



PC Jeweller



ANNUAL REPORT 2021-22

PC JEWELLER LIMITED



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Forward-looking statements

Some information in this report may contain forward-looking statements within the meaning of applicable security laws and regulations. This include statements regarding the Company's business plans, expectations and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on the assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements due to various factors including economic conditions affecting demand/supply/price, changes in the applicable rules, regulations, laws, any epidemic or pandemic, natural calamities over which we do not have any control. Members and readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy or comprehensiveness though the same are based on sources thought to be reliable. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Sustenance through strong fundamentals



The Indian jewellery market is not only growing at a healthy pace every year but there is also a shift of consumer preferences and buying from unorganized to organized players. Jewellery is a high value purchase and also incorporates an element of investment in the sense that the customers have the option of exchanging their old jewellery for a fresh one or sell it back for cash at the time of need. Hence in addition to designs and price points, brand and trust factor play a very important role in finalizing the purchase decision of any jewellery buyer.

PC Jeweller Limited is now a 17 year old company and has built up a loyal customer base with its emphasis on designs, purity and customer friendly policies. It was selling hallmarked jewellery even when it was not mandatory. All its showrooms have karatometers where a customer can verify the purity of metal. All

of its diamond jewellery is certified with complete details of the number of diamonds studded in that jewellery item, their colour, category as well as clarity.

However, it is obvious that in the case of any type of consumer good any brand or retailer or producer has to remain vigilant regarding changing consumer tastes and demands. PC Jeweller has its own designer team as well as manufacturing facilities and hence is able to create new designs and new varieties of jewellery items to cater to changing consumer demands and gets regular consumer footfalls. In addition instead of only wedding jewellery which was the main stay till a few years ago, the Company has also increased the range and variety of jewellery available in its showrooms so that it can cater to all age groups, all price points and all occasions.

PC JEWELLER LIMITED

The Company has been regularly introducing new design and collections for its customers.

The Company in its journey of 17 years has developed strong systems & processes, robust supply chain & procurement, designing, manufacturing as well as inventory management.

The majority of the Company's sales take place through its own showrooms which are luxurious and well appointed. The Company has developed detailed systems & procedures for its showroom staff so that the customer gets a uniform experience on visiting any of its showrooms.

At the same time in these competitive times regular advertising and customer interaction is very necessary for maintaining brand recall as well as increasing consumer footfalls. The Company has also an experienced marketing and advertising team.

The Company has ensured that all its business operations whether in accounting, manufacturing, inventory management, safety & security have adequate technological fundamentals which are not only commensurate with the size of its operations but also have enough redundancy to cater to a manifold increase in the same.

The Company started online sale of jewellery more than six years ago. It has been a pioneer in leveraging technology for developing omni channel retail by online offline integration where the inventory present in its showrooms can also be checked and purchased from its website only without visiting the showroom. Similarly it was one of the early players to introduce the product of digital gold for its customers.



A glimpse of our latest collections

THE FLUTTERING BEAUTY

Two beautiful gold leaves made of the diamonds and lush natural green stones incite feeling of freedom & freshness and represent:

- Love and romance in the air of the season
- Fluttering of expectations in young hearts
- Anxiety of shy love birds



ANANT

These wooden center pieces are delicately hand carved by some local artisans into such a beauty. Those raw coconut shell is well treated by a long process of cleaning & removing of husk, shaped, trimmed and polished using coconut oil. Working alongside with the master goldsmiths, at PCJ we created the first luxury jewellery collection to feature this botanical alternative to unethical wood cutting.



RAKHI COLLECTION

Raksha Bandhan is not just about a simple thread of love anymore. Despite having strong emotional and cultural connect, the Rakhi(s) are often not worn from the very next day of the festival. Through our Rakhi collection, these Rakhi(s) have been transformed into an occasional wear like tie pins, brooches and pendants.

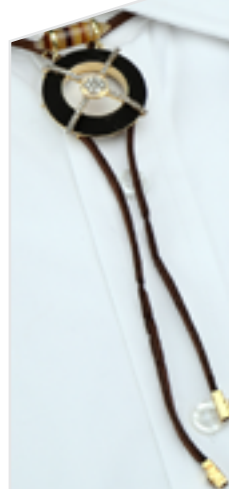


ANIMAL COLLECTION

Inspired by wildlife, this collection carries silver and diamonds jewellery with bright enamel hues in line with today's trend. The collection uses unique style & expression through natural shapes and motifs with oblique patterns.



MEN'S COLLECTION



BLOOMING DALE



DIAMOND MANGALSUTRA





MESSAGE FROM MANAGING DIRECTOR

Dear Shareholders,

I am happy to present you the Annual Report of your Company for the financial year 2021-22.

FY 2021-22 again remained a difficult one for all of us. The business which had started recovering after the first wave of Covid-19 pandemic once again got disrupted by the second wave and which proved to be as destructive as the first. The Company's showrooms remained shut for long periods in the first quarter and thereafter their normal functioning remained disrupted due to local restrictions which continued almost till August end. These disruptions affected the operations and the liquidity of the Company.

However, the Company remains confident of growth of the jewellery sector and a faster shift of consumer preference from unorganized to organized branded players. Your Company is well placed to take an increasing share of demand with its vast network of showrooms as well as a good brand image and the customers continue to have trust in the quality and purity of the jewellery purchased from its showrooms.

In this context, some of the areas being worked upon by the Company include:

- (1) Revamping and beautifying its showrooms by new signage and branding.

- (2) Changing the inventory composition of its showrooms so that range and variety available can cater to all age groups, all price points and all occasions.
- (3) Launching new collections on a regular basis.
- (4) Revamping its advertisement content to make it more contemporary with higher emphasis on diamond jewellery.
- (5) Increasing brand recall with regular advertising in print, media (FM) as well as digital channels.
- (6) Leveraging on its existing customer base by increasing its interaction and connection with them by organizing several activities and get together at its showrooms.
- (7) Participating in various wedding jewellery and wedding exhibitions at various locations to further increase its visibility.

The Company is also working to increase its ground level presence by opening new showrooms. However, this expansion will be asset light with the store expansion being done on a franchisee basis. The overall plan is to open at least 50 new showrooms by August 2024.

I continue to remain thankful to all our employees for their strong resolve and commitment towards the Company through the testing times. I would also like to thank my Board colleagues for their continuous inspiration and guidance as well as all our customers, business partners including our Bankers.

Yours sincerely,

Sd/-
(BALRAM GARG)
Managing Director



Corporate Information

BOARD OF DIRECTORS

Shri Balram Garg

Managing Director

Shri Ramesh Kumar Sharma

Executive Director

Smt. Sannovanda Machaiah Swathi

Independent Director

Dr. Manohar Lal Singla

Independent Director

Shri Krishan Kumar Khurana

Independent Director

Shri Miyar Ramanath Nayak

Independent Director

Shri Suresh Kumar Jain

Independent Director

CHIEF FINANCIAL OFFICER

Shri Sanjeev Bhatia

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Vijay Panwar

STATUTORY AUDITORS

M/s Arun K. Agarwal & Associates, Chartered Accountants

Firm Registration No.: 003917N

REGISTERED OFFICE

PC Jeweller Limited

C - 54, Preet Vihar, Vikas Marg, Delhi - 110092

Tel: 011 - 49714971, Fax: 011 - 49714972

REGISTRAR AND TRANSFER AGENT (RTA)

KFin Technologies Limited

Selenium Tower B, Plot No. 31 - 32,

Financial District, Nanakramguda,

Serilingampally Mandal, Hyderabad - 500032 (Telangana)

Toll Free No.: 1800-309-4001

E-mail: einward.ris@kfintech.com

WEBSITE

www.pcjeweller.com

CORPORATE IDENTITY NUMBER

L36911DL2005PLC134929

ISIN

INE785M01013

BSE SCRIP CODE

534809

NSE SYMBOL

PCJEWELLER



STATUTORY REPORTS



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report along with the audited financial statements of the Company for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

The highlights of standalone financial statements of the Company for the financial year ended March 31, 2022 and previous year are as under:

(₹ in crore, except earnings per share)

Particulars	2021-22	2020-21
Revenue from operations	1,574.05	2,669.34
Other income	59.51	30.67
Total income	1,633.56	2,700.01
Profit / (loss) before finance costs, depreciation and tax	(44.54)	431.35
Less: Finance cost	437.37	393.68
Less: Depreciation & amortisation expenses	26.24	33.26
Profit / (loss) before tax	(508.15)	4.41
Less: Tax Expense	(118.55)	(56.43)
Net profit / (loss) after tax	(389.60)	60.84
Other comprehensive income for the year, net of tax	0.37	0.58
Total comprehensive income / (loss) for the year	(389.23)	61.42
Earnings per equity share (in ₹):		
Basic	(8.37)	1.50
Diluted	(8.37)	1.50

BUSINESS OVERVIEW AND THE COMPANY'S PERFORMANCE

Your Company is one of the leading jewellery companies in the organised jewellery retail sector in India. It is engaged in the business of trade, manufacture and sale of gold, diamond, precious stone, gold and diamond studded jewellery as well as silver articles. It offers wide range and variety of jewellery including 100% hallmarked gold jewellery with a focus on certified diamond jewellery to cater not only to wedding jewellery but party and daily wear also.

To meet the choices and requirements of the customers, your Company keeps on launching new designs and collections from time to time. The Company owns jewellery sub-brands Swarna Dharohar, Inayat and Mirosa. It has launched many new jewellery designs under its sub-brands and collections such as

The Fluttering Beauty, Mens Collection, Diamond Mangalsutra, Animal Collection, Dashavtar, Watch Accessories etc.

As on March 31, 2022 the Company has total of 82 showrooms including 11 franchisee showrooms and also has 4 manufacturing units in India.

During the year under review, the Company's accounts with its Lenders turned Non-performing Assets ("NPA") due to default / non-payment of debt / interest / installments etc. on account of decline in the business and revenues caused by Covid-19 pandemic. The Company has since approached its Lenders with its resolution proposal under the appropriate RBI Guidelines and the same is under their active consideration.

During the year, the revenue from operations of your Company fell by 41% to ₹ 1,574.05 crore from ₹ 2,669.34 crore during previous year mainly on account of restriction in operations and liquidity constraints after the Company's accounts becoming NPA. As a result of decline in revenue, the Company incurred net loss of ₹ 389.60 crore as compared to net profit of ₹ 60.84 crore during previous year.

IMPACT OF COVID-19

The financial year ended March 31, 2022 marked the second year since the World Health Organisation declared the outbreak of Covid-19 as a pandemic. During the year under review, countries across the globe continued to face economic and social disruptions along with the loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated various restrictions and lockdown from time to time.

In April 2021, India witnessed a second wave of Covid-19 followed by another wave in the fourth quarter, which once again affected the revenue from operations of the Company.

Please refer Note 50 of the standalone financial statements for financial year ended March 31, 2022 for further details in respect of impact of Covid-19 on the financial statements of the Company.

CAPITAL STRUCTURE

Authorised Share Capital: During the year under review, the authorised share capital of the Company remained unchanged at ₹ 760 crore comprising of 50 crore equity shares of ₹ 10/- each and 26 crore preference shares of ₹ 10/- each.

Paid-Up Share Capital: The paid-up share capital of the Company also remained unchanged at ₹ 465,40,38,960/- comprising of 46,54,03,896 equity shares of ₹ 10/- each.

DIVIDEND

The Board of Directors ("Board") has not recommended any dividend for the year.

TRANSFER TO GENERAL RESERVE

The Board has not proposed transfer of any amount to General Reserve. However, the Company has transferred an amount of ₹ 1.64 crore from Share Options Outstanding Account to General Reserve, on account of 37,408 share options lapsed / forfeited in accordance with PC Jeweller Limited Employee Stock Option Plan 2011.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of your Company comprises of 2 Executive and 5 Non-Executive Independent Directors including 1 Woman Director.

During the year Shri Balam Garg was re-appointed as Managing Director of the Company for a period of 5 years w.e.f. July 1, 2021 and Shri Ramesh Kumar Sharma was re-appointed as Whole-time Director for a period of 3 years w.e.f. February 7, 2022.

The first term of Smt. Sannovanda Machaiah Swathi as an Independent Director of the Company will expire on January 18, 2023 and it is proposed to re-appoint her for a further period of 5 years with effect from January 19, 2023. On the recommendation of Nomination and Remuneration Committee, the Board has recommended her re-appointment for the approval of Members by way of Special Resolution at the 17th Annual General Meeting ("AGM") of the Company.

Shri Ramesh Kumar Sharma is liable to retire by rotation at the 17th AGM of the Company and being eligible, offers himself for re-appointment as a Director of the Company.

Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and Secretarial Standard 2 issued by the Institute of Company Secretaries of India, the details of Smt. Sannovanda Machaiah Swathi and Shri Ramesh Kumar Sharma form part of the Notice convening the 17th AGM.

During the year under review, no changes have taken place among Key Managerial Personnel of the Company.

SUBSIDIARY COMPANIES

As on March 31, 2022, your Company has following 5 wholly owned non-material subsidiaries:

- i) **PC Universal Private Limited:** It is engaged in the business of manufacturing and export of gold jewellery and have a manufacturing unit at Noida Special Economic Zone, Noida

(U.P.). During the year under review it incurred net loss of ₹ 5.11 crore.

- ii) **Transforming Retail Private Limited:** It is engaged in the business of online retail trading of gold and diamond jewellery. During the year under review its revenue from operations was ₹ 126.22 crore and registered net profit of ₹ 0.40 crore.
- iii) **Luxury Products Trendsetter Private Limited:** It is engaged in the business of manufacturing / job working and trading of jewellery and have a manufacturing unit at Sitapura, Jaipur (Rajasthan). During the year under review its revenue from operations was ₹ 12.13 crore and registered net profit of ₹ 3.98 crore.
- iv) **PCJ Gems & Jewellery Limited:** It is authorized to carry on the business of manufacturing and trading of all kinds of jewellery. However, it has not commenced business operations during the year under review and incurred net loss of ₹ 0.02 crore.
- v) **PC Jeweller Global DMCC:** It was incorporated in Dubai (UAE) and is engaged in the business of jewellery trading. During the year under review its revenue from operations was ₹ 0.95 crore and incurred net loss of ₹ 6.31 crore.

During the year under review, no company has become subsidiary of your Company. Comercializadora Internacional PC Jeweller International S.A.S., the wholly owned subsidiary of PC Jeweller Global DMCC and step down subsidiary of the Company ceased to exist w.e.f. April 5, 2021. It had not commenced business operations till the date of cessation.

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 (Form AOC – 1) is annexed as "**Annexure – 1**" to this Report. Please refer Note 56 of the consolidated financial statements for the financial year ended March 31, 2022 for the details of contribution of the subsidiaries to the overall performance of your Company. The financial statements of all the subsidiaries are available on the Company's website www.pcjeweller.com in Investor section.

ASSOCIATE AND JOINT VENTURE COMPANIES

Your Company do not have any associate or joint venture company within the meaning of Section 2(6) of the Act and during the year no company has become or ceased to be associate or joint venture company.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with the accounting principles applicable