	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>Transactions during the year</b>				
<b>Interest income on loan</b>				
Shivani Sarees Private Limited	-	-	0.58	-
	-	-	<b>0.58</b>	-
<b>Remuneration paid*</b>				
Mr. Balram Garg	1.55	7.20	-	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Mr. Nitin Gupta	0.32	0.42	-	-
Others	0.03	-	-	-
	<b>1.90</b>	<b>7.62</b>	-	-
<b>Rent paid</b>				
Late Mr. Padam Chand Gupta	4.05	5.59	-	-
Mr. Balram Garg	0.33	0.37	-	-
Mr. Nitin Gupta	0.57	0.78	-	-
Mr. Sachin Gupta	0.57	0.78	-	-
Shivani Sarees Private Limited	-	-	0.66	-
	<b>5.52</b>	<b>7.52</b>	<b>0.66</b>	-
<b>Final dividend paid</b>				
Mr. Balram Garg	6.70	6.70	-	-
Late Mr. Padam Chand Gupta	4.52	5.04	-	-
Others	0.03	0.42	0.11	0.11
	<b>11.25</b>	<b>12.16</b>	<b>0.11</b>	<b>0.11</b>
<b>Sitting fees paid</b>				
Late Mr. Padam Chand Gupta	0.01	0.04	-	-
	<b>0.01</b>	<b>0.04</b>	-	-

\* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done for the Group as a whole.

(₹ in crores)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>Balance outstanding at the year end</b>				
<b>Other current liabilities - remuneration</b>				
Mr. Balram Garg	-	0.39	-	-
Mr. Nitin Gupta	-	0.03	-	-
	-	<b>0.42</b>	-	-
<b>Other current assets - remuneration recoverable</b>				
Mr. Balram Garg	4.87	-	-	-
	<b>4.87</b>	-	-	-
<b>Loan repayable:</b>				
Late Mr. Padam Chand Gupta	-	0.03	-	-
	-	<b>0.03</b>	-	-

During the year, the Parent Company has paid short-term employee benefits amounting ₹ 1.55 crores (previous year ₹ 7.20 crores) included in key management personnel's compensation. As the liability for gratuity and leave encashment are provided on actuarial basis for the Group as a whole, amounts accrued pertaining to key management personnel are not included.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### NOTE 38: SEGMENT REPORTING

The Group is engaged in the business of manufacture, trading and sale of gold jewellery, diamond studded jewellery and silver articles of various designs/ specifications. The Group's manufacturing facilities are located in India. Management currently identified different geographical areas, i.e., domestic sales and export sales as operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipments, trade receivables, inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets / liabilities.

Inter segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Group level.

Segment information has been prepared in conformity with the accounting policies adopted for preparation and presentation of the financial statements of the Group.

Segment information has been prepared in conformity with the accounting policies adopted for preparation and presentation of the financial statements of the Group.

#### (a) Information about Business Segment - Primary for the year ended 31 March 2019

	Export		Domestic		Total before eliminations		Eliminations		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>Revenue</b>										
Sale of goods	1,771.85	3,093.51	6,990.33	7,130.13	8,762.18	10,223.64	82.22	609.32	8,679.96	9,614.32
Sale of services	-	-	-	1.35	-	1.35	-	0.23	-	1.12
<b>Total Revenue</b>	<b>1,771.85</b>	<b>3,093.51</b>	<b>6,990.33</b>	<b>7,131.48</b>	<b>8,762.18</b>	<b>10,224.99</b>	<b>82.22</b>	<b>609.55</b>	<b>8,679.96</b>	<b>9,615.44</b>
Finance income	24.14	23.73	42.55	51.22	66.69	74.95	14.51	15.84	52.18	59.11
<b>Segment results</b>										
Total profit before finance cost and unallocable expenditure	(387.33)	225.66	748.15	857.82	360.82	1,083.48	2.80	23.84	358.02	1,059.64
Finance cost	107.10	124.59	245.53	183.84	352.63	308.43	14.51	15.84	338.12	292.59
Unallocated expense	-	-	-	-	17.90	30.47	-	-	17.90	30.47
<b>Net profit before tax</b>	<b>(494.42)</b>	<b>101.07</b>	<b>502.62</b>	<b>673.98</b>	<b>(9.70)</b>	<b>744.58</b>	<b>(11.70)</b>	<b>8.00</b>	<b>2.00</b>	<b>736.58</b>
Income tax expense	-	-	-	-	1.39	200.94	-	-	1.39	200.94
<b>Net profit after tax</b>	<b>(494.42)</b>	<b>101.07</b>	<b>502.62</b>	<b>673.98</b>	<b>(11.09)</b>	<b>543.64</b>	<b>(11.70)</b>	<b>8.00</b>	<b>0.61</b>	<b>535.64</b>
<b>Assets</b>										
<b>Segment assets</b>	<b>2,134.97</b>	<b>2,612.78</b>	<b>7,726.49</b>	<b>6,359.38</b>	<b>9,861.46</b>	<b>8,972.16</b>	<b>2,266.53</b>	<b>40.68</b>	<b>7,594.93</b>	<b>8,931.50</b>
Non-current assets in foreign jurisdiction	-	-	-	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	347.94	309.32	293.42	256.36	54.52	52.96
<b>Total assets</b>	<b>2,134.97</b>	<b>2,612.78</b>	<b>7,726.49</b>	<b>6,359.38</b>	<b>10,209.40</b>	<b>9,281.48</b>	<b>2,559.95</b>	<b>297.04</b>	<b>7,649.45</b>	<b>8,984.46</b>
<b>Liabilities</b>										
<b>Segment liabilities</b>	<b>2,629.15</b>	<b>2,180.55</b>	<b>3,400.20</b>	<b>2,931.37</b>	<b>6,029.35</b>	<b>5,111.92</b>	<b>2,434.75</b>	<b>137.74</b>	<b>3,594.60</b>	<b>4,974.18</b>
Unallocated liabilities	-	-	-	-	134.19	129.10	-	-	134.19	129.10
<b>Total liabilities</b>	<b>2,629.15</b>	<b>2,180.55</b>	<b>3,400.20</b>	<b>2,931.37</b>	<b>6,163.54</b>	<b>5,241.02</b>	<b>2,434.75</b>	<b>137.74</b>	<b>3,728.79</b>	<b>5,103.28</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

	Export		Domestic		Total before eliminations		Eliminations		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Additions to non-current assets other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts										
Capital expenditure	0.19	0.06	8.97	25.88	9.15	25.94	-	-	9.15	25.94
<b>Total capital expenditure</b>	<b>0.19</b>	<b>0.06</b>	<b>8.97</b>	<b>25.88</b>	<b>9.15</b>	<b>25.94</b>	<b>-</b>	<b>-</b>	<b>9.15</b>	<b>25.94</b>
Depreciation and amortisation	0.76	0.29	18.14	21.17	18.90	21.46	-	-	18.90	21.46
<b>Total depreciation and amortisation</b>	<b>0.76</b>	<b>0.29</b>	<b>18.14</b>	<b>21.17</b>	<b>18.90</b>	<b>21.46</b>	<b>-</b>	<b>-</b>	<b>18.90</b>	<b>21.46</b>
<b>Non cash expenditures other than depreciation (net)</b>										
Unrealised foreign exchange gain	(122.14)	(26.34)	(0.30)	2.27	(122.44)	(24.07)	-	-	<b>(122.44)</b>	<b>(24.07)</b>

Segment assets are inclusive of capital advances.

Capital expenditure pertains to additions made to property, plant and equipment and intangible assets during the year.

**NOTE 39: HEDGING ACTIVITY AND DERIVATIVES**

The Group enters into foreign currency forward contracts to hedge against the foreign currency risk relating to payment of foreign currency payables. The Group does not apply hedge accounting on such relationships. Further, the Group does not enter into any derivative transactions for speculative purposes.

**Fair value hedge of gold price risk in inventory**

The Group enters into contracts to purchase gold wherein the Group has the option to fix the purchase price based on market price of gold during a stipulated time period. The prices are linked to gold prices. Accordingly, these contracts are considered to have an embedded derivative that is required to be separated. Such feature is kept to hedge against exposure in the value of inventory of gold due to volatility in gold prices. The Group designates the embedded derivative in the payable for such purchases as the hedging instrument in fair value hedging of inventory. The Group designates only the spot-to-spot movement of the gold inventory as the hedged risk. The carrying value of inventory is accordingly adjusted for the effective portion of change in fair value of hedging instrument. There is no ineffectiveness in the relationships designated by the Group for hedge accounting.

Disclosure of effects of fair value hedge accounting on financial position:

Hedged item - Changes in fair value of inventory attributable to change in gold prices

Hedging instrument - Changes in fair value of the option to fix prices of gold purchases, as described above

As at 31 March 2019

(₹ in crores)

Commodity price risk	Carrying amount of hedged item		Carrying amount of hedging instrument		Maturity date	Hedge Ratio	Balance sheet classification	Impact of change in fair value relating to the hedged risk
	Assets	Liabilities	Assets	Liabilities				
Hedged item - inventory of gold	704.22	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(15.96)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	15.96	-	Range - within 6 months		Trade payables	15.96

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**As at 31 March 2018**

Commodity price risk	Carrying amount of hedged item		Carrying amount of hedging instrument		Maturity date	Hedge Ratio	Balance sheet classification	Impact of change in fair value relating to the hedged risk
	Assets	Liabilities	Assets	Liabilities				
Hedged item - inventory of gold	593.99	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	20.27
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	-	20.27	Range - within 6 months		Trade payables	(20.27)

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. There was no hedge ineffectiveness in any of the periods presented above.

**Note 40: Financial instruments**
**i) Fair values hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Financial assets and liabilities measured at fair value - recurring fair value measurements**

	(₹ in crores)			
	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2019</b>				
<b>Financial assets</b>				
<b>Investments at fair value through profit and loss</b>				
Mutual funds	8.39	-	-	<b>8.39</b>
<b>Derivative instruments</b>				
Option to fix prices of gold in purchase contracts	15.96	-	-	<b>15.96</b>
Forward contracts	-	47.22	-	<b>47.22</b>
<b>Total financial assets</b>	<b>24.35</b>	<b>47.22</b>	-	<b>71.57</b>
<b>As at 31 March 2018</b>				
<b>Financial assets</b>				
<b>Investments at fair value through profit and loss</b>				
Mutual funds	18.63	-	-	<b>18.63</b>
<b>Derivative instruments</b>				
Forward contracts	-	7.16	-	<b>7.16</b>
<b>Total financial assets</b>	<b>18.63</b>	<b>7.16</b>	-	<b>25.79</b>
<b>Financial liabilities</b>				
<b>Derivative instruments</b>				
Option to fix prices of gold in purchase contracts	20.27	-	-	<b>20.27</b>
<b>Total financial liabilities</b>	<b>20.27</b>	-	-	<b>20.27</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**(ii) Valuation process and technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices for investments in mutual funds.
- Use of market available inputs such as gold prices and foreign exchange rates for option to fix prices of gold in purchase contracts and foreign currency forward contracts.

**NOTE 41: FINANCIAL RISK MANAGEMENT**
**i) Financial instruments by category**

(₹ in crores)

Particulars	31 March 2019		31 March 2018	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Investments - mutual funds	8.39	-	18.63	-
Loans - to body corporates	-	8.97	-	9.03
Trade receivables	-	1,987.35	-	1,851.31
Security deposits	-	29.80	-	32.44
Cash and cash equivalents	-	85.35	-	386.94
Other receivables	-	0.02	-	0.02
Derivative financial asset	47.22	-	7.16	-
Unclaimed dividend account	-	0.12	-	0.05
Bank deposits	-	239.77	-	1,176.35
<b>Total</b>	<b>55.61</b>	<b>2,351.38</b>	<b>25.79</b>	<b>3,456.14</b>
<b>Financial liabilities</b>				
Borrowings	-	2,120.54	-	1,115.80
Trade payables*	-	1,261.77	-	3,622.35
Other financial liabilities	-	36.40	-	48.12
<b>Total</b>	<b>-</b>	<b>3,418.71</b>	<b>-</b>	<b>4,786.27</b>

\* Trade payables includes value of the option to fix prices on gold purchases (embedded derivative) that is carried at FVTPL. The value of such embedded derivative which is financial asset of ₹ 15.96 crores as at 31 March 2019 (31 March 2018: financial liability ₹ 20.27 crores) is reduced/ added (as the case may be) from value of trade payables (as discussed further below).

- The carrying value of trade receivables, security deposits, insurance claim receivable, loans given, cash and bank balances and other financial assets recorded at amortised cost (net of impairment, if any), is considered to be a reasonable approximation of its fair value.
- The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following table presents the option to fix prices on gold purchases that are added to/offset with trade payables, as at 31 March 2019 and 31 March 2018:

(₹ in crores)

Particulars	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
31 March 2019	1,277.73	(15.96)	1,261.77
31 March 2018	3,602.08	20.27	3,622.35

Option to fix prices on gold purchases is an embedded derivative that will be settled together with the trade payables. Accordingly, such amounts are either added to or offset with but are shown separately in the table above.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### ii) Risk management

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting sensitivity analysis	Forward contracts
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Mix of borrowings taken at fixed and floating rates
Market risk - gold prices	Payables linked to gold prices	Sensitivity analysis	Used as a hedging instrument for gold inventory
Market risk - security price	Investments in mutual funds	Sensitivity analysis	Portfolio diversification

The Group's risk management is carried out by a central treasury department of the Group under policies approved by the Board of Directors. The Board of Directors provide written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, market risk, credit risk and investment of excess liquidity.

#### A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Group causing financial loss. It arises from cash and cash equivalents, deposits from banks and financial institutions, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The credit risk for cash and cash equivalents, mutual funds, bank deposits and derivative financial instruments is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

In respect of trade receivables, in the previous years, the Group was not exposed to any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Group provides for expected credit losses on trade receivables by assessing individual financial instruments for expectation of any credit losses. However, during the current year, credit risk has been increased significantly, hence the Group has provided for the expected credit loss as per the Group's policy to provide for lifetime expected credit losses upon significant increase in credit risk.

Detail of trade receivables that are past due is given below:

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Not due	942.55	1,341.92
0-30 days past due	13.64	157.72
31-60 days past due	39.47	289.61
61-90 days past due	12.47	55.78
More than 90 days past due	1,001.33	6.28
Expected credit loss (loss allowance provision)	(22.11)	-
	<b>1,987.35</b>	<b>1,851.31</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Reconciliation of loss allowance provision from beginning to end of reporting period:

	Trade receivables
Loss allowance on 1 April 2018	-
Loss allowance created during the year	22.11
<b>Loss allowance on 31 March 2019</b>	<b>22.11</b>

**Concentration of financial assets**

Concentration of credit risk with respect to trade receivables are limited, due to the Group's consumer base being large and diverse. All trade receivable are reviewed and assessed for default on a quarterly basis.

The Group's exposure to credit risk for trade receivables is presented below:

	(₹ in crores)	
	As at 31 March 2018	As at 31 March 2017
Export wholesale customers*	1,950.31	1,795.43
Domestic wholesale customers	9.48	31.35
Franchise stores	26.00	23.39
Others	1.56	1.14
	<b>1,987.35</b>	<b>1,851.31</b>

\* Net of expected credit loss amounting to ₹ 22.11 crores (31 March 2018: nil)

**B) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which it operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Financing arrangements**

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
Expiring within one year (bank overdraft and other facilities)	246.33	38.29
Expiring beyond one year (bank loan)	-	-
	<b>246.33</b>	<b>38.29</b>

**Contractual maturities of financial liabilities**

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

(₹ in crores)

31 March 2019	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>						
Borrowings	2,090.68	23.52	11.35	0.35	0.34	<b>2,126.24</b>
Trade payables	-	1,261.77	-	-	-	<b>1,261.77</b>
Other financial liabilities	0.14	33.23	-	-	-	<b>33.37</b>
<b>Total</b>	<b>2,090.82</b>	<b>1,318.52</b>	<b>11.35</b>	<b>0.35</b>	<b>0.34</b>	<b>3,421.38</b>

(₹ in crores)

31 March 2018	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>						
Borrowings	876.03	221.82	20.17	11.34	0.70	1,130.06
Trade payables	-	3,622.35	-	-	-	3,622.35
Other financial liabilities	-	40.95	-	-	-	40.95
<b>Total</b>	<b>876.03</b>	<b>3,885.12</b>	<b>20.17</b>	<b>11.34</b>	<b>0.70</b>	<b>4,793.36</b>

**C) Market risk - foreign exchange**

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group, as per its overall strategy, uses forward contracts to mitigate its risks associated with fluctuations in foreign currency, and such contracts are not designated as hedges under Ind AS 109. The Group does not use forward contracts and swaps for speculative purposes.

**Sensitivity**

The sensitivity to profit or loss from changes in the exchange rates arises mainly from financial instruments denominated in USD. In case of a reasonably possible change in INR/USD exchange rates of +/- 4% (previous year +/-4%) at the reporting date, keeping all other variables constant, there would have been an impact on profits of ₹ 33.43 crores (previous year ₹ 31.69 crores).

**D) Interest rate risk**

**i) Liabilities**

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2019, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

*Interest rate risk exposure*

Below is the overall exposure of the Group to interest rate risk:

(₹ in crores)

Particulars	31 March 2019	31 March 2018
Variable rate borrowing	2,090.65	791.00
Fixed rate borrowing	29.89	324.80
<b>Total borrowings</b>	<b>2,120.54</b>	<b>1,115.80</b>

**Sensitivity**

The sensitivity to profit or loss in case of a reasonably possible change in interest rates of +/- 50 basis points (previous year: +/- 50 basis points), keeping all other variables constant, would have resulted in an impact on profits by ₹ 6.80 crores (previous year ₹ 2.59 crores).

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**ii) Assets**

The Group's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**E) Price risk**
**Exposure from investments in mutual funds:**

The Group's exposure to price risk arises from investments in mutual funds held by the Group and classified in the balance sheet as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

**Sensitivity:**

The sensitivity to profit or loss in case of an increase in price of the instrument by 5% keeping all other variables constant would have resulted in an impact on profits by ₹ 0.27 crores (previous year ₹ 0.61 crores).

**Exposure from trade payables:**

The Group's exposure to price risk also arises from trade payables of the Parent Company that are at unfixed prices, and, therefore, payment is sensitive to changes in gold prices. The option to fix gold prices are classified in the balance sheet as fair value through profit or loss. The option to fix gold prices are at unfixed prices to hedge against potential losses in value of inventory of gold held by the Parent Company.

The Group applies fair value hedge for the gold purchased whose price is to be fixed in future. Therefore, there is no impact of the fluctuation in the price of gold on the Group's profit for the period.

**NOTE 42: CAPITAL MANAGEMENT**

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

The Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(₹ in crores)

(a) Particulars	31 March 2019	31 March 2018
Non-current borrowings (refer note 17)	11.58	29.50
Current borrowings (refer note 19)	2,090.68	1,025.00
Other financial liability (refer note 21)	21.31	64.50
Less: Cash and cash equivalents (refer note 13)	(85.35)	(386.94)
<b>Net debts</b>	<b>2,038.22</b>	<b>732.06</b>
Equity share capital (refer note 15)	394.65	394.36
Other equity (refer note 16)	3,526.01	3,486.82
<b>Total capital</b>	<b>3,920.66</b>	<b>3,881.18</b>
<b>Gearing ratio</b>	<b>51.99%</b>	<b>18.86%</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**(b) Dividends**

(₹ in crores)

Particulars	31 March 2019	31 March 2018
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March 2017 of ₹ 1.00 per share	-	17.92
Final dividend for the year ended 31 March 2018 of ₹ 0.50 per share	19.73	-
Dividend distribution tax on final dividend for the year ended 31 March 2017	-	3.65
Dividend distribution tax on final dividend for the year ended 31 March 2018	4.05	-
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, the Board of Directors have recommended the dividend of ₹ nil (previous year ₹ 0.55) per fully paid preference share. This proposed dividend was subject to approval of shareholders at the ensuing Annual General Meeting.	-	14.21
In addition to the above dividends, the Board of Directors have recommended a dividend of ₹ nil (previous year ₹ 0.50) per fully paid equity share. This proposed dividend was subject to approval of shareholders at the ensuing Annual General Meeting.	-	19.72
Dividend distribution tax on the proposed dividend for equity shareholders	-	4.05
Dividend distribution tax on the proposed dividend for preference shareholders	-	2.92

**NOTE 43: MICRO, SMALL AND MEDIUM ENTERPRISES**

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006:		
Principal amount due to micro and small enterprises	0.60	0.54
Interest due on above	0.05	-*
(b) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.05	-*
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	0.05	-*

\* Rounded off to nil

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 44: CONTINGENT LIABILITY AND COMMITMENTS**

(₹ in crores)

(I) CONTINGENT LIABILITY		As at 31 March 2019	As at 31 March 2018
(a)	Claims against the Group not acknowledged as debts*#	0.97	0.97
(b)	Demand from the income-tax authorities (amounts paid under protest : nil (31 March 2018 : ₹ 0.22 crores))*	5.47	5.86
(c)	Demands from the custom authorities against which appeals have been filed (amounts paid under protest ₹ 2.43 crores)	2.43	2.43
(d)	Demands from the the sales tax authorities against which appeals have been filed	-	8.24
(e)	The Honourable Supreme Court, has passed a decision on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Group, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Group, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.		

\*Excluding interest which is not ascertainable.

#The Group has furnished bank guarantee amounting to ₹ 0.42crores.

(₹ in crores)

(II) CAPITAL COMMITMENTS		As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for		-	1.03

**NOTE 45: DISCLOSURES IN RESPECT OF NON-CANCELLABLE OPERATING LEASES**

The Parent Company leases various offices and retail stores under non-cancellable operating leases with different period. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Contractual lease expense are summarised as below.

(₹ in crores)

	As at 31 March 2019	As at 31 March 2018
Upto one year	42.31	51.39
Two to five years	123.84	159.11
More than five years	42.99	54.55
	<b>209.14</b>	<b>265.05</b>
Lease payments under operating leases are disclosed as 'rent' in the consolidated statement of profit and loss	55.20	60.66

**NOTE 46: CORPORATE SOCIAL RESPONSIBILITY**

The Parent Company's CSR programs/projects focuses on sectors and issues as mentioned in Schedule VII read with Section 135 of the Act. The CSR committee has been formed by the Parent Company as per the Act. A CSR committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalisation of such proposals in due course.

- a) Gross amount required to be spent by the Parent Company during the year is ₹ 12.47 crores (previous year ₹ 10.94 crores)
- b) Amount spent during the year on CSR (excluding 5% administrative expenses)

(₹ in crores)

S.No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purpose other than (i) above	3.00	-	3.00

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### NOTE 47: IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has adopted Ind AS 115 "Revenue from Contracts with Customers" from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Ind AS 115: Revenue from Contracts with Customers, establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

In accordance with the transition provisions in Ind AS 115, the Group has adopted full retrospective approach. However, there is no impact on the retained earnings as at 01 April 2017 and for the profit for the year ended 31 March 2018. Pursuant to change in accounting policy, the following items have been affected-

- a) In case of certain contracts with customers, the Group arranges the logistics of the goods to customers' premises and charges the freight from the customer. In such cases, the Group netted off expense incurred for provision of these services from the freight income forming part of 'other income'. Now, freight expenses have been grouped under 'other expenses- miscellaneous' and the entire amount charged from customer is grouped under 'other income'.
- b) For sales made under Jewel for Less scheme, the interest benefit given to customers on the deposits was earlier grouped under 'other expenses- discount and commission'. Now, this amount has been grouped under 'finance costs- other finance costs'.

The impact of the change in accounting policy on the comparative figures has been given as below:

	(₹ in crores)		
Statement of profit and loss (extract) year ended 31 March 2018	Pre-adoption of Ind As 115	Increase / (decrease)	Post-adoption of Ind As 115
<b>Other income</b>			
Other non operating income	2.28	0.61	2.89
	2.28	0.61	2.89
<b>Other expenses</b>			
Miscellaneous	1.60	0.61	2.21
	1.60	0.61	2.21
<b>Other expenses</b>			
Discount and commission	12.80	(10.59)	2.21
	12.80	(10.59)	2.21
<b>Finance costs</b>			
Other finance costs	39.69	10.59	50.28
	39.69	10.59	50.28

There is no impact on the Earning per share (EPS) as result on the adoption of aforementioned adjustment of Ind AS 115.

#### (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography.

	(₹ in crores)	
Revenue from operations	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue by geography</b>		
Export	1,771.85	3,093.51
Domestic	6,908.11	6,521.93
<b>Total</b>	<b>8,679.96</b>	<b>9,615.44</b>



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**(b) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	15.94	4.57
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**(c) Assets and liabilities related to contracts with customers**

Description	(₹ in crores)	
	As at 31 March 2019	As at 31 March 2018
	Current	Current
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	6.24	18.44
Deferred income	-	11.18

**(d) Reconciliation of revenue recognised in the statement of profit and loss with contract price**

Description	(₹ in crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Contract price	9,196.90	9,618.16
Less: Discount, rebates, credits etc.	516.94	2.72
<b>Revenue from operations as per the statement of profit and loss</b>	<b>8,679.96</b>	<b>9,615.44</b>

**NOTE 48: POST REPORTING DATE EVENTS**

On 11 May 2019, the Board of Directors of the Parent Company approved the scheme of arrangement for demerger of 'Export Division' and subsequent amalgamation of the same with the newly incorporated wholly owned subsidiary company of the Parent Company, namely PCJ Gems & Jewellery Limited under Section 230-232 of the Companies Act, 2013, with effect from the appointed date i.e. 1 April 2019. The aforementioned scheme shall be effective subject to necessary statutory/ regulatory and other approvals to be obtained by both the aforementioned entities.

**Disclosure pursuant to Ind AS 105 'Non-Current Assets Held for Sale and Discontinued Operations'**
**a) Description of the disposal group**

The Parent Company is having two core business verticals viz. Domestic Division and Export Division. The Board of the Parent Company has decided to demerge the export division of PC Jeweller Limited and subsequent amalgamation of the same with its newly incorporated wholly owned subsidiary company i.e. PCJ Gems & Jewellery Limited.

The net worth of the export division as on 31 March 2019 is ₹ 1,564.30 crores.

The turnover of the export division for the year ended 31 March 2019 is ₹ 1,439.48 crores which represents 20.77% of the Parent Company's turnover.

**b) Description of facts and circumstances leading to the expected disposal, and the expected manner and timing of the disposal**

In the view of the Board the commercial activities of the two verticals are distinct and diverse from each other and in order to ensure sustainable long term growth, profitability, market share and continuous customer service both require focused management attention, different sets of skills and resources to meet competitive, regulatory environment and to mitigate risks. With these objectives in mind, it was proposed to demerge the "Export Division" of the Company into a separate entity. Thus, the Company

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

would be able to revise its business plans and priorities from time to time, thereby ensuring speedy and profitable growth of the two businesses and enhance shareholder's wealth.

### c) Reportable segment in which the disposal group is presented in accordance with Ind AS 108 Operating Segments

The division proposed to be demerged is currently presented under Export segment in the segment information required under Ind AS 108 on 'Operating Segments'.

### NOTE 49: DISCOUNT TO EXPORT CUSTOMERS

During the current year, the Parent Company has provided discounts to export customers aggregating to ₹ 513.65 crores which is subject to approval from the Authorised Dealer Banks as stipulated by the Master Circular on Exports of Goods and Services - Master Circular No.14/2014-15 under the Foreign Exchange Management Act, 1999. The Parent Company has initiated submission of the requisite applications with the respective authority to obtain the aforementioned approvals. Further, the Management of the Parent Company does not expect any material penalty to be levied and therefore, no provision for the same has been recognised in these consolidated financial statements.

### NOTE 50: DELAY IN RECEIPT OF FOREIGN CURRENCY AGAINST EXPORT

Trade receivables as at 31 March 2019, *inter alia*, include outstanding from export customers aggregating ₹ 966.43 crores (net of discount explained in note 51 above) which have been outstanding for more than 9 months. The Parent Company has filed necessary applications with the requisite authority per the regulations of the Foreign Exchange Management Act, 1999 for condonation of delays in repatriation of funds by its customers. The management of the Parent Company does not expect any material penalty to be levied on the Parent Company and therefore, no provision for the same has been recognised in these consolidated financial statements.

### NOTE 51: GROUP INFORMATION

Consolidated financial statements as at 31 March 2019 comprise the financial statements of PC Jeweller Limited and its subsidiaries, which are as under:

Subsidiaries	Principal activities	Country of incorporation	Status of financial statements as at 31 March 2019	% equity interest as at	
				31 March 2019	31 March 2018
<b>A Indian subsidiaries:</b>					
PC Universal Private Limited	Jewellery manufacturing and export	India	Audited	100	100
Transforming Retail Private Limited	Online retail trading in jewellery	India	Audited	100	100
Luxury Products Trendsetter Private Limited	Jewellery manufacturing and trading	India	Audited	100	100
<b>B Foreign subsidiary:</b>					
PC Jeweller Global DMCC	Jewellery trading	Dubai	Unaudited	100	100
Commercializadora Internacional PC Jeweller International S.A.S.	Jewellery trading	Columbia	Audited	100	100

#### Notes:

- PCJ DMCC has incorporated Commercializadora Internacional PC Jeweller SAS as its wholly owned subsidiary on 25 April 2017

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**
**NOTE 52: STATUTORY GROUP INFORMATION**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

	Net assets i.e. total assets less total liabilities		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	INR-crores	As % of consolidated profit/(loss)	INR-crores	As % of consolidated profit/(loss)	INR-crores	As % of consolidated profit/(loss)	INR-crores
<b>Parent:</b>								
PC Jeweller Limited	92.61	3,630.77	1,447.68	8.89	17.95	0.33	372.78	9.22
<b>Subsidiaries:</b>								
<b>Indian:</b>								
PC Universal Private Limited	2.71	106.21	(933.22)	(5.73)	-	-	(231.65)	(5.73)
Transforming Retail Private Limited	0.07	2.92	(187.03)	(1.15)	1.35	0.03	(45.41)	(1.12)
Luxury Products Trendsetter Private Limited	0.80	31.44	(1,518.47)	(9.33)	-	-	(376.92)	(9.33)
<b>Foreign:</b>								
PC Jeweller Global DMCC	3.82	149.80	1,345.97	8.27	81.34	1.51	395.32	9.78
Commercializadora International PC Jeweller International S.A.S.	(0.01)	(0.48)	(54.93)	(0.34)	(0.64)	(0.01)	(14.12)	(0.35)
<b>Grand total</b>	<b>100.00</b>	<b>3,920.66</b>	<b>100.00</b>	<b>0.61</b>	<b>100.00</b>	<b>1.86</b>	<b>100.00</b>	<b>2.47</b>

**NOTE 53: RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES PURSUANT TO IND AS -7 CASH FLOWS**

Particulars	Long term borrowings	Short term borrowings	Equity share capital	Total
<b>Net debt as at 1 April 2017</b>	<b>168.81</b>	<b>634.00</b>	<b>179.14</b>	<b>981.95</b>
Proceeds from allotment of employee stock options	-	-	-	-
Proceeds from non-current borrowings (net)	-	-	0.08	0.08
Issue of bonus shares	-	-	179.21	179.21
Conversion of CCD and CCPS into equity shares	-	-	35.93	35.93
Movement in the liability components pertaining to CCD and CCPS	(66.66)	-	-	(66.66)
Repayment of non-current borrowings (net)	(11.35)	-	-	(11.35)
Proceeds of current borrowings (net)	-	391.00	-	391.00
<b>Net debt as at 31 March 2018</b>	<b>90.80</b>	<b>1,025.00</b>	<b>394.36</b>	<b>1,510.16</b>
Proceeds from allotment of employee stock options	-	-	0.15	0.15
Proceeds from non-current borrowings (net)	-	-	-	-
Allotment of employee stock options due to corporate action	-	-	0.14	0.14
Conversion of CCD and CCPS into equity shares	-	-	-	-
Movement in the liability components pertaining to CCD and CCPS	(13.37)	-	-	(13.37)
Repayment of non-current borrowings (net)	(33.45)	-	-	(33.45)
Payment of dividend on CCPS	(14.12)	-	-	(14.12)
Proceeds of current borrowings (net)	-	1,065.68	-	1,065.68
<b>Net debt as at 31 March 2019</b>	<b>29.86</b>	<b>2,090.68</b>	<b>394.65</b>	<b>2,515.18</b>

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Ramesh Kumar Sharma**  
Executive Director & Chief Operating Officer  
DIN-01980542

Sd/-  
**Balram Garg**  
Managing Director  
DIN-00032083

Sd/-  
**Rajni Mundra**  
Partner  
Membership No. 058644

Sd/-  
**Vijay Panwar**  
Company Secretary  
Membership No. A19063

Sd/-  
**Sanjeev Bhatia**  
Chief Financial Officer

**Place:** New Delhi  
**Date:** 30 May 2019

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019

[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	8,679.96	8,679.96
2.	Total Expenditure	8,762.28	8,762.28
3.	Net Profit/ (Loss)	0.61	0.61
4.	Earnings Per Share	0.02	0.02
5.	Total Assets	7,649.45	7,649.45
6.	Total Liabilities	3,728.79	3,728.79
7.	Net Worth	3920.66	3920.66
8.	Any other financial item(s) (as felt appropriate by the management)	No	No

### II Audit Qualifications (each audit qualification separately):

**Details of Audit Qualification:** As explained in note 4 to the consolidated financial results, the Holding Company has provided discounts of ₹ 513.65 crore to export customers adjusted against revenues for the year ended 31 March 2019. The Holding Company is in 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 has filed the necessary applications with the appropriate authority for approval of such discounts, which is a prerequisite, under the Foreign Exchange Management Act, 1999. 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.

- Type of Audit Qualification:** Qualified Opinion
- Frequency of Qualification(s):** First Time for the financial year ended 31 March 2019
- For Audit Qualification where the impact is quantified by the Auditor, Management's view:** Not Applicable
- For Audit Qualification where the impact is not quantified by the Auditor:** Not Applicable

- Management's estimation on the impact of audit qualification:  
Not applicable
- If management is unable to estimate the impact, reasons for the same:

The Company is in jewellery export business for more than a decade now and all its bill payments were being received without any significant delay. However, UAE Government imposed 5% Import duty on Jewellery imports and followed up the same with 5% VAT w.e.f. January, 2018. In addition, the Company also started reducing its export consignments on account of ongoing credit crunch in India. This disrupted the entire business cycle and the Company's receivable payment cycle started slowing down leading to bunching up of export receivables. The Company is enjoying cordial business relations with its Buyers and the cause of delay was change in the local government policies at UAE and beyond their control. Accordingly, in order to mitigate their genuine operational issues as well as to ensure that the receivable payments do not get delayed further, the Company and its Buyers have entered into Settlement Deeds, whereby the Company has extended discount of 25% of the export value of outstanding receivables. As on date this settlement is one time and the Company is confident that it will help in faster realization of its outstanding export receivables. The Company has initiated the requisite filings for seeking approval of the aforementioned discount per para C.16 of Master Circular on Exports of Goods and Services - Master Circular No.14/2014-15 with the AD category- 1 Banks to obtain the aforementioned approvals. Further, 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.

- 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 Signatories:

- . CEO/Managing Director Sd/-
- . CFO Sd/-
- . Audit Committee Chairman Sd/-
- . Statutory Auditor Sd/-

Place: New Delhi  
Date: 30 May 2019

## Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

#### Part "A": Subsidiaries

(Rs. in lakhs)

Sl. No.	Name of the subsidiary Particulars	PC Universal Private Limited	Transforming Retail Private Limited	Luxury Products Trendsetter Private Limited	PC Jeweller Global DMCC	Comercializadora Internacional PC Jeweller International S.A.S.
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2018 to March 31, 2019	April 1, 2018 to March 31, 2019	April 1, 2018 to March 31, 2019	April 1, 2018 to March 31, 2019	April 1, 2018 to March 31, 2019
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	Reporting Currency INR Exchange Rate 1 AED = 18.8893 INR	Reporting Currency INR Exchange Rate 1 COP = 0.0218 INR
3	Share capital	5.00	1.00	1.00	13,385.51	160.89
4	Reserves & surplus	(1448.94)	(609.18)	(2005.88)	1594.75	(148.72)
5	Total assets	10729.08	319.10	3303.58	15051.78	93.39
6	Total Liabilities	12173.02	927.28	5308.46	71.52	81.23
7	Investments	0.00	0.00	0.00	160.89	0.00
8	Turnover	3715.75	1406.87	4689.07	29521.17	0.00
9	Profit / (loss) before taxation	(622.89)	(156.35)	(1259.64)	826.80	(33.52)
10	Provision for taxation	(50.43)	(41.46)	(327.00)	0.00	0.23
11	Profit / (loss) after taxation	(572.45)	(114.89)	(932.64)	826.80	(33.74)
12	Proposed Dividend	0.00	0.00	0.00	0.00	0.00
13	% of shareholding	100.00	100.00	100.00	100.00	100.00

- Names of subsidiaries which are yet to commence operations: Comercializadora Internacional PC Jeweller International S.A.S.
- Names of subsidiaries which have been liquidated or sold during the year: None

#### Part "B": Associates & Joint Ventures

- Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: Not Applicable
- Names of associates or joint ventures which are yet to commence operations: Not Applicable
- Names of associates or joint ventures which have been liquidated or sold during the year: Not Applicable

**For and on behalf of the Board of Directors**

Sd/-  
Vijay Panwar  
**Company Secretary**  
Membership No.A19063

Sd/-  
Sanjeev Bhatia  
**Chief Financial Officer**

Sd/-  
Ramesh Kumar Sharma  
**Executive Director & COO**  
DIN: 01980542

Sd/-  
Balram Garg  
**Managing Director**  
DIN: 00032083



## PC Jeweller Limited

CIN: L36911DL2005PLC134929

Regd. Office: C - 54, Preet Vihar, Vikas Marg, Delhi – 110 092

Phone: 011 - 49714971, Fax: 011 – 49714972

E-mail: investors@pcjeweller.com, Website: www.pcjeweller.com

# NOTICE

Notice is hereby given that 14<sup>th</sup> Annual General Meeting of Members of PC Jeweller Limited will be held on **Monday, September 30, 2019, at 3:30 P.M., at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110003** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a) the audited standalone financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Statutory Auditors thereon;
  - b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of Statutory Auditors thereon.
2. To appoint a director in place of Shri Ramesh Kumar Sharma (DIN: 01980542), who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board of Directors  
For **PC Jeweller Limited**

Sd/-

Place: New Delhi

(VIJAY PANWAR)

Date: August 9, 2019

**Company Secretary**

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“AGM”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED, SIGNED AND MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.** A Proxy can act on behalf of Members not exceeding 50 and holding in the

aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy for his entire shareholding and such person shall not act as a Proxy for any other person or Member.

2. The relevant details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of Shri Ramesh Kumar Sharma seeking re-appointment as Director under Item No. 2 of this Notice, is also annexed.
3. AGM Notice and Annual Report are being sent by e-mail to those Members who have registered their e-mail ID's with their Depository (in case of electronic shareholding) / the Company's Registrar and Transfer Agent – Karvy Fintech Private Limited (“**Karvy**”) (in case of physical shareholding) for receipt of documents in electronic mode. The physical copies of AGM Notice and Annual Report are being sent by permitted mode to those Members whose e-mail ID's are not registered.
4. AGM Notice and Annual Report are being sent to all Members, whose names appear in Register of Members / List of Beneficial Owners as received from National Securities Depository Limited (“**NSDL**”) / Central Depository Services (India) Limited (“**CDSL**”), as on Friday, August 23, 2019. AGM Notice and Annual Report are also available on the Company's website i.e. www.pcjeweller.com in the 'Investor' section as well as on Karvy's website i.e. https://evoting.karvy.com.
5. Only those Members, whose names appear in Register of Members / List of beneficial owners as on **Tuesday, September 24, 2019 (“Cut-off Date”)** shall be entitled to vote (through remote e-voting / physical ballot paper) on the resolutions set forth in this Notice and their voting rights shall be in proportion to their shares in the paid-up equity share capital of the Company as on the Cut-off Date. A person who is not a Member as on the Cut-off Date should treat this Notice for information only.



6. The Investors / Members of the Company, who have not yet claimed their IPO refund / dividend for previous years, are requested to contact the Company or Karvy for claiming the same. The unclaimed / unpaid share application money due for refund in relation to Initial Public Offer is due to be transferred to Investor Education and Protection Fund during the financial year 2019-20.
7. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 29, 2018 (i.e. date of last AGM) on the website of the Company and also with Ministry of Corporate Affairs. Dividend amounts remaining unclaimed / unpaid for a period of 7 years from the date of transfer to Unpaid Dividend Account will be transferred to Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.
8. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is pleased to provide to its Members the facility to exercise their right to vote by electronic means and the business may be transacted through remote e-voting facility (i.e. facility of casting votes by using an electronic voting system from a place other than the venue of AGM). The Company has engaged the services of Karvy as the Agency to provide remote e-voting facility. **E-voting is optional.**
9. The Company shall also provide facility for voting through physical ballot paper at the AGM and Members attending the AGM, who have not already casted their votes by remote e-voting shall be able to exercise their right to vote at the AGM.
10. Members can opt for only one mode of voting i.e. either by remote e-voting or by physical ballot paper. However, if Members cast their vote through both mode of voting, then the voting through remote e-voting shall prevail.
11. The remote e-voting facility shall be available during the following period:

<b>Commencement of remote e-voting</b>	<b>From 9:00 A.M. on Friday, September 27, 2019</b>
<b>End of remote e-voting</b>	<b>Up to 5:00 P.M. on Sunday, September 29, 2019</b>

The remote e-voting shall not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.

12. The e-Voting Event Number, User ID and Password for remote e-voting are being sent by e-mail, to those Members who have registered their e-mail ID's and along with physical copy of AGM Notice to those Members, who have not registered their e-mail ID's.
13. Any person, who acquires shares and become Member of the Company after the despatch of AGM Notice and holds shares as on the Cut-off Date i.e. September 24, 2019, may obtain the Login ID and Password in the manner mentioned below:
  - a) If the mobile number of Member is registered against Folio No. / DP ID - Client ID, Member may send SMS: MYEPWD <space> e-voting Event Number + Folio No. or DP ID Client ID to 9212993399  
  
Example for NSDL: MYEPWD <SPACE> IN12345612345678  
Example for CDSL: MYEPWD <SPACE> 1402345612345678  
Example for Physical: MYEPWD <SPACE> e-voting Event Number + Folio No.
  - b) If e-mail address or mobile number of Member is registered against Folio No. / DP ID - Client ID, then on the home page of <https://evoting.karvy.com>, Member may click "Forgot Password" and enter Folio No. or DP ID - Client ID and PAN to generate a Password.
  - c) Member may call Karvy's toll free number 1800-345-4001.
  - d) Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com).

If a Member is already registered with Karvy for remote e-voting then he can use his existing user ID and Password / PIN for casting vote through remote e-voting.
14. Members, who have casted their votes by remote e-voting may also attend the AGM but shall not be entitled to cast their votes again.
15. The Board of Directors has appointed Shri Randhir Singh Sharma, Practicing Company Secretary (CP No.: 3872), New Delhi as the Scrutinizer to scrutinize the remote e-voting and



physical voting process at the AGM in a fair and transparent manner.

16. The Scrutinizer will make a consolidated Scrutinizer's Report of the total votes cast in favour or against and invalid votes, if any, to the Chairman / Managing Director of the Company or in his absence to any other Director authorized by the Board, who shall countersign the same. Based on the Scrutinizer's Report, the result will be declared by the Chairman / Managing Director or in his absence by the Company Secretary within 48 hours from the conclusion of the AGM at the Registered Office of the Company.
17. The result declared along with the Scrutinizer's Report will be displayed on the notice board of the Company at its Registered Office and placed on the Company's website [www.pcjeweller.com](http://www.pcjeweller.com) and on Karvy's website <https://evoting.karvy.com>. The result shall also be submitted with the Stock Exchanges, where the Company's shares are listed.
18. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. September 30, 2019.
19. Members are requested to carefully read the 'Procedures and Instructions for Remote e-Voting' mentioned hereunder:

#### **PROCEDURE AND INSTRUCTIONS FOR REMOTE E-VOTING:**

##### **A. For Members receiving AGM Notice by e-mail:**

- i) Launch internet browser by typing <https://evoting.karvy.com>.
- ii) Enter the login credentials (i.e. User ID & Password) mentioned in your e-mail. Your Folio No. / DP ID-Client ID (for NSDL) / 16 digits Beneficiary ID (for CDSL) will be your Used ID.
- iii) Under Captcha, please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons.
- iv) After entering these details appropriately, click "LOGIN".
- v) You will now reach Password Change Menu, wherein you are required to mandatorily change your Password. The new Password shall comprise of minimum eight characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like \*, #, @ etc.). The system will prompt you to change your Password

and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter the secret question and answer of your choice to retrieve your Password in case you forget it. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.

- vi) You need to login again with the new credentials.
- vii) If you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your vote.
- viii) On successful login, system will prompt you to select the 'EVENT' i.e. '**PC Jeweller Limited**'.
- ix) On the voting page, you will see resolution description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares as on the Cut-off date i.e. September 24, 2019 (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST' but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If Member does not indicate either 'FOR' or 'AGAINST', it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.
- x) Cast your vote by selecting an appropriate option and click 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm else click 'CANCEL' to change your vote.
- xi) Once you 'CONFIRM' your vote on the resolutions, you will not be allowed to modify your vote.
- xii) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- xiii) Corporates / Institutional Members (i.e. other than Individuals, HUF's, NRI's etc.) are required to send scanned certified true copy (PDF format) of the relevant Board resolution / Power of Attorney / Authority Letter to the Scrutinizer at the e-mail ID [rss.scrutinizer@gmail.com](mailto:rss.scrutinizer@gmail.com) with copy to [evoting@karvy.com](mailto:evoting@karvy.com).
- xiv) In case of any queries on e-voting, you may refer

Frequently Asked Questions (FAQs) on e-voting and User Manual for Shareholders available at the download section of <https://evoting.karvy.com> or contact Shri V. Raghunath, Deputy Manager (RIS) at Karvy at e-mail id: [raghu.veedha@karvy.com](mailto:raghu.veedha@karvy.com), contact no.:040-67161606 or can also call Karvy's toll free no.: 1800-345-4001.

**B. For Members receiving AGM Notice by Post:**

- i) Initial Password is provided below the Attendance Slip in the following format:

EVEN (e-Voting Event Number)	User ID	Password / PIN

- ii) Please follow all steps as mentioned in (A) above, to cast your vote.

**20.** Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified true copy of the Board Resolution authorizing their representatives to attend and vote at the AGM, on their behalf.

**21. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their**

**bank details / mandates, change of address, e-mail ID's etc., to their respective Depository Participants. Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agent i.e. Karvy.**

**22.** Members desirous of making a nomination in respect of their shareholding in the Company are requested to submit duly filled Nomination Form (Form No. SH 13) with their respective Depository Participants / Karvy. Blank forms will be provided by the Company on request.

**23.** Members are requested to participate in the 'Green Initiative in Corporate Governance'. Members, who have not yet registered their e-mail ID's, are requested to register their e-mail ID's for receiving all communications including Annual Report, Notices etc. from the Company electronically.

**24.** Members / Proxies should bring the Attendance Slip duly filled in for attending the AGM. They are also requested to bring their Annual Reports along with them.

**25.** In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

**26.** The relevant documents will be available for inspection by Members at the Registered Office of the Company between 11:00 A.M. to 4:00 P.M. on all working days, other than Saturday, up to the date of the AGM.

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards]

<b>Name</b>	<b>Shri Ramesh Kumar Sharma</b>
<b>Date of Birth</b>	September 27, 1957
<b>Qualifications</b>	Certified Associate of Indian Institute of Bankers, B.Com. & M.Com. from University of Rajasthan, Jaipur
<b>Expertise in specific functional areas</b>	Foreign Exchange, Credit and Administration
<b>Date of first appointment on the Board</b>	February 7, 2014
<b>No. of meetings of the Board attended during financial year 2018-19</b>	7 of 7
<b>Remuneration drawn during the year 2018-19</b>	147.52 Lakh
<b>Relationships between directors inter-se &amp; Key Managerial Personnel</b>	None
<b>Directorships held in other public companies (excluding foreign companies and Section 8 companies)*</b>	None
<b>Memberships / Chairmanships of committees of the Board of public limited companies (includes only Audit Committee and Stakeholders' Relationship Committee)*</b>	<b>PC Jeweler Limited</b> Stakeholders' Relationship Committee - Member
<b>Shareholding in the Company</b>	60325 Equity Shares

\* Based on disclosures received from Shri Ramesh Kumar Sharma.

## ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE

**Day, Date and Time:** Monday, September 30, 2019, at 3:30 P.M.

**Venue:** Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110003



**A** Sri Sathya Sai International Centre,  
Pragati Vihar, Lodhi Road, New Delhi - 110003



**PC Jeweller Limited**

CIN: L36911DL2005PLC134929

Regd. Office: C - 54, Preet Vihar, Vikas Marg, Delhi – 110 092

Phone: 011 - 49714971, Fax: 011 – 49714972

E-mail: investors@pcjeweller.com, Website: www.pcjeweller.com

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management & Administration) Rules, 2014]

Name of the Member(s) : .....

Registered address : .....

E-mail ID : .....

Folio Number / Client ID : ..... DP ID: .....

I / We, being the Member(s) of ..... shares of the above named Company, hereby appoint:

1.	Name:	E-mail ID:
	Address:	Signature:

or failing him / her

2.	Name:	E-mail ID:
	Address:	Signature:

or failing him / her

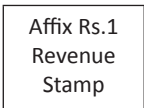
3.	Name:	E-mail ID:
	Address:	Signature:

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at 14<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, September 30, 2019 at 3:30 P.M. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110003 and at any adjournment thereof in respect of such resolution(s) as are indicated below:

1. Consideration and adoption of audited financial statements (standalone and consolidated) for the financial year ended March 31, 2019 together with the reports of the Board of Directors and Statutory Auditors.
2. Re-appointment of Shri Ramesh Kumar Sharma (DIN: 01980542) as a Director liable to retire by rotation.

Signed this ..... day of ..... 2019.

Signature of Member .....



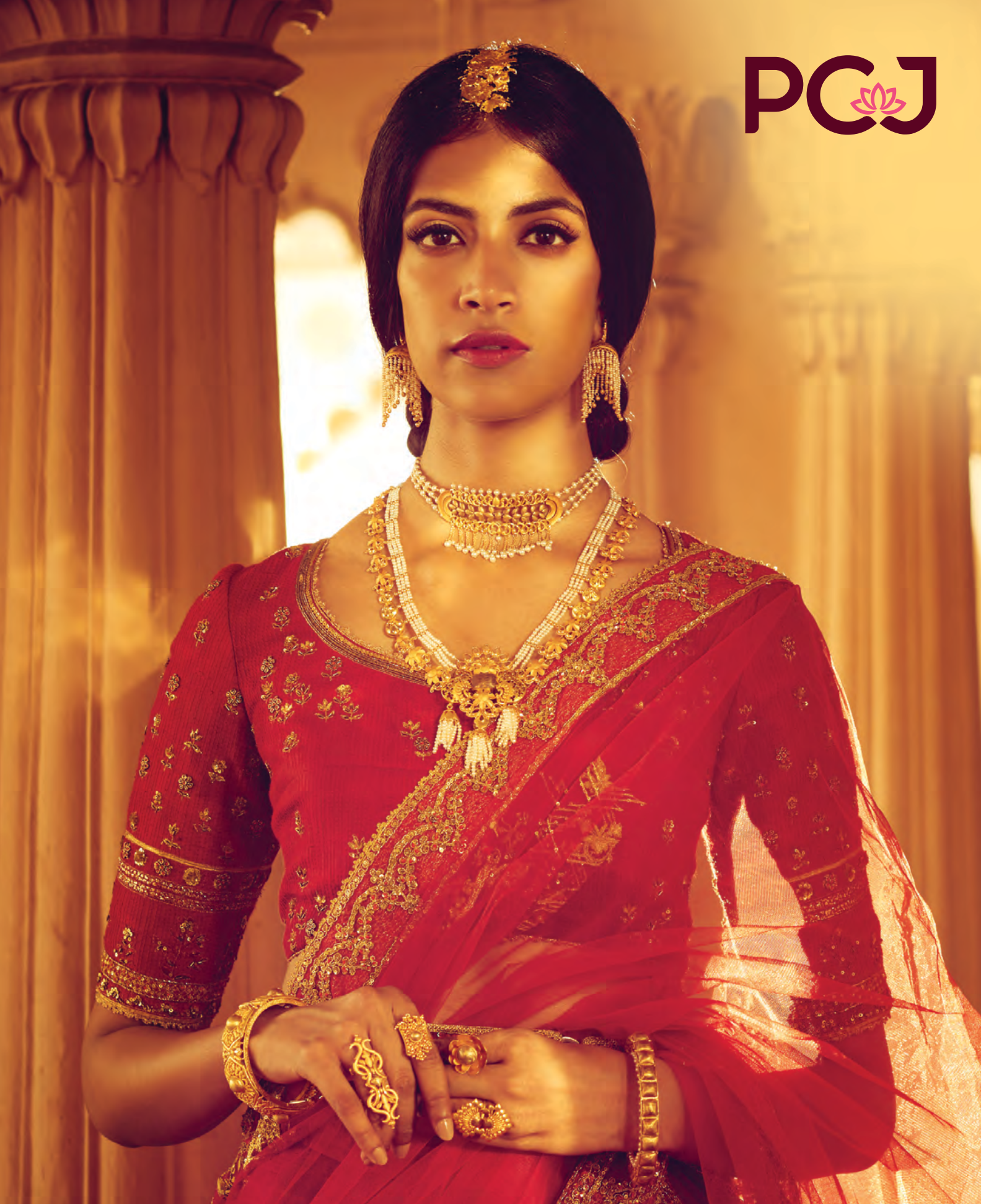
Signature of Proxy holder(s) .....

**Note:**




This Proxy Form should be signed across the stamp and in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.







For further details on any of our showrooms or to buy online log on to [www.pcjeweller.com](http://www.pcjeweller.com) OR Write to us at [info@pcjeweller.com](mailto:info@pcjeweller.com)

Follow us on:  [facebook.com/PCJINDIA](https://facebook.com/PCJINDIA)  [twitter.com/PCJeweller](https://twitter.com/PCJeweller)  [instagram.com/PC\\_Jeweller](https://instagram.com/PC_Jeweller)



PC Jeweller Limited

C - 54, Preet Vihar, Vikas Marg, Delhi-110092

[www.pcjeweller.com](http://www.pcjeweller.com)