



PC Jeweller

PC Jeweller Limited

Annual Report
2015-16



PC Jeweller Pan India Presence



not to scale - for illustration purpose

CONTENTS

Corporate Overview

Awards & Accolades	: 09
Corporate Information	: 10
Message of Managing Director	: 11

Statutory Reports

Directors' Report	: 14
Report on Corporate Governance	: 39
Management Discussion and Analysis	: 49

Standalone Financial Statements

Auditors' Report	: 52
Balance Sheet	: 58
Statement of Profit and Loss	: 59
Cash Flow Statement	: 60
Notes forming part of the Financial Statements	: 61

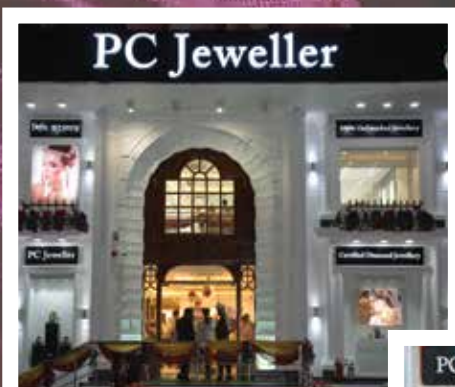
Consolidated Financial Statements

Auditors' Report	: 86
Consolidated Balance Sheet	: 90
Consolidated Statement of Profit and Loss	: 91
Consolidated Cash Flow Statement	: 92
Notes forming part of the Financial Statements	: 93

Statement containing salient features of the financial statement of Subsidiaries	: 117
--	-------

Notice	: 118
--------	-------

JOURNEY OF PC JEWELLER DURING 2015-16



Durgapur



Jamshedpur



Bhubaneswar



Bhagalpur



Bhilai



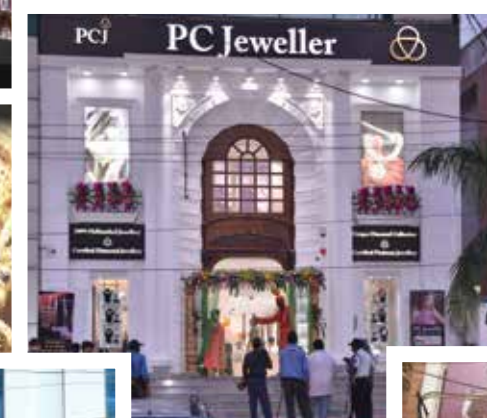
Siliguri



Udaipur



Gwalior

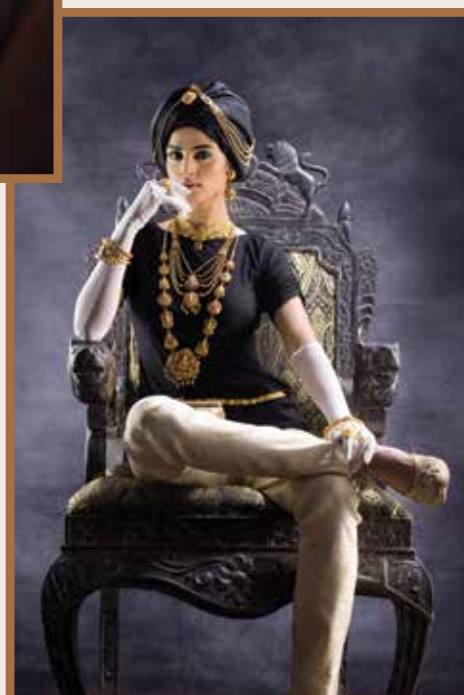
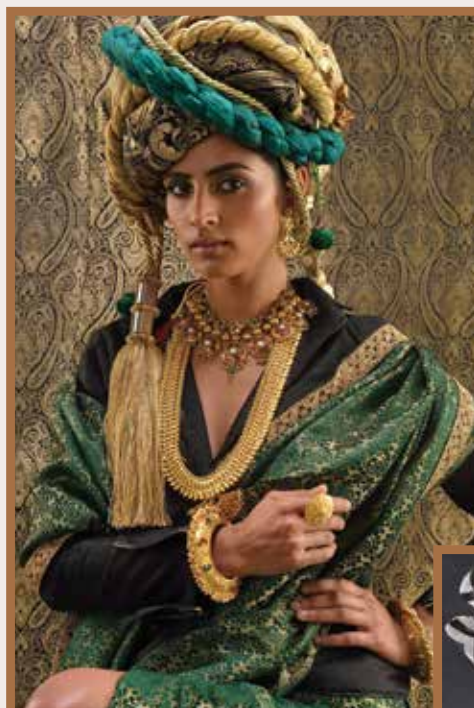


Dhanbad



Yamuna Vihar

Unspoken Emotions Crafted Just For You



Charm of Indulgence with PC Jeweller



PC Jeweller operates and manages a vertically integrated business model, from in-house design to production to sale.



Design &
Develop

Manufacturing

Retail Sale



*Elegance is the Only Beauty
which Never Fades . . .*

CORPORATE
OVERVIEW



Shri Balram Garg, Managing Director, receiving Award on 12th March, 2016 in Precious Metal Jewellery Plain (Large) category for the year 2014-15 from Shri Rajpal Singh Shekhawat, Minister for Urban Development, Local Self & Housing, Rajasthan



Shri Balram Garg, Managing Director, receiving “Niryat Shree Award” for the year 2015-16 in Non-MSME Sector from Hon’ble President of India Shri Pranab Mukherjee

CORPORATE INFORMATION

Board of Directors

Shri Padam Chand Gupta	: Chairman
Shri Balram Garg	: Managing Director
Shri Ramesh Kumar Sharma	: Executive Director & Chief Operating Officer
Mrs. Kusum Jain	: Non-Executive Director
Dr. Manohar Lal Singla	: Independent Director
Shri Krishan Kumar Khurana	: Independent Director
Shri Miyar Ramanath Nayak	: Independent Director
Shri Muneesh Chawla	: Nominee Director (appointed w.e.f. July 4, 2016)

Chief Financial Officer : Shri Sanjeev Bhatia

Company Secretary & Compliance Officer : Shri Vijay Panwar

Statutory Auditors : M/s Walker Chandiok & Co LLP, Chartered Accountants
Firm Registration No.: 001076N/N500013

M/s Sharad Jain Associates, Chartered Accountants
Firm Registration No.: 015201N

Internal Auditors : M/s VGJ & Associates, Chartered Accountants
Firm Registration No.: 023431N

Registered Office : PC Jeweller Limited
C – 54, Preet Vihar,Vikas Marg,
Delhi – 110092
Tel: 011-4971 4971, Fax: 011-49714972

Registrar and Share Transfer Agent (RTA) : Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No.31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032 (Telangana)
Tel: 040-67161500, Fax: 040-23420814
E-mail: einward.ris@karvy.com

Website : www.pcjeweller.com

Corporate Identity Number : L36911DL2005PLC134929

ISIN (Equity Share) : INE785M01013

BSE Limited (Scrip Code) : 534809

National Stock Exchange of India Limited (Symbol) : PCJEWELLER

MESSAGE FROM THE MANAGING DIRECTOR



I have immense pleasure in presenting the 11th Annual Report of PC Jeweller Limited, highlighting our achievements, reflecting on the year gone by and sharing our vision for the future. I would also like to share my thoughts on my favourite topic, The Indian Jewellery Industry.

Jewellery industry is an integral part of our culture and heritage. Besides textiles, jewellery is perhaps the only industry which continues to survive and thrive since the beginning of Indian civilization and even today the craftsmanship of our karigars is unmatched in the world. This industry has started coming into its own during 1990s after the liberalisation of gold imports and today plays a very important role in the Indian economy.

The current size of the domestic gems & jewellery industry is estimated to be more than Rs. 3 lakh crores. Contributing around 6-7 per cent of the country's GDP, the Gems & Jewellery industry has been a major contributor to the country's exports and thereby a key generator of foreign exchange earnings for the country. This sector provides employment to more than a crore of people today in segments right from manufacturing to retail. The importance of this sector is thus significant to the Indian economy.

The financial year 2015-16, was a very special one for your Company as it celebrated its 10th anniversary in April 2015. We are delighted to bring to your notice that your Company, which started its journey in April 2005, with a single showroom at Karol Bagh (Delhi) is today a Pan India player with 64 showrooms in 52 cities across 18 States. It also had the distinction of achieving a billion-dollar turnover in the tenth year of its existence. All these milestones have been achieved with hardwork and commitment from every single team member, bankers and stakeholders alike.

However, your Company has no intentions to rest on its laurels and has embarked upon ambitious plans to maintain its leadership position in its core area of operations. The Company would be

working through the following formats in its aim to capture the entire gamut of the jewellery consumers in the country:

Format	Area of Operations
Large Format Showrooms	At high street locations for catering rich and upper middle class customers.
Small Format Showrooms	Focus on middle and lower middle class customers at the smaller markets of cities where the Company has large format showrooms at the high street.
Exclusive Lounges	Separate lounges at select showrooms to cater to high networth individuals.
Franchisee Showrooms	Showrooms at tier II & III locations.
Online Platform	Light weight jewellery for every day wear for catering to working women & young generation customers.
Flexia Jewellery	A unique detachable jewellery to cater to value conscious customers, who want more in less.

We at the PC Jeweller believe that any long term sustainable growth is a result of continuous innovation and this is reflected in our initiative on creating our online platform, franchisee showrooms, flexia and smart jewellery among others. We are confident that these new initiatives of the Company will very soon bear fruit and your Company will be a fully integrated jewellery Company with capability to serve all type and class of customers. Though the existing large format showrooms at high street locations will continue to be the core revenue driver, we believe that going forward these new initiatives will propel the Company to newer dimensions of market creation and revenue generation.

A jewellery purchase experience is intrinsic to customers’ emotions and we need to constantly remain conscious of this customers’ buying behaviour and demands. In this context we carried out detailed studies and focussed group discussions through our showrooms. We have been observing that with increasing purchasing power, the self-purchasing younger generations buying behaviour is completely different from the previous generation. With increasing social media influences and point of sale experience our future customers have a very different perspective and we have been taking keen efforts to not only live up to their expectations but delight them at every point when they interact with us.

Technology is driving almost every step of retail experience for the younger generation. Accordingly, we have embarking on an in-depth digital branding exercise and have mapped our target customers. We propose to invest in social media platforms for creating communities on Facebook, Twitter, Instagram and other platforms. In order to ensure complete resonance of all activities online and offline, we will align all our marketing efforts spanning print, television and out of home media with digital marketing. We are also pleased to inform that we are making a lot of innovations for instore experience by incorporating Augmented Reality and Virtual Reality zones in our showrooms to increase customer engagement.

We continue to remain very bullish on the growth of the organized jewellery retail sector in the country. Your Company has achieved a topline CAGR of 24.30% between the financial year 2011-12 & 2015-16 and I am fully confident of surpassing this figure in the coming four years. Our EBIDTA has shown a CAGR of 22.80% in the same period and there is no reason why we cannot improve on this performance as well.

Looking ahead, as the retail jewellery space is becoming more and more competitive with customer choices becoming increasingly personalized, influenced by a variety of factors, our expertise in design coupled with the world class manufacturing facilities puts us in a very favourable position to address the market challenges. With all the above initiatives, we as a team are confident to propel your Company to make a significant impact in the jewellery industry.

I am thankful to all employees who have continued to contribute with exemplary performance and face the ever increasing demands and work pressure. I believe that a dedicated and committed team is lifeline for any successful organization and we are committed to maintain and nurture a happy and satisfied work force. We have accordingly drawn up an ESOP Scheme, where we have given ESOPs at the face value of the share.

I wish to convey my sincere appreciation to all who have strived to place us where we are now. I would also like to thank the government authorities, the bankers, suppliers, customers and the shareholders for all their support and encouragement during the year.

With Warm Regards,

Yours Sincerely,

Sd/-
Balram Garg
Managing Director

STATUTORY REPORTS

DIRECTORS’ REPORT

Dear Members,

Your Directors have pleasure in presenting their 11th Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2016.

OVERVIEW OF FINANCIAL PERFORMANCE & BUSINESS

The highlights of the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2016, are as under:

Particulars	(Rs. in crores, except earnings per share)			
	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Revenue from Operations	7,259.07	6,348.52	7,330.18	6,361.28
Other Income	49.56	59.19	48.70	59.21
Total Revenue	7,308.63	6,407.71	7,378.88	6,420.49
Profit before Finance Costs, Depreciation and Tax	775.93	783.21	774.12	782.43
Less: Finance Cost	214.65	220.87	214.95	219.89
Less: Depreciation & Amortisation	22.61	23.02	22.66	23.02
Profit before Tax	538.67	539.32	536.51	539.52
Less: Tax Expense	137.79	161.09	136.85	161.09
Net Profit after Tax	400.88	378.23	399.66	378.43
Surplus in the Statement of Profit & Loss-Opening Balance	1,238.57	949.35	1,238.76	949.34
Amount available for appropriation	1,639.45	1,327.58	1,638.42	1,327.77
Appropriations:				
Depreciation adjustment	-	0.80	-	0.80
Proposed Equity Dividend	60.00	57.31	60.00	57.31
Dividend Distribution Tax	11.88	11.99	11.88	11.99
Transfer to General Reserves	-	18.91	-	18.91
Surplus in the Statement of Profit & Loss-Closing Balance	1,567.57	1,238.57	1,566.54	1,238.76
Earnings per Share:				
Basic	22.38	21.12	22.32	21.13
Diluted	22.34	21.12	22.28	21.13

During the year under review, revenue from operations on standalone basis increased to Rs. 7,259.07 crores as compared to Rs. 6,348.52 crores during the previous year, representing growth of more than 14%. The net profit after tax also increased to Rs.400.88 crores as compared to Rs. 378.23 crores during the previous year, representing growth of approximately 6%. The share of domestic and export sales in the revenue from operations on standalone basis is Rs. 5,166.13 crores (71.17%) and Rs. 2,092.94 crores (28.83%) respectively.

Your Company continued its growth journey and opened 10 new showrooms, including remaining 4 showrooms out of the 20 showrooms earmarked to be opened from Initial Public Offer (“IPO”) proceeds and has completely utilized the net IPO proceeds. During the year the Company also took initiatives on small and franchisee showrooms and opened 1 small showroom and 1 franchise showroom. The Company has total 60 showrooms as on March 31, 2016. After end of the year under review, your Company has opened 4 new showrooms and as on the date of this report, your Company is having total 64 showrooms located in 52 cities across India.

During the year under review, the Company launched its Flexia jewellery collection and acquired ‘AZVA’ brand, India’s first branded gold jewellery from World Gold Council, in one of its wholly owned subsidiary. In technical tie up with California based leading tech firm Martian Inc., your Company is working on development of smart jewellery.

SHARE CAPITAL

During the year under review, the authorised share capital of the Company has been increased from Rs.200 crores to Rs. 225 crores. After the end of the year, subject to the approval of the Members, the Company proposed to further increase its authorised share capital to Rs.500 crore comprising of 24 crores equity shares of Rs.10/- each and 26 crores preference shares of Rs.10/- each. The paid-up share capital of the Company remained unchanged during the year.

CHANGE OF REGISTERED OFFICE

The registered office of the Company was shifted from 24/2708, Bank Street, Karol Bagh, New Delhi - 110005 to C – 54, Preet Vihar, Vikas Marg, Delhi – 110092 with effect from July 21, 2015.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 3.35 per equity share (i.e. @33.50% of face value of Rs.10/- each) for the financial year 2015-16, subject to the approval of Members in the 11th Annual General Meeting.

TRANSFER TO GENERAL RESERVE

Your Directors do not propose to transfer any amount to the General Reserve.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Kusum Jain, who was appointed as an Additional Director in the capacity of Non-Executive Non-Independent Director on March 31, 2015, was regularised in the 10th Annual General Meeting of the Company held on September 19, 2015. In the same meeting Shri Suresh Kumar Jain was appointed as Non-Executive Independent Director for a term of 3 years w.e.f. September 19, 2015.

Shri Padam Chand Gupta, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the 11th Annual General Meeting.

Shri Ramesh Kumar Sharma, whose present term of appointment as Whole-time Director of the Company is expiring on February 6, 2017, is proposed to be re-appointed as Whole-time Director of the Company for a further term of 5 years at the 11th Annual General Meeting.

Brief resumes of Shri Padam Chand Gupta & Shri Ramesh Kumar Sharma forms part of the Notice convening the Annual General Meeting.

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

SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES

As on March 31, 2016, your Company has three wholly owned non-material Indian subsidiary companies:

- (1) **PC Universal Private Limited:** It is engaged in the business of manufacturing and export of all kinds of gold, silver, diamond jewellery and ornaments. It has one manufacturing unit located in Noida Special Economic Zone, Noida (U.P.). Its turnover and net profit for the year were Rs.6980.13 lakhs and Rs.90.61 lakhs respectively.
- (2) **Transforming Retail Private Limited:** It is engaged in the business of trading of all kinds of gold, silver, diamond jewellery and ornaments. Presently, it sells jewellery through its online sale portal www.wearyourshine.com. Its turnover for the year was Rs.1105.13 lakhs and it incurred a net loss of Rs.155.04 lakhs.

- (3) **Luxury Products Trendsetter Private Limited:** It was incorporated as wholly owned subsidiary of the Company during the year under review. It is engaged in the business of manufacture, buy, sell etc. of jewellery. During the year under review, it has acquired ‘AZVA’ brand, India’s first branded gold jewellery. It incurred a net loss of Rs.57.70 lakhs during the year.

In terms of proviso to sub-section (3) of Section 129 of the Act, the salient features of the financial statements of the subsidiaries is set out in the Form AOC-1, which form part of this Annual Report.

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with the Companies Act, 2013 and Accounting Standard AS-21, form part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis Report as stipulated under Regulation 34 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

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 Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

NUMBER OF BOARD MEETINGS

During the year five Board meetings were held on May 14, 2015; July 21, 2015; August 13, 2015; November 6, 2015 and January 23, 2016. The time gap between any two Board meetings does not exceed 120 days. For further details, please refer to Report on Corporate Governance.

AUDIT COMMITTEE

The 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 members are Independent Directors. Dr. Manohar Lal Singla, an Independent Director, is the Chairperson of the Audit Committee. For further details, please refer to Report on Corporate Governance.

INTERNAL FINANCIAL CONTROLS

Your Company has 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 reportable material weaknesses in the design or operation were observed. The Company has appointed a professional firm as Internal Auditor to regularly carry out review of the internal control systems and procedures. The internal Audit Reports are periodically reviewed by the Audit Committee.

PUBLIC DEPOSITS

Your Company through a Postal Ballot resolution got the approval of Members to invite / accept / renew from time to time unsecured/ secured deposits in the form of advances for the Company's Jewellery Purchase Schemes, from the Members of the Company and the Public, up to permissible limits. Thereafter, the Company issued a Circular in the form of Advertisement inviting Deposits and started accepting deposits w.e.f. August 15, 2015 under its Jewellery Purchase Scheme "Jewel For Less".

The details relating to deposits, covered under Chapter V of the Companies Act, 2013 are as under:

- (a) Accepted during the year : Rs. 30.97 crores
- (b) Remained unpaid or unclaimed as at the end of the year : Rs. 30.71 crores

Financial Year	Type of dividend	Date of declaration of dividend	Total dividend (Rs.)	Unclaimed dividend		Due date for transfer to IEPF*
				(Rs.)	(%)	
2012-13	Final	September 18, 2013	17,91,00,000	1,26,688	0.07	October 24, 2020
2013-14	Interim	January 20, 2014	26,86,50,000	55,767	0.02	February 25, 2021
2013-14	Final	September 13, 2014	26,86,50,000	35,220	0.01	October 13, 2021
2014-15	Final	September 19, 2015	57,31,20,000	2,56,089.60	0.04	October 24, 2022

* Investor Education and Protection Fund

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of loans / guarantees given and investments made form part of the notes to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the year were in the ordinary course of business and on arm's length basis. During the year, 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. Details of related parties and transactions with them, as required by the Accounting Standards (AS-18) have been disclosed in the Notes forming part of the financial statements.

CREDIT RATING

CRISIL Limited vide its letter dated August 7, 2015, has reaffirmed CRISIL A/Stable (Long-Term Rating) and CRISIL A1 (Short-Term Rating) to the total bank facilities (Rs.3,850 crores).

India Ratings & Research Private Limited, a Fitch Group Company, vide its letter dated February 2, 2016, has assigned IND A1+ rating to the additional commercial paper programme (Rs.100 crores) of the Company and also affirmed IND A1+ rating to the existing commercial paper programme (Rs.100 crores).

Credit Analysis & Research Limited vide its letter dated February 1, 2016, has reaffirmed CARE A+ (FD) to the deposits programme (Rs.200 crores) of the Company.

- (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 Companies Act, 2013.

STATUS OF UNCLAIMED / UNPAID AMOUNT

- (A) As on March 31, 2016, Rs. 2,16,445/- were lying as unclaimed/unpaid in the Company's IPO refund account.
- (B) As on March 31, 2016, Rs. 4,73,764.60 were lying as unclaimed / unpaid dividend as under:

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

After end of the year under review, your Company:

- (1) Issued and allotted 42,69,984 Compulsorily Convertible Debentures having face value of Rs.1,000/- each, at par, by way of a preferential allotment on private placement basis to DVI Fund (Mauritius) Ltd.
- (2) Subject to receipt of necessary approvals proposed to issue and allot 25,73,72,912 Compulsorily Convertible Preference Shares having face value of Rs.10/- each, by way of preferential allotment on private placement basis to certain Investors.

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

(A) CONSERVATION OF ENERGY

In its endeavour towards conservation of energy your Company equipped all its offices, showrooms and manufacturing units with LED lights.

(B) TECHNOLOGY ABSORPTION

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings & Outgo during the year are as under:

Earnings	: Rs.2,094.02 crores
Outgo	: Rs.2.80 crores

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

Your Company has zero tolerance for sexual harassment at workplace and 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. During the year, the Company had not received any complaint on sexual harassment and no complaint was pending as on March 31, 2016.

RISK MANAGEMENT

Your Company has put in place a Risk Management Policy to define a framework for identification, assessment and mitigation of risk. In the opinion of the Board, there are no risks which may threaten the existence of the Company.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your Company has formulated a Whistle Blower Policy / Vigil Mechanism, which provides a formal mechanism for all employees and Directors of the Company to report about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or an event he becomes aware of that could have a detrimental effect on the business or reputation of the Company and provides reassurance that they will be protected from reprisals or victimization for whistle blowing. The Policy has been posted on the Company's website. No person was denied access to the Chairperson of the Audit Committee to report any concern.

BOARD EVALUATION

In accordance with the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of your Company on the recommendation of Nomination and Remuneration Committee, laid down Criteria for evaluation of Board, its Committees and individual Directors and accordingly carried out the evaluation process. The process was based on evaluation forms, which include a rating mechanism. Independent Directors at their separate meeting also reviewed the performance of the Board as a whole, Non-Independent Directors and the Chairman.

The criteria for performance evaluation of Board and its Committees amongst others includes their structure and composition, processes, information and functioning, terms of reference of the Committees, suggestions / recommendations by the Committees to the Board etc.

The criteria for performance evaluation of Directors including Executive & 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, leadership qualities and effectiveness of communication with all stakeholders, impact and influence on Board / Committees and adherence to the Code of Conduct etc.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are 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 Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there are 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; 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

Your Company has granted 7,26,300 stock options to the eligible employees of the Company on May 14, 2015. Each option entitles the Grantee thereof to apply for and be allotted one equity share of the Company upon vesting. The necessary disclosure pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 is annexed as "Annexure -1."

AUDITORS AND THEIR REPORT

STATUTORY AUDITORS

M/s Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) and M/s Sharad Jain Associates, Chartered Accountants (Firm Registration No. 015201N), were appointed as Statutory Auditors of the Company for 5 years and 2 years respectively in the 10th Annual General Meeting of the Company held on September 19, 2015, subject to ratification by the Members at every Annual General Meeting. The Company has received their consent letters and eligibility certificates under Sections 139 and 141 of the Companies Act, 2013. As