

THE YEAR IN PERSPECTIVE



Annual Report

2017-18

CONTENTS

01

Corporate overview

The year in perspective	01
Adding shine to customer engagement	02
Adding milestones to customer reach	04
Azva - Adding new paradigm to our retail brand	06
Adding variety to customer choice	08
Adding numbers to our growth story	09
Message from the Managing Director	10
Corporate Information	12

13

Statutory Reports

Directors' Report	13
Report on Corporate Governance	35
Management Discussion & Analysis	47
Business Responsibility Report	50

55

Financial Statements

Standalone Financial Statements

Auditors Report	55
Balance Sheet	60
Statement of Profit and Loss	61
Statement of Changes in Equity	62
Cash Flow Statement	63
Notes forming part of the Financial Statements	72

Consolidated Financial Statements

Auditors Report	102
Consolidated Balance Sheet	106
Consolidated Statement of Profit and Loss	107
Consolidated Statement of Changes in Equity	108
Consolidated Cash Flow Statement	109
Notes forming part of the Financial Statements	120

Statement containing salient features of the financial statement of Subsidiaries

151

Notice of 13th Annual General Meeting

152



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.

The year in perspective



Continuous improvement, consistent value addition and a relentless pursuit to add to the present offerings, can be considered as the vital pillars of success. We believe that being on our toes to ensure utmost level of customer satisfaction along with sustainable growth will always serve as an inherent element of our success. Financial Year 2017-18 (FY18) has been an action packed year for PC Jeweller on these lines.

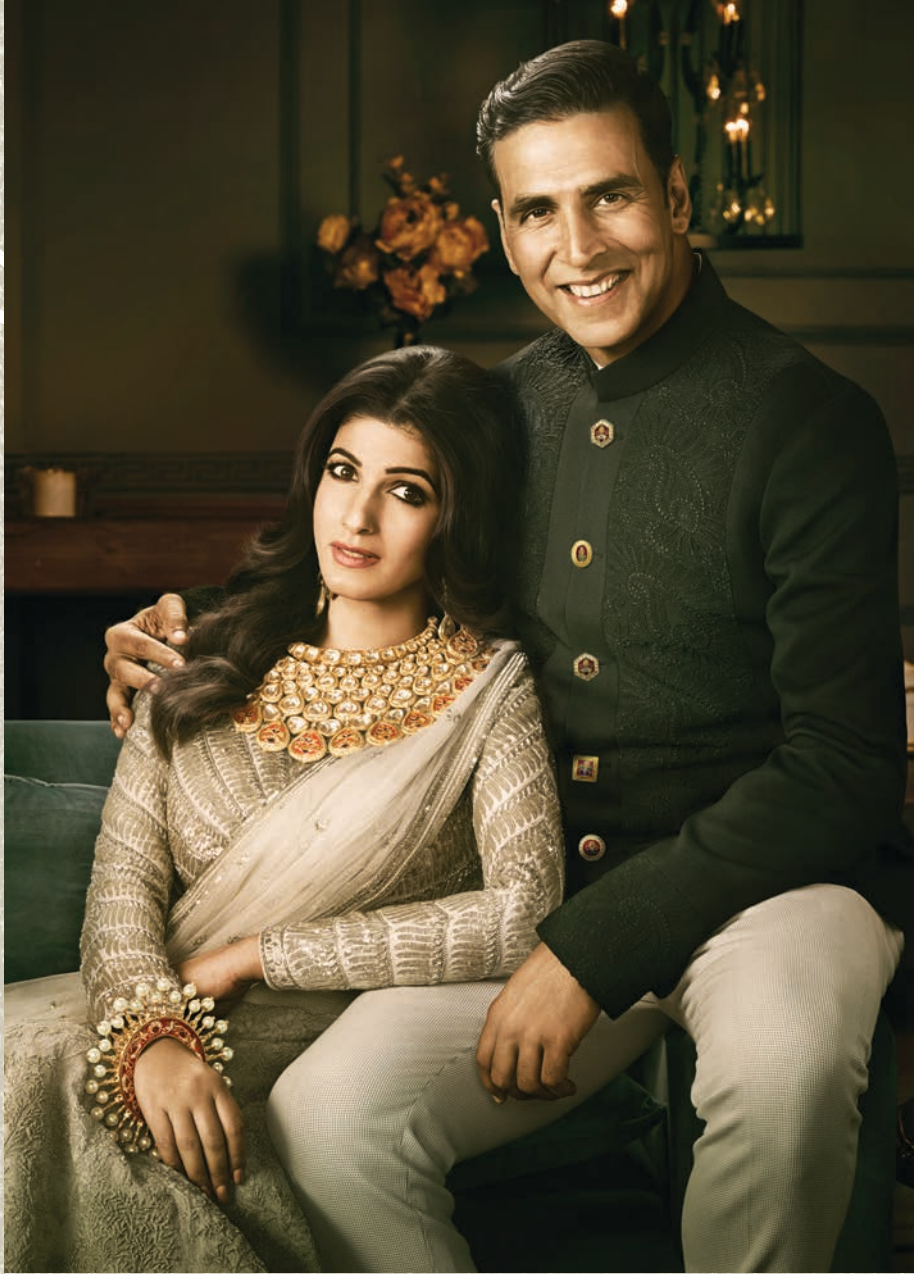
During FY18, the economic and business environment started showing signs of recovery, post the recovery from after effects of demonetization happened in FY17 besides India's biggest tax reform, the Goods & Service Tax (GST) implementation. While these structural changes impacted the entire economy, the major impact was seen on sectors where major part is unorganized like Gems & Jewellery.

The major focus areas of strategic execution during FY18 were:

- Greater impetus on our consumer marketing
- Retail expansion strategy to amplify and sustain growth
- Product strategy for larger success in market place

As a result, the Company has put up its best ever financial performance in FY18. The Company recorded growth of 17.2 % in topline, 26.5 % in EBITDA and an impressive 31.8% in Net Profits, on Year-On-Year basis.

As we look back at we see an action packed year and we believe that this is one many more such milestones of our journey, going forward.



We engaged one of the Bollywood's most adorable celebrity star couple, Akshay Kumar-Twinkle Khanna as brand ambassadors.

Adding shine to customer engagement

A 'happy customer' is the biggest asset a business can have.

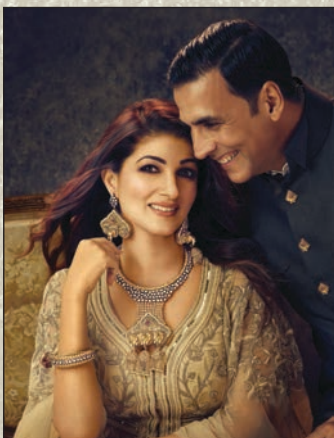
At PC Jeweller, fostering a bond and keeping in constant touch with our customers has always been at the core of our business strategy. During FY18, PC Jeweller took some major strides to add shine to customer engagement. We engaged one of the Bollywood's most adorable celebrity star couple, Akshay Kumar-Twinkle Khanna as brand ambassadors. Our brand was instantly able to leverage the couple's charisma since they are the face to which the customers can connect and this association evokes the feeling of trust & faith in our products.

During the year, our marketing spends increased significantly over the previous year as we amplified our customer reach through various advertising mediums. This shift in marketing was also aimed at taking benefit of the markets getting more organized after demonetization in FY17, GST implementation in FY18 and other regulatory developments.

This amplification of marketing reach has surely added shine to our customer engagement.

**New Brand Ambassadors -
Akshay Kumar-Twinkle Khanna**

**27.5% increase
in domestic retail sales**





▲ HARDOI



▲ MUZAFFARNAGAR



▲ HAPUR



▲ NAGPUR



▲ HALDWANI



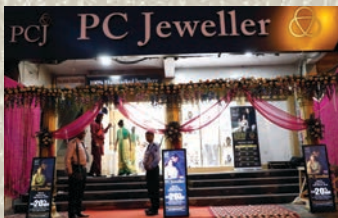
▲ KRISHNA NAGAR



▲ KAITHAL



▲ MORADABAD



▲ ROHINI



▲ SOLAN



▲ JHANSI

During FY18 we added 17 new showrooms to take our tally to 92 showrooms.

Adding milestones to customer reach

It is said that 'seeing is believing' and touching adds a whole new dimension to this thought as it facilitates the realization of that belief.

Jewellery buying is still an affair that involves meeting of people personally as it facilitates the seeing, touching and feeling the product before making a sound buying decision. At PC Jeweller, this understanding is deeply ingrained in our strategy and operations. We have always focused on increasing our physical presence which is evident by a 3.1 times growth in number of showrooms between FY13 and FY18. During FY18 also, we added 17 new showrooms to take our tally to 92 showrooms.

FY18 also witnessed the initial success and larger roll-out of strategic shift in our showrooms strategy. First part of this shift has been to expand the Franchise model which got doubled from 05 showrooms in FY17 to 10 showrooms in FY18. The second part of this strategy is to focus on small format showrooms as well, to help us reach to the larger part of our country.

We also refined our online customer reach strategy by consolidating the online operations under the PCJ brand itself and discontinued the earlier operations under www.aucent.com and ertswile.com. Now, our customers reach www.pcjeweller.com as a landing page whenever they wish to transact online with us. We are also working on developing deeper engagement with Flipkart, Amazon and Jabong.

92
STORES

4,19,963
Sq. Ft Area

73
CITIES



▲ MEERUT



▲ BAHADURGARH



▲ RUDRAPUR



▲ PALWAL



▲ AURANGABAD



▲ BHIWANI



Azva – Adding new paradigm to our retail brand

We at PC Jeweller proudly presented brand - 'Azva', a premium jewellery offering, to our customers. The brand is a quintessence of impeccable Indian craftsmanship coupled with international designs. Initially operational as a pure gold jewelry brand, Azva has now expanded its offerings with diamond jewelry as well.

We have introduced 200 designs under this brand so that the modern-day women can embellish these masterpieces and celebrate femininity and modernity. The collection lays emphasis on using the gems and metal in their natural or pure form. The designs are crafted using enamel diamonds, uncut polki and inlay techniques in handcrafted 18 Kt gold.

Azva's offerings also include a one-of-its-kind collection that is fashioned by a stellar collaboration of Central Saint Martin's University of Arts in London and Azva called 'Entwined'.

During FY18, we also moved Azva's operations from pure B2B to B2C with the inception of Azva's first flagship boutique that is housed in Taj Santacruz, Mumbai. Our showroom is designed catering to the essence of the brand and in every sense, it exemplifies the international look and contemporary appeal of the brand.

We at PC Jeweller proudly presented brand - 'Azva', a premium jewellery offering, to our customers. The brand is a quintessence of impeccable Indian craftsmanship coupled with eccentric international



▲ AZVA BOUTIQUE, TAJ SANTACRUZ - FACADE VIEW



▲ AZVA BOUTIQUE, TAJ SANTACRUZ - THE COLLECTION



▲ AZVA BOUTIQUE, TAJ SANTACRUZ - CUSTOMER LOUNGE

Adding variety to customer choice

A customer's Jewellery buying decision is a matter of personal choice and it is the cultivation of huge amount of consideration. The usual parameters that play a crucial role in decision making include variety, designs, price and availability of the piece of jewellery. We understand this buying behavior and market needs well.

We have been working to expand our product range and variety to include the non-wedding consumers including youth and working women. We have been working on designing and manufacturing light-weight, day-to-day wear, party wear and lifestyle offerings to cater to all the age groups and all occasions and accordingly launched a number of collections specifically aimed at young and working women.

Adding variety to our customers' choice has been our chief endeavor and we strive to become a one stop shop for every member of a family.

