



PC Jeweller



PC Jeweller Limited  
**ANNUAL REPORT**  
**2013-2014**





## MD MESSAGE

Dear Members,

I, on behalf of the Board of Directors and the management team of PC Jeweller Limited feel privileged to present the Company's Annual Report for the financial year 2013-14.

The Company was successful in facing the multitude of challenges and demands raised during the year. It has managed to continue on its expansion plans by opening 11 large format showrooms during the year. With this expansion, as on March 31, 2014, your Company had total 41 showrooms. After the closure of year under review your Company has opened 4 more new showrooms. Hence, as on date the Company is operating 45 showrooms under the 'PC Jeweller' brand located in 36 cities across 15 States and 1 Union Territory throughout the India.

The year under review also brought new supply side challenges in the form of stoppage of metal loan facility for domestic operations and supply restrictions under the 20:80 rule. However, I am glad to report that your Company could adapt to the changing environment and new regulatory policies effectively and continued to get supplies as per its requirements.

The Company continues to focus on its domestic business and its export operations are expected to remain less than 25% of its turnover. Within its domestic operations the Company would continue to expand its time tested large format stores with focus on wedding jewellery. We feel that the Indian consumers are maturing and would continue to shift their business from family run unorganized jewellers towards branded players, where they are not only assured of purity and quality but also wide variety and range of jewellery. Hence, your Company would continue to expand its presence to become accessible to more and more consumers all over the Country.

The Company would continue to concentrate on the jewellery business and at the same time try to explore alternate delivery platforms like online, franchisee as well to reach to the consumers across all geographies and age groups.

Your Company has strong designing and manufacturing capabilities. It continues to augment these capabilities as it feels that with the increasing spread of branded players in the jewellery segment, these two capabilities will enable it to face the competition effectively. We also feel that improvement in overall economy with a strong government in place is expected to boost the sentiments and lead to increased consumer appetite.

I am thankful to all employees who have continued to perform in an exemplary manner and face all the increasing demands and work pressure. I also place on record my sincere appreciation to our stakeholders and bankers for supporting us and being with us at all times.

With best wishes to each one of you and your family members.

Yours sincerely,

Sd/-

**BALRAM GARG**

Managing Director



## ASSOCHAM

Mr. Balram Garg, Managing Director PC Jeweller addressed the guests at the ASSOCHAM India, 2nd India Luxury Summit 2014.



## Mijwan Welfare Society Show

PC Jeweller and Shabana Azmi's Mijwan Welfare Society came together for the welfare of the society's women

A star studded fashion show for the betterment of the NGO- Mijwan Welfare Society (MWS) was held at Grand Hyatt in Mumbai. MWS has been actively working for the women in Mijwan. As of today, they have 10 embroidery centres in UP, where different embroidery arts are taught.







## FILMFARE AWARD 2014

The 59th Filmfare Awards marked a record fifth time of the event's partnership with PC Jeweller, jeweller for generations. And this association started in 2010 only because of Balram Garg's (MD of the Company) being an ardent movie buff.



## BEST CITY AWARDS' 2014

PC Jeweller in association with ABP News, for the second time presented the 'Best City Awards' for 2014. PC Jeweller was the title sponsor of the Best City Awards and has been instrumental in bringing such an up-scale ceremony to the capital.



# AWARDS

- ★ Century International Gold Quality Era Award in the realm of customer satisfaction, leadership, strategic planning and benchmarking as established in the QC100 TQM system, by BID, Business Initiative Directions, Spain.
- ★ Regional Retail Chain Of The Year at 9th Annual Gemfields & Nazraana Retail Jeweller India Awards 2013.
- ★ Precious Metal Jewellery Plain (Large) Award at the 40th Indian Gem & Jewellery Awards.
- ★ Shri Balram Garg, Managing Director of the company, received Business Sphere Award for 2012-13 for being Numero UNO in Hallmark Gold Jewellery & Certified Diamond Jewellery.



# Contents

	Page No.
<b>Corporate Information</b>	: 2
<b>Statutory Reports</b>	
Directors' Report	: 3-9
Management Discussion and Analysis	: 10-12
Report on Corporate Governance	: 13-26
<b>Standalone Financial Statements</b>	
Auditors Report	: 27-31
Balance Sheet	: 32
Statement of Profit and Loss	: 33
Cash Flow Statement	: 34-35
Notes forming part of the Financial Statements	: 36-56
<b>Consolidated Financial Statements</b>	
Auditors Report	: 58-59
Consolidated Balance Sheet	: 60
Consolidated Statement of Profit and Loss	: 61
Consolidated Cash Flow Statement	: 62-63
Notes forming part of the Financial Statements	: 64-85
<b>ECS Mandate Form</b>	: 87

## GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars (vide circular nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 respectively), and allowing paperless compliances by Companies through electronic mode. Recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail ID's for the said purpose. Therefore, the Company is sending the Annual report through e-mail to those Members who have registered e-mail ID's. To further support this initiative Members, whose e-mail ID's have not been registered so far, are requested to register their e-mail ID's with their respective Depository Participants, in respect of holdings in demat form and with the Company's RTA, Karvy Computershare Private Limited, in respect of shares held in physical form.



## CORPORATE INFORMATION

### Board of Directors

#### Chairman

Shri Padam Chand Gupta

#### Managing Director

Shri Balram Garg

#### Whole-time Director

Shri Ramesh Kumar Sharma

#### Independent Directors

Dr. Manohar Lal Singla

Shri Krishan Kumar Khurana

Shri Miyar Ramanath Nayak

#### Chief Financial Officer

Shri Sanjeev Bhatia

#### Company Secretary & Compliance Officer

Shri Vijay Panwar

#### Statutory Auditors

Walker Chandiok & Co LLP, Chartered Accountants

Firm Registration No.: 001076N/N500013

Sharad Jain Associates, Chartered Accountants

Firm Registration No.: 015201N

#### Internal Auditors

VGJ & Associates, Chartered Accountants

Firm Registration No.: 023431N

#### Registered Office

PC Jeweller Limited,  
24/2708, Bank Street,  
Karol Bagh,  
New Delhi – 110 005  
Tel: 011-4710 4810

#### Corporate Office

PC Jeweller Limited,  
C – 54, Preet Vihar,  
Vikas Marg,  
Delhi – 110 092  
Tel: 011-4971 4971

#### Registrar and Share Transfer Agent (RTA)

Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081  
Tel: 040-4465 5000  
E-mail: einward.ris@karvy.com

#### Website

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

#### Corporate Identity Number

L36911DL2005PLC134929



## DIRECTORS' REPORT

Dear Members,

Your directors are pleased to present their 9<sup>th</sup> Annual Report together with the audited financial statements for the financial year ended March 31, 2014.

### FINANCIAL HIGHLIGHTS

The highlights of the standalone financial statements of the Company for the financial year ended March 31, 2014, are as under:

(₹ in crores, except earnings per share)

Particulars	2013-14	2012-13
Revenue from Operations	5,324.83	4,018.42
Changes in inventories of finished goods and W.I.P.	22.67	574.44
Other Income	47.23	20.21
<b>Total Revenue</b>	<b>5,394.73</b>	<b>4,613.07</b>
Operating Expenses	4,761.15	4,111.08
EBITDA	633.58	501.99
Depreciation & Amortisation	12.32	9.99
EBIT	621.26	492.00
Interest & Finance Cost	151.88	127.47
EBT	469.38	364.53
Tax Expense	113.07	73.87
<b>Net Profit after Tax</b>	<b>356.31</b>	<b>290.66</b>
Surplus in the Statement of Profit & Loss – Opening Balance	691.53	421.82
<b>Amount available for appropriation</b>	<b>1,047.84</b>	<b>712.48</b>
<b>Appropriations:</b>		
Interim Dividend	26.87	-
Proposed Equity Dividend	26.87	17.91
Dividend Distribution Tax	9.13	3.04
Transfer to General Reserves	35.63	-
<b>Surplus in the Statement of Profit &amp; Loss – Closing Balance</b>	<b>949.34</b>	<b>691.53</b>
<b>Earnings per Share:</b>		
Basic	19.89	19.86
Diluted	19.89	19.86

### BUSINESS OVERVIEW & PERFORMANCE REVIEW

Your Company is engaged in the business of manufacture, retail and export of jewellery and offers a wide range of products including gold jewellery, diamond jewellery and other jewellery including silver articles.

During the year under review, your Company has opened 11 new showrooms, taking the tally of its total number of showrooms operating under the 'PC Jeweller' brand to 41 as on March 31, 2014.

The Company is also having four jewellery manufacturing units. One unit is located at Sector – 62, Noida (U.P.), one at Selaqui Industrial Area, Dehradun (U.K.) and two units are located at Noida Special Economic Zone, Noida (U.P.).

During the year under review, despite several regulatory steps taken by the government in relation to jewellery industry for minimizing current account deficit, your Company continued its growth journey and registered an impressive increase of more than 32% in revenue from operations, which increased to ₹5,324.83 crores as against ₹4,018.42 crores in the previous year. The net profit after tax stood at ₹356.31 crores as compared to ₹290.66 crores in the previous year, representing growth of more than 22%.

The share of domestic and export sale in the revenue from operations is ₹4,002.08 crores & ₹1,322.75 crores respectively, implying that 75% of Company's revenue from operations is from domestic sale, indicating that the Company is consciously concentrating on domestic sale.

### **RECENT DEVELOPMENTS**

After the closure of year under review your Company has opened 4 new showrooms one each at Ranchi, Guwahati, Jammu and Patna. As on the date of this Report, the Company is operating 45 showrooms under the 'PC Jeweller' brand located in 36 cities across 15 States and 1 Union Territory throughout the India.

### **DIVIDEND**

During the year under review, your Company paid an interim dividend of ₹1.50 per equity share of face value of ₹10 each and also recommended a final dividend of ₹1.50 per equity share of face value of ₹10 each for the financial year 2013-14, subject to the approval of Members at the ensuing Annual General Meeting of the Company.

The total outgo towards dividend (including dividend distribution tax) for the year under review amounts to ₹62,86,14,135 as against ₹20,95,38,045 for the previous year.

### **STATUS OF UNCLAIMED / UNPAID DIVIDEND AMOUNT**

Your Company at its 8<sup>th</sup> Annual General Meeting held on September 18, 2013 declared dividend of ₹1.00 per equity share. An amount of ₹1,30,208 has remained unclaimed and unpaid as on March 31, 2014 towards the same.

The Company also declared and paid an interim dividend of ₹1.50 per equity share in February, 2014. An amount of ₹87,129 has remained unclaimed and unpaid as on March 31, 2014 towards the same.

The shareholders who have not claimed their dividend are requested to contact the Company or its Registrar & Transfer Agent for claiming the same.

### **TRANSFER TO GENERAL RESERVE**

The Company transferred ₹35.63 crores to the General Reserve out of amount available for appropriation and an amount of ₹949.35 crores is retained in the Statement of Profit and Loss on Standalone basis.

### **SHARE CAPITAL**

During the year under review, the authorised and paid-up share capital of the Company remained unchanged.

### **DIRECTORS**

On the recommendation of Remuneration & Compensation Committee, the Board appointed Shri Miyar Ramanath Nayak and Shri Ramesh Kumar Sharma as Additional Directors of the Company with effect from February 7, 2014. The Board has also appointed Shri Ramesh Kumar Sharma as Whole-time Director designated as Executive Director & Chief Operating Officer of the Company, with effect from February 7, 2014, for a period of 3 years, subject to the approval of Members.

In terms of Section 149 of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Dr. Manohar Lal Singla, Shri Krishan Kumar Khurana and Shri Miyar Ramanath Nayak, as Independent Directors of the Company, not liable to retire by rotation, for 5 consecutive years