PCJ
Jeweller for generations

Date: 09/09/2017

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 2016-17

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

Dear Sir/Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report 2016-17, which has been approved and adopted in the 12th Annual General Meeting of the Company held on September 8, 2017.

Kindly take the same on record.

Thanking you.

For **PC Jeweller Limited**

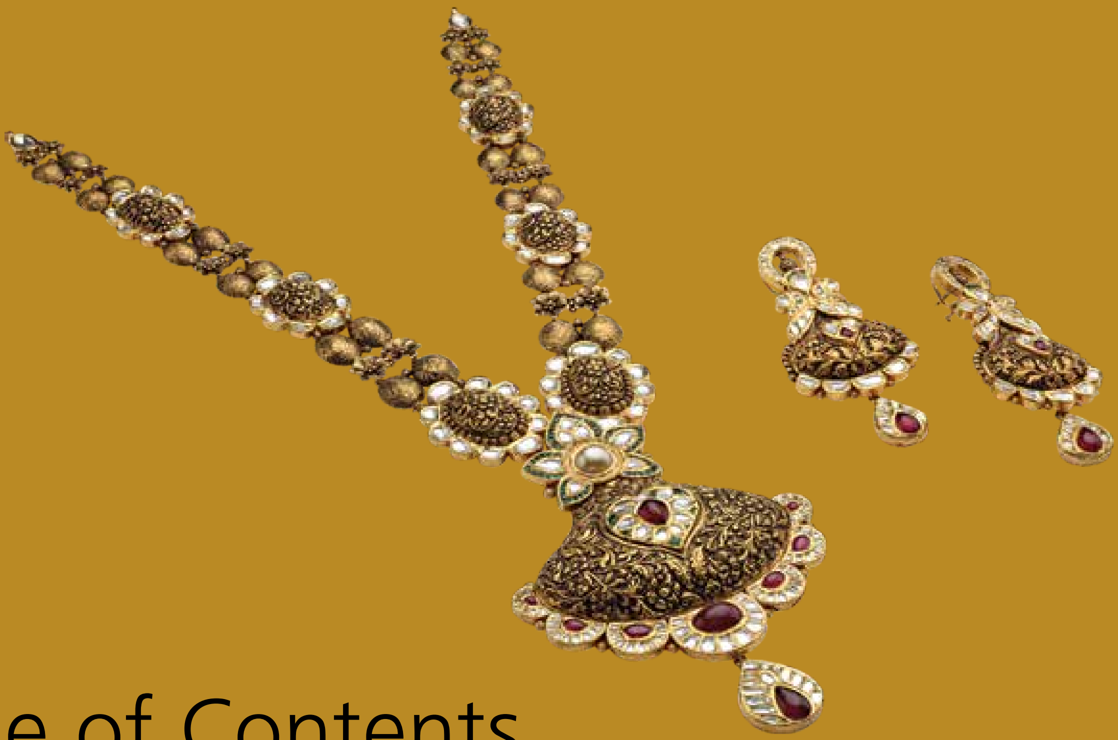
PC JEWELLER LIMITED New Delhi

(VIJAY PANWAR)
Company Secretary

Encl.: As above

Craftsmanship @ Work

PC JEWELLER LIMITED | ANNUAL REPORT 2016-17



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Caution regarding 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 materialize, 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.

PCJ

Jeweller for generations

Craftsmanship @ Work

Craftsmanship is the art of creating masterpieces through skill, passion, persistence and precision. At PC Jeweller (PCJ), we take it a notch higher. For us, it is creativity and artistry at its best, and together they produce a piece of art that can win many hearts with its beauty and charm.

Every product at PCJ speaks volumes of our mastery of creating marvels. Our range of jewellery matches a customer's need, suiting the varied moods, befitting every occasion and catering to every pocket, all of which are reasons enough for their smile and satisfaction and explain their fondness for anything and everything. Our collections have received an overwhelming response from the customers over the years that goes on to prove the craftsmanship at PCJ. Be it the flexibility of Flexia or elegance of Inayat or trendiness of Amalia or the luxury of Azva, PCJ has given ample reasons to take pride in these pieces of jewellery.

Our craftsmanship is not only about our products, but it also extends to our business which we nurture the same way. At PC Jeweller, we understand the innate need to have the personal interaction between our customers and us. We responded with 3,86,923 Sq. ft. area across 75 retail showrooms since inception. 'Jeweller for Generations', quite literally for us, translates into a vision that we saw when we began our journey.

Our products have a global reach. Today our overseas revenues contribute approximately 34% to our total revenues. Today, our country and industry are going through transformational changes which are bound to benefit organized jewellery segment. We believe that years of investment in becoming India's No. 2 listed jewellery retailer will help us lead from the front as an organized player.

We believe that it is just the beginning of gaining momentum and we are here to stay, sustain and lead. Craftsmanship @ Work is not just a philosophy of PCJ but an integral and inherent part of our life, living and being.

Crafting eternal smiles with passion

A craftsman's true reward is the glimmer of a smile in a customer's eyes. It is the smile of pride, and the pride of possessing an irresistible piece of art. It is where the essence of our artistry lies.

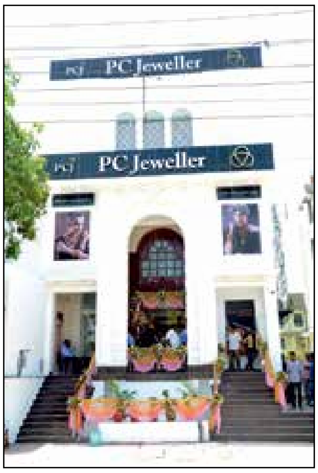
At PC Jeweller, we believe in delivering smiles that shine more than the masterpieces that we painstakingly craft. Their appreciation gives us satisfaction and it is our motivation to aim higher. With our products, we aim to reach more customers, score more on their loyalty and add more smiles.

PC Jeweller has through the years brought some iconic jewellery collections that have caught the mind space of its customers. One of the most revolutionary and iconic collections has been 'Flexia', a flexible piece of jewellery that can be transformed into many different pieces by detaching and re-attaching. Our latest brand "Azva" is inspired by the seven vows of the Indian wedding.

With every collection, we aim to move closer to our customers' hearts. We understand the importance of jewellery and the intensity, sincerity and stakes involved in the decision to buy that jewellery. A personal interaction comes in handy to help a customer decide on what he or she wants. We understand the value of this interaction as an integral part of the consumer behavior and our culture.

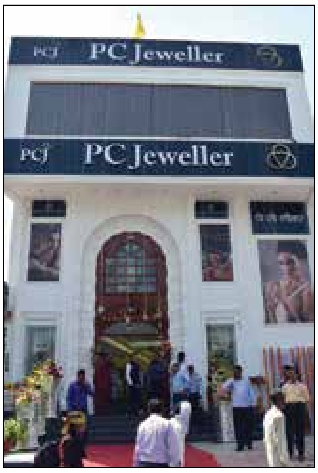
Our vision has been to build a formidable network of retail presence across the country. As at end of FY2016-17, we reach our customers through 75 showrooms across the length and breadth of India, which includes five franchise showrooms and exclusive lounges at 10 showrooms. All our showrooms are strategically located, elegantly designed and spaciously built. We are moving on the 'e-way' to reach the 'netizen' community through our online portal www.wearyourshine.com operated under a wholly owned subsidiary.

In our endeavour to craft a happy customer experience, we added some benchmark differentiators. PCJ diamond procurement policy ensures 100% conflict-free diamonds. All our showrooms are equipped with Karatmeter for any customer to do quality check for gold. All our gold jewellery is 100% hallmarked. PCJ also follows the policy of 100% refund including tax (VAT) if the purchases are returned within a week.

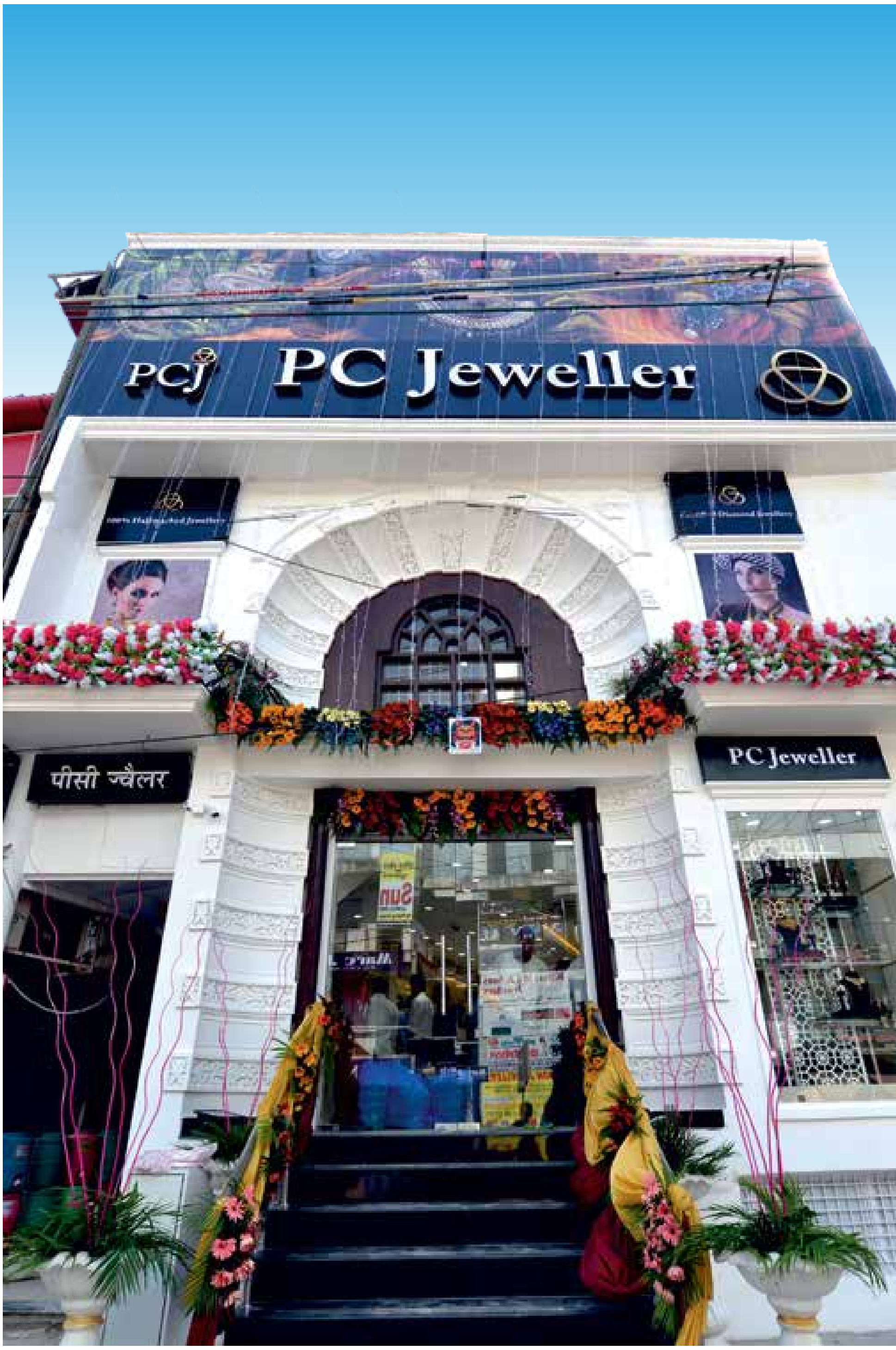


ALWAR (RAJASTHAN)

HAPUR (U.P.)



ALIGARH (U.P.)



AGRA (U.P.)

Crafting sustainable business with precision

We started our journey in 2005 with one showroom in Karol Bagh, New Delhi, India. We had the skills, we had the intent, and the resolve to play longer, and the rest, as they say, is history. It has been quite fulfilling and eventful so far and with every step that we take, we are crossing milestones and treading ahead with promise to make our customers smile and get our business to shine.

Within a span of 12 years, we have opened 75 showrooms, of which 15 were opened in FY 2016-17 alone. The strategic locations and wider geographic presence have been the characteristics of our expansion strategy. Today, our showrooms are present across 58 cities in 18 states from North to South and East to West of the nation. We had started with one franchisee showroom in FY 2015-16 and during FY 2016-17, we opened four new franchisee showrooms.

BAHADURGARH (HARYANA)

DWARKA (DELHI)

NOIDA, LOGIX MALL (U.P.)

Being sustainable is the essential part of a progressive organization that intends not just to stay but also to lead in the longer-term. Since inception, we have been building a revenue mix that was diversified and carries domestic sales as well as exports. Today, our sales contribution ratio stands at 66% from domestic sales and 34% from exports which is largely a B2B business.

Our strategy of precision crafting a sustainable and profitable jewellery business has been steadily translating into positive results, fairly consistently. During FY 2016-17, we grew our revenues by about 12% from ₹ 7,232 Crores in FY 2015-16 to ₹ 8,105 Crores in FY 2016-17, whereas our Net Profit grew by about 8% during the same period. We were able to put up this performance in the backdrop of major transformational changes across our economy and industry including demonetization, levy of 1% excise duty on jewellery, mandatory PAN furnishing for the purchase of jewellery worth more than ₹ 2 Lakh. We believe that these structural changes in our industry, which is still unorganized to the tune of 75%, will help the organized players like PCJ in the longer run.

PC Jeweller

PAN INDIA PRESENCE

NOT TO SCALE - FOR ILLUSTRATION PURPOSE

75

SHOWROOMS COVERING

3,86,923

SQ. FT.

58

CITIES,

18

STATES

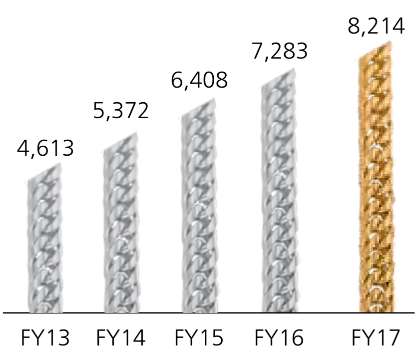
EXCLUSIVE LOUNGES @

10

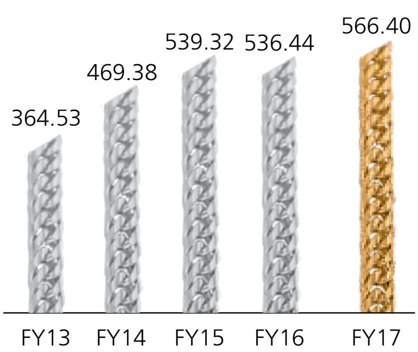
SHOWROOMS

Performance Charts

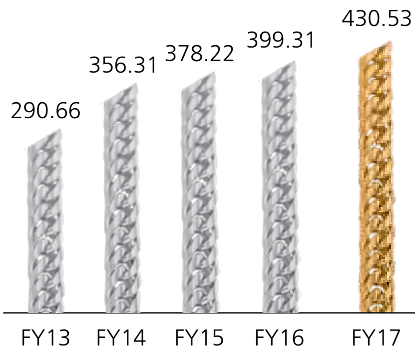
Revenue (₹ Crores)



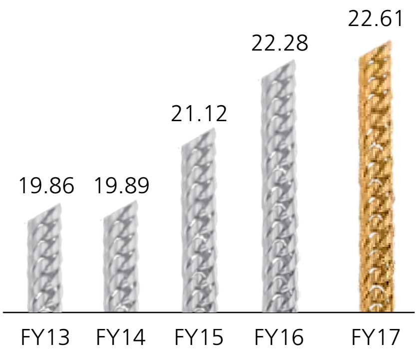
Operating Profit (₹ Crores)



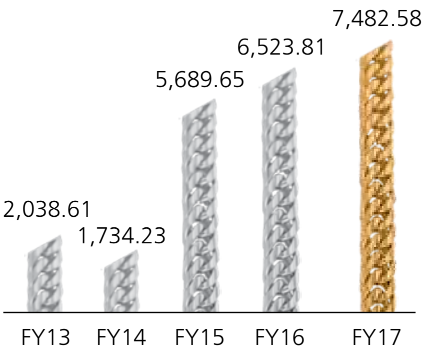
Profit After Tax (₹ Crores)



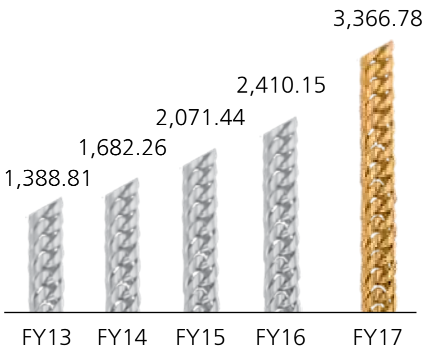
Earning Per Share (₹) Diluted



Market Capitalization (₹ Crores)



Net Worth (₹ Crores)



Awards & Accolades

PC Jeweller continued to get acknowledged and appreciated for its sustained efforts across multiple platforms:

- First ranking in the category of Precious Metal Jewellery Plain – Large for the year 2015-16 by the Gem & Jewellery Export Promotion Council.
- First ranking in the category of Highest Taxpayer Company (Rest of Gems & Jewellery items) for the year 2015-16 by the Gem & Jewellery Export Promotion Council.
- Gold Trophy in Reader's digest Trust Brands 2016.
- Gold Trophy in Northern Region Export Excellence Awards for Outstanding Export Performance in the category of Star Export House – MSME by Federation of Indian Export Organisations.

Message from the Managing Director

Dear Shareholders

I am pleased to place before you the 12th Annual Report of PC Jeweller Limited with reflections on the year gone by and my thoughts on the journey ahead.

It is an old saying that change is the only constant. Last few years have seen many regulatory changes like:

- Introduction and reversal of 80:20 ruling on gold imports
- Introduction and reversal of abolition of gold on lease scheme
- Increase in customs duty to 10%
- Jewellery purchase schemes falling under the ambit of Deposits
- Obligatory Hallmarking
- PAN Card requirement for any sales above ₹2 lakh
- Imposition of excise duty for the first time on the jewellery industry
- Announcement of demonetization in the third quarter of the financial year
- Imposition of import duty by UAE on its jewellery imports

The Company has remained on its toes throughout to comply with the new regulations and changing business environment. At the same time we welcome the new regulations as they will go a long way in making the jewellery industry more transparent and increase the market share of the organized players. Increasing regulatory environment increases the compliance costs for the unorganized players and thus creates a huge growth potential for the organized players.

The share of the organized players had been increasing in any case as the consumers are preferring to buy jewellery from a branded showroom due to assurance of quality, purity and availability of a wider design range. The imposition of Goods and Service Tax regime from 1st July, 2017 further shifts the balance in favour of the organized sector and we feel that the pace of this shift will only increase now.

Thus, I see huge potential for growth, not only for PC Jeweller but for other branded players as well. The Indian jewellery market is huge and I feel that there is enough scope for another 10 to 15 branded companies. However, it is very important to have a first mover advantage to acquire the maximum market share and PC Jeweller's expansion policy is to achieve the same.

Though online channels are gaining traction in our country, especially in the younger generation, but for jewellery purchase touch and feel of the actual product still remains a very important factor. We are now getting a lot of customers who have browsed our products online, liked them but come to our showrooms for purchasing the same. Hence, having a physical presence on ground is a must for growth and customer acquisition. The Company would therefore continue to open showrooms for gaining access to the maximum number of consumers.

Accordingly, we have grown from 60 showrooms as on 31st March, 2016 to 75 showrooms as on 31st March, 2017. I still recall that we closed the F.Y. 2012-13 with a showroom count of 24. Hence, we have increased our retail presence by more than 3 times in the past four years and thus getting closer to our target consumers. The Company which was initially targeting only middle and upper middle class customers has now expanded its reach to the entire spectrum of customers from HNIs at one end to middle and lower middle class at other.

Similarly, the Company has expanded its geographical presence from Metros to Tier I, II and now Tier III locations as well. The Company has till date expanded by opening its own showrooms, mainly at the high streets of big cities. It has now more or less covered the majority of these locations and is now expanding its presence in the local markets of big cities as well as Tier II & III locations. These locations have the advantage of less capital requirement and lower running costs which result in quicker break even and higher returns.

The Company ventured into a new vertical when it opened its first franchisee showroom in October 2015. It followed it up by opening four more during the F.Y. 2016-17. The franchisee model is a good margin accretion model as it permits the Company to expand without investing its own capital. Going forward the Company would continue to concentrate on this model in addition to opening its own showrooms.

Some of the other ROE accretion steps being carried out by the Company include:

(1) Reduction in the quantum of inventory by digitising the same and making it available across all showrooms rather than physical inventory. This would be especially useful for reducing the number of high value jewellery items which have a longer turnaround period.

(2) Leveraging technology to create virtual showrooms and thus minimize investment in physical showrooms.

(3) Strengthening our online vertical enables us to target consumers across wide area and achieve sales with a minimal capital investment. This also helps us to leverage on the online offline synergies between the two verticals.

(4) Leverage in house designing and manufacturing strengths to create higher margin jewellery of the likes of Flexia etc.

(5) Helping margins by identifying inefficiencies and rationalizing costs across all the operations and processes.

(6) Currently our exports consist of only plain gold jewellery which have limited margins. We are working hard to include more high value jewellery items under our own brand name in our export portfolio.

We would continue to invest on strengthening our manufacturing and designing capabilities. I sincerely believe that as our sector becomes more and more organized the only differentiating factor between the two organized/branded players will be the availability of maximum number of designs at all price points. Hence, I am very passionate about this point. Having strong manufacturing capabilities permits us to reduce production costs, retain skilled workers, shorten product development and develop capability to introduce newer collections rapidly. This will enable the Company to gain a sustainable competitive advantage over its competitors.

Acquisition of premium gold jewellery brand "Azva" by the Company's wholly owned subsidiary Luxury Products Trendsetter Private Limited has given us a presence in the high premium gold jewellery segment not only within the country but also overseas. The Company is confident that it will play a significant role in its growth in the coming years.

The exports will continue to have a role in the Company's operations. The international jewellery market is huge with immense growth possibilities. The Company's existing export business is a B2B without any significant capital requirements. However, we have plans to gradually create more value addition in this business by expanding our export range as well as exporting under our own brand name.

Creating investor value remains our top priority and I am confident that the above mentioned ROE accretion steps would go a long way in achieving the same. The Company has also completed issue and allotment of bonus equity shares in the ratio of 1 : 1, which should also create additional value for our investors.

I take this opportunity to convey my thanks to all the stakeholders, vendors, bankers and customers for all their support and encouragement throughout the year. I am also thankful to all our employees who have continued to contribute to the Company's growth with their exemplary performance and commitment.

With Regards,

Yours sincerely,

Sd/-
Balram Garg
Managing Director

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 (resigned w.e.f. December 30, 2016)
Dr. Manohar Lal Singla	Independent Director
Shri Krishan Kumar Khurana	Independent Director
Shri Miyar Ramanath Nayak	Independent Director
Shri Suresh Kumar Jain	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	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 C – 54, Preet Vihar, Vikas Marg, Delhi - 110092 Tel: 011 - 49714971, 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 - 67161606 | Fax: 040 - 67161791 | 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

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 12th Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The highlights of the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2017, are as under:

(Rs. in crores, except earnings per share)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Revenue from operations	8,104.58	7,232.10	8,479.55	7,303.22
Other income	109.15	50.72	97.25	49.94
Total revenue	**8,213.73**	**7,282.82**	**8,576.80**	**7,353.16**
Profit before finance costs, depreciation and tax	863.12	803.70	855.19	802.03
Less: Finance cost	274.71	244.65	278.56	244.95
Less: Depreciation & amortisation expense	22.01	22.61	22.48	22.66
Profit before tax	**566.40**	**536.44**	**554.15**	**534.42**
Less: Tax Expense	135.87	137.13	133.14	136.23
Net profit after tax	**430.53**	**399.31**	**421.01**	**398.19**
Other comprehensive income for the year, net of tax	(0.08)	0.35	(4.42)	0.35
Total comprehensive income for the year	**430.45**	**399.66**	**416.59**	**398.54**
Earnings per share (in Rs.):				
Basic	24.05	22.32	23.27	22.25
Diluted	22.61	22.28	21.89	22.22

During the year under review, revenue from operations on standalone basis grew by 12% to Rs.8,104.58 crores. The net profit after tax also registered a growth of about 8% to Rs.430.53 crores. The share of domestic and export sales in the revenue from operations on standalone basis is Rs.5,338 crores (66%) and Rs.2,766 crores (34%) respectively.

BUSINESS OVERVIEW

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. Your Company continues to move ahead on its well defined growth path of (1) showroom expansion; (2) launching new designs and collections; and (3) strengthening in-house designing and manufacturing capabilities.

Your Company continues to focus on expanding its retail presence across more and more cities of the Country and has opened 15 new showrooms during the year. The Company has total 75 showrooms as on March 31, 2017. After end of the year under review, your Company has opened 4 more new showrooms and as on the date of this report, the Company is having total 79 showrooms located across 62 cities in India. Out of the 79 showrooms 6 are franchisee and rest are the Company owned. In addition to the network of showrooms, the Company is also having 5 manufacturing facilities for meeting its in-house requirements.

During the year your Company launched many new jewellery designs and collections like 'Inayat' wedding jewellery, Abhigyaan Shakuntalam, Twirlyz etc. The Company also launched additional ranges of Flexia, its unique detachable jewellery collection.

SHARE CAPITAL

During the year under review the following changes have taken place in the authorised and paid-up share capital of the Company:

(1) The authorised share capital of the Company was increased from Rs.225 crores to Rs.500 crores, comprising of 24 crores equity shares of Rs.10/- each and 26 crores preference shares of Rs.10/- each.

(2) The Company has allotted total 25,73,72,912 compulsorily convertible preference shares, by way of preferential allotment on private placement basis to six different funds of Fidelity group belonging to Non-Promoters category. The Company has also allotted 37,600 equity shares upon exercise of stock options to the eligible employees of the Company under PC Jeweller Limited Employee Stock Option Plan 2011. Consequently, the paid-up share capital of the Company has been increased from Rs.179,10,00,000 to Rs.436,51,05,120 comprising of 17,91,37,600 equity shares of Rs.10/- each and 25,73,72,912 preference shares of Rs.10/- each.

COMPULSORILY CONVERTIBLE DEBENTURES

During the year under review, your Company has also issued and allotted 42,69,984 compulsorily convertible debentures having face value of Rs.1,000/- each, by way of preferential allotment on private placement basis to DVI Fund (Mauritius) Ltd belonging to Non-Promoters category.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.1/- per equity share (i.e. @10% of face value of Rs.10/- each) for the financial year 2016-17, subject to the approval of Members in the 12th Annual General Meeting.

Your Directors have also recommended a dividend of Rs.1.30 per compulsorily convertible preference share (i.e. @13% of face value of Rs.10/- each) for the period from September 2, 2016 (i.e. date of allotment) to March 31, 2017, subject to the approval of Members in the 12th Annual General Meeting.

TRANSFER TO GENERAL RESERVE

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2017, the Board of your Company comprises of 8 Directors including 4 Independent Directors.

During the year under review, Shri Muneesh Chawla was appointed as a Non-Executive Nominee Director w.e.f. July 4, 2016 and Shri Ramesh Kumar Sharma was re-appointed as a Whole-time Director of the Company for a further term of 5 years w.e.f. February 7, 2017 to February 6, 2022.

Mrs. Kusum Jain resigned from the Board of the Company w.e.f. December 30, 2016. The Board places on record its appreciation for the guidance and contribution made by Mrs. Kusum Jain during her tenure on the Board.

Shri Ramesh Kumar Sharma, Director of the Company retires by rotation and being eligible, offered himself for re-appointment at the 12th Annual General Meeting. Brief resume of Shri Ramesh Kumar Sharma forms part of the Notice convening the 12th Annual General Meeting.

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 continues to be Key Managerial Personnel of the Company.

SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES

As on March 31, 2017, your Company has following four wholly owned non-material 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 facility at Noida Special Economic Zone, Noida (U.P.).

Transforming Retail Private Limited: It is engaged in the business of trading of all kinds of gold and diamond jewellery through its online sale portal www.wearyourshine.com.

Luxury Products Trendsetter Private Limited: It is engaged in the business of manufacturing, buying, selling etc. of jewellery. It owns the premium gold jewellery brand 'AZVA'.

PC Jeweller Global DMCC: It was incorporated as a wholly owned subsidiary of the Company during the year under review in Dubai (UAE). It is engaged in the business of jewellery trading.

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 Company's subsidiaries in Form AOC-1 forms part of the Annual Report. The statement also provides the details of performance and financial position of each of the subsidiary.

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and form part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), the Management Discussion and Analysis Report forms part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT

As stipulated under LODR Regulations, the Business Responsibility Report describing the initiatives taken by the Company from environmental, social and governance perspective forms part of the 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 Act read with applicable Schedules and Rules as well as LODR Regulations.

NUMBER OF BOARD MEETINGS

During the year ten Board meetings were held on April 6, 2016; May 24, 2016; May 30, 2016; June 30, 2016; July 27, 2016;

August 3, 2016; August 18, 2016; September 2, 2016; November 23, 2016 and February 14, 2017. 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

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, Independent Director, is the Chairperson of the Committee. For further details, please refer to Report on Corporate Governance.

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.

INTERNAL CONTROL SYSTEMS

Your Company has an effective internal control system, which ensures that all the assets of the Company are safeguarded and protected against any loss from unauthorized use or disposition. The 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.

PUBLIC DEPOSITS

Your Company has been accepting deposits from the public under its jewellery purchase scheme "Jewel for Less". The scheme is to facilitate customers to purchase jewellery by making deposits through monthly installments and also get benefit in the form of discount at the time of purchase of jewellery, based on the duration of the scheme. The requisite details relating to deposits, covered under Chapter V of the Act are as under:

(a)	Amount of deposits as at April 1, 2016	:	Rs.30.71 crores
(b)	Deposits accepted during the year	:	Rs.115.04 crores
(c)	Deposits repaid during the year	:	Rs.35.34 crores
(d)	Balance deposits outstanding as at March 31, 2017	:	Rs.110.41 crores
(e)	Remained unpaid or unclaimed as at the end of the year:		
	(i) Deposits that have matured but not claimed	:	Rs.7 crores
	(ii) Deposits that have matured and claimed but not paid	:	Nil
(f)	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, 2017 is as under:

- Share application money due for refund in relation to the Initial Public Offer: Rs.2.16 lakh
- Unclaimed / unpaid dividend: Rs.5.16 lakh

PARTICULARS OF LOANS, GUARANTEES AND INVESTEMENTS

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

PARTICULARS OF CONTRACTS / ARRANGEMENTS / TRANSACTIONS WITH RELATED PARTIES

All the related party transactions that were entered during the year 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 related parties and transactions with them, in accordance with the requirement of Indian Accounting Standard (Ind AS) 24 have been disclosed in the notes forming part of the financial statements.

BORROWINGS AND DEBT SERVICING

During the year under review, your Company has met all its obligations towards repayment of principal and interest on loans availed.

CREDIT RATING

Credit Analysis & Research Limited vide its letter dated August 17, 2016 has reaffirmed CARE A+ (FD) to the Company's Fixed Deposit Programme of Rs.500 crores.

CRISIL Limited vide its letter dated August 22, 2016 has reaffirmed CRISIL A/Stable (Long-Term Rating) and CRISIL A1 (Short-Term Rating) to the total bank facilities of Rs.3,937 crores.

India Ratings & Research Private Limited, a Fitch Group Company, vide its letter dated February 22, 2017 has assigned 'IND A1+' rating to the Company's additional Rs.300 crores Commercial Paper Programme and has also affirmed 'IND A1+' rating to the Company's existing Rs.200 crores Commercial Paper Programme.

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

There have been no material changes and commitments affecting financial position of the Company between end of the financial year and the date of the report.

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

(A) CONSERVATION OF ENERGY

In its endeavour towards conservation of energy your Company ensure 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 & Outgo during the year are as under:

Earnings	: Rs.2,767.12 crores
Outgo	: Rs.1.88 crores

DISCLOSURE AS PER SEXUAL HARRASSMENT 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, 2017.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your Company has formulated a Whistle Blower Policy / Vigil Mechanism, which provides a formal mechanism for all employees and the 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

The Board of your Company on the recommendation of Nomination and Remuneration Committee laid down the criteria for evaluation of the Board, its Committees and individual Directors and accordingly the evaluation process was carried out. The process was based on evaluation forms, which include a rating mechanism. Independent Directors also at their separate meeting reviewed the performance of the Board as a whole, Non-Independent Directors and the Chairman.

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, suggestions / recommendations by the Committees to the Board etc.

The criteria for performance evaluation of 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, leadership qualities and effectiveness of communication with all stakeholders, impact and influence on the Board / Committees 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:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;

b) 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;

c) 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;

d) the Directors had prepared the annual accounts on a going concern basis;

e) 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

f) 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 with the objective of introducing a long term incentive tool to attract, motivate, retain talent and reward loyalty, formulated PC Jeweller Limited Employee Stock Option Plan 2011 ("**ESOP 2011**"), for grant of a maximum of 26,79,330 stock options to the eligible employees of the Company. During the year, the Company has allotted 37,600 equity shares upon exercise of stock options to the eligible employees of the Company under ESOP 2011. The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by Members. The certificate would be placed at the Annual General Meeting for inspection by Members. 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

Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) and 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. Accordingly, the current term of appointment of Sharad Jain Associates will expire on conclusion of 12th Annual General Meeting of the Company.

The Company has received consent letter and eligibility certificate under Sections 139 and 141 of the Act from Walker Chandiok & Co LLP. As required under Regulation 33 of LODR Regulations they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Board recommends the appointment of Walker Chandiok & Co LLP for ratification in the 12th Annual General Meeting.

The notes to the financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further explanations or comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR

Pursuant to the provisions of 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 the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report is annexed herewith as "**Annexure - 2**" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks except that as on March 31, 2017, the Company is under obligation to appoint a woman director on its Board. The Company has initiated the process for identification / induction of new woman director on its Board for filling the vacancy caused by the resignation of earlier woman director in due course.

CORPORATE GOVERNANCE REPORT

Your Company believes in the principle of corporate governance and is committed to maintain the highest standards of Corporate Governance. The Report on Corporate Governance as stipulated under LODR Regulations forms part of the Annual Report. The Certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is annexed as "**Annexure – 3**" 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 – 4**" to this Report.

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility has always been at the forefront of your Company's operating philosophy. As a responsible corporate citizen, the Company tries to contribute towards social causes on a regular basis. The Corporate Social Responsibility Policy of the Company is placed on its website www.pcjeweller.com. In terms of the Policy, CSR programs or projects to be undertaken by the Company shall relate to one or more activities listed in Schedule VII of the Act, at present or as may be amended from time to time. The Annual Report on CSR activities as per The Companies (Corporate Social Responsibility Policy) Rules, 2014, in the prescribed format, is annexed as "**Annexure – 5**" to this Report.

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

The Company's Policy on Directors' appointment, remuneration and Criteria for determining qualifications, positive attributes & independence of a Director are annexed as "**Annexure – 6**" and "**Annexure – 7**" 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 annexed as **"Annexure – 8"** to this report.

EXTRACT OF ANNUAL RETURN

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

ACKNOWLEDGEMENT

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, cooperation and dedication during the year. Your Directors also sincerely convey their appreciation to customers, shareholders, vendors, bankers, regulatory and government authorities for their continued support.

For and on behalf of the Board

Sd/-
Date: August 1, 2017 **(PADAM CHAND GUPTA)**
Place: New Delhi Chairman
DIN: 00032794

Annexure – 1

STATEMENT PURSUANT TO REGULATION 14 OF THE SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

1.	Date of shareholders' approval	:	Members in the Extra-ordinary General Meeting of the Company held on September 26, 2011 approved PC Jeweller Limited Employee Stock Option Plan 2011 ("**ESOP 2011**"). After listing of the Company's equity shares on BSE Limited ("**BSE**") & National Stock Exchange of India Limited ("**NSE**"), ESOP 2011 was further ratified by Members in the 8th Annual General Meeting of the Company held on September 18, 2013.
2.	Total number of Options approved under ESOP	:	26,79,330
3.	Vesting requirements	:	The Options granted shall vest so long as the employee continues to be in the employment of the Company i.e. the Options will lapse if the employment is terminated prior to vesting. Even after the Options are vested, the un-exercised Options may be forfeited if the services of the employee are terminated for reasons specified in ESOP 2011. Vesting of the Options shall take place over a period of 4 years (as specified below) with a minimum vesting period of 1 year from the Grant date: • 10% of the Options shall vest on completion of 12 months from the Grant date. • 20% of the Options shall vest on completion of 24 months from the Grant date. • 30% of the Options shall vest on completion of 36 months from the Grant date. • 40% of the Options shall vest on completion of 48 months from the Grant date.
4.	Exercise price	:	Rs.10/-
5.	Maximum term of Options granted	:	8 years from the Grant date
6.	Source of shares	:	Primary
7.	Variation in terms of Options	:	None
8.	i) Method used to account for ESOP	:	Fair Value Method
	ii) The difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options.	:	Not applicable as the Company has used Fair Value Method in accordance with Ind AS – 102 "Share Based Payment".
	iii) The impact of this difference on profits and on EPS of the company	:	Not applicable as the Company has used Fair Value Method in accordance with Ind AS – 102 "Share Based Payment".
9.	Option movement during the year:		
	i) Number of Options outstanding at the beginning of the period	:	7,26,300
	ii) Number of Options granted during the year	:	Nil
	iii) Number of Options forfeited / lapsed during the year	:	Nil
	iv) Number of Options vested during the year	:	72,630
	v) Number of Options exercised during the year	:	37,600
	vi) Number of shares arising as a result of exercise of Options	:	37,600

	vii) Money realized by exercise of Options	:	Rs.3,76,000/-
	viii) Loan repaid by the Trust during the year from exercise price received	:	Not Applicable
	ix) Number of Options outstanding at the end of the year	:	6,88,700
	x) Number of Options exercisable at the end of the year	:	35,030
10.	Weighted-average exercise prices and weighted-average fair values of Options, whose exercise price either equals or exceeds or is less than the market price of the stock.	:	Weighted-average exercise price per Option: Rs.10/- Weighted-average fair value per Option: Rs.318.22
11.	Employee wise details of Options granted to:		
	(i) Senior Managerial Personnel	:	No options were granted during the financial year 2016-17.
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	:	None
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	:	None
12.	(i) A description of the method used during the year to estimate the fair value of Options, weighted-average fair value and weighted-average exercise price of Options granted.	:	The fair value of the Options granted has been calculated using Black Scholes option pricing model. Weighted average fair value per Option: Rs.318.22 Weighted average exercise price per Option: Rs.10/-
	(ii) significant assumptions used during the year to estimate the fair value of Options:		
	(a) Expected volatility	:	52.61%
	(b) Expected option life	:	5 years - 8 years
	(c) Risk-free interest rate	:	7.97% - 8.04%
	(d) Expected dividends	:	0.71%
	(iii) Methodology for determination of expected volatility	:	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 got listed on BSE & NSE on December 27, 2012. The volatility is determined by taking into account the period since the listing of the Company.

Annexure – 2

SECRETARIAL AUDIT REPORT

for the financial year ended 31st March, 2017
[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

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 and made available to me, 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 issued but not 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**]; and
8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: [**Not applicable as the Company has not bought back/proposed to buyback any of its securities during the financial year under review**].

(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, 1986
2. The Legal Metrology Act, 2009 and The Legal Metrology (Packaged Commodities) Rules, 2011

I have also examined compliance with the applicable clauses of the following:

(I). Secretarial Standards issued by The Institute of Company Secretaries of India.

(II). The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except that as on March 31, 2017, the Company is under obligation to appoint a woman director on its Board.

I 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. However, as on March 31, 2017, the Company is under obligation to appoint a woman director on its Board. 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 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.

All decisions of the Board meetings and committee meetings are carried out unanimously as recorded in the minutes of meetings of the Board of Directors or Committees of the Board, as the case may be.

I 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.

I further report that during the audit period, the Company has made two preferential issues to the persons belonging to Non-Promoter category; i) issue and allotment of 42,69,984 Compulsorily Convertible Debentures having face value of Rs.1,000/- each; and ii) issue and allotment of 25,73,72,912 Compulsorily Convertible Preference Shares having face value of Rs.10/- each.

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

Sd/-
(RANDHIR SINGH SHARMA)
Proprietor
Membership No.: FCS 2062
C.P. No.: 3872

Place: New Delhi
Date: 01/08/2017

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

ANNEXURE - A

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I 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. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I 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. My 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

Sd/-
(RANDHIR SINGH SHARMA)
Proprietor
Membership No.: FCS 2062
C.P. No.: 3872

Place: New Delhi
Date: 01/08/2017

Annexure – 3

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

I 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 31st March, 2017 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. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 [except Regulation 17(1) for part of the year] to 27 and clauses (b) to (i) of the Regulation 46(2) of the LODR Regulations.

I 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

Sd/-
(RANDHIR SINGH SHARMA)
Proprietor
Membership No.: FCS 2062
C.P. No.: 3872

Place: New Delhi
Date: 01/08/2017

Annexure – 4

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 2016-17:

Median remuneration of employees for the financial year 2016-17: Rs.1,84,308/-

Name of Director	Ratio
Non-Executive Director	
Shri Padam Chand Gupta	2.71
Mrs. Kusum Jain (resigned w.e.f. December 30, 2016)	1.09
Dr. Manohar Lal Singla	2.50
Shri Krishan Kumar Khurana	2.71
Shri Miyar Ramanath Nayak	1.57
Shri Suresh Kumar Jain	1.09
Shri Muneesh Chawla (appointed w.e.f. July 4, 2016)	1.09
Executive Director	
Shri Balram Garg	374.37
Shri Ramesh Kumar Sharma	38.42

Note: The remuneration of Non-Executive Director is the sitting fee paid to them.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17:

(Rs. in Lakhs)

Name	2015-16	2016-17	Percentage increase in remuneration
Non-Executive Director			
Shri Padam Chand Gupta	2.55	5.00	96.08
Mrs. Kusum Jain (resigned w.e.f. December 30, 2016)	0.90	2.00	#
Dr. Manohar Lal Singla	1.85	4.60	148.65
Shri Krishan Kumar Khurana	1.95	5.00	156.41
Shri Miyar Ramanath Nayak	1.30	2.90	123.08
Shri Suresh Kumar Jain (appointed w.e.f. September 19, 2015)	0.80	2.00	#
Shri Muneesh Chawla (appointed w.e.f. July 4, 2016)	-	2.00	@
Executive Director			
Shri Balram Garg	600.00	690.00	15.00
Shri Ramesh Kumar Sharma	29.70*	68.42	130.37
Chief Financial Officer			
Shri Sanjeev Bhatia	27.00*	69.92	158.96
Company Secretary			
Shri Vijay Panwar	13.50*	30.04	122.52

Not provided as Mrs. Kusum Jain and Shri Suresh Kumar Jain were holding directorships for part of the financial year.
@ Not provided as Shri Muneesh Chawla was not a Director during the financial year 2015-16.
* Including salary arrears for financial year 2015-16, which were paid during financial year 2016-17.

(iii) **The percentage increase in the median remuneration of employees in the financial year 2016-17:** 5.71%

(iv) **The number of permanent employees on the rolls of company as on March 31, 2017:** 2,504

(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)

Name of Director	2015-16	2016-17	Percentage increase
Average salaries of all employees other than Key Managerial Personnel	2.06	2.34	13.59
Key Managerial Personnel			
- Salary of Managing Director	600.00	690 .00	15.00
- Salary of Chief Financial Officer	27.00*	69.92	158.96
- Salary of Company Secretary	13.50*	30.04	122.52

* Including salary arrears for financial year 2015-16, which were paid during financial year 2016-17.

The percentage increase in remuneration of Chief Financial Officer and Company Secretary is higher compared to average percentage increase in salaries of all employees other than Key Managerial Personnel due to perquisite value of shares allotted to them upon exercise of stock options during the financial year as well as increase in remuneration commensurate with their responsibilities and work profile.

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) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i) **Employed throughout the financial year and in receipt of remuneration aggregating not less than Rs.102 lakhs per annum:**

Name	:	Shri Balram Garg
Designation	:	Managing Director
Remuneration received	:	Rs.690 lakhs
Nature of employment	:	Contractual
Qualification	:	B. Com.
Experience	:	28 Years
Date of commencement of employment	:	April 16, 2005
Age	:	47 Years
Previous employment	:	None
Percentage of Equity Shares held	:	37.39%
Relative Director	:	Shri Padam Chand Gupta (Brother) Mrs. Kusum Jain (Sister)

(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

Annexure – 5

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 outlines the Company's philosophy as a responsible corporate citizen of India. It also 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, at present or as may be amended from time to time. The Corporate Social Responsibility Policy is available on the website of the Company and can be accessed through the link https://www.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ_CSR%20Policy.pdf.

2. **Composition of the CSR Committee:**

   1. Dr. Manohar Lal Singla, Independent Director (Chairman)
   2. Shri Krishan Kumar Khurana, Independent Director (Member)
   3. Shri Ramesh Kumar Sharma, Executive Director (Member)

3. **Average net profit of the Company for last three financial years:** Rs.515.79 crores

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** Rs.10.32 crores

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

   (a) Total amount to be spent for the financial year: Rs.10.32 crores
   (b) Amount unspent, if any: Rs.5.32 crores
   (c) Manner in which the amount spent during the financial year is detailed below:

(Rs. in crores)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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 school building	Clause (ii) of Schedule VII: Promoting Education	Delhi	2.00	2.00	2.00	Through implementing agency: Maharaja Agrasen Technical Education Society
2.	Construction of school building	Clause (ii) of Schedule VII: Promoting Education	Dehradun, Uttarakhand	3.00	3.00	3.00	Through implementing agency: PC Charitable Society
	TOTAL			5.00	5.00	5.00	

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:

The Company has been gradually increasing its expenditure on CSR activities. During the year, the entire CSR expenditure incurred by the Company was towards education sector. The Company also tried to find out projects/programs for making contribution in relation to healthcare activities, but could not succeed in identifying any suitable project/program, which resulted in shortfall in CSR expenditure during the year. Although, the Company has made some contributions towards other social activities but those are not covered under CSR expenditure. However, the Company is committed to increasing its spending under the approved heads and achieve mandatory 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**)

Date: August 1, 2017

Annexure – 6

NOMINATION & REMUNERATION POLICY

1) PREFACE

PC Jeweller Limited (the "**Company**") has always considered human resources as invaluable assets of the Company. The Nomination & Remuneration Policy (the "**Policy**") of the Company is designed to identify the person for appointment as Director, Key Managerial Personnel ("KMP") and other Senior Management Personnel ("SMP") and to attract, motivate, improve productivity and retain manpower by creating a congenial work atmosphere, encouraging initiatives, personal growth and team work by creating a sense of belonging and involvement, besides offering appropriate remuneration packages and to ensure that the remuneration to Directors, KMP and other SMP matches the levels prevailing in the industry and comparable companies, whilst also taking into consideration the required competencies, efforts and scope of their responsibilities and duties.

In accordance with the provisions of Section 178 of the Companies Act, 2013 and the Rules made thereunder and amended Clause 49 of the Listing Agreements with Stock Exchanges, the Nomination and Remuneration Committee, is required to identify persons who are qualified to become directors and recommend to the Board a policy, relating to the remuneration of the Directors, KMP and other employees. In order to comply with this requirement, the Nomination and Remuneration Committee has recommended this Policy and the Board of the Company approved the same at its meeting held on November 12, 2014.

2) POLICY OBJECTIVE

The objective of this Policy is to recommend to the Board a policy, relating to the nomination of persons who are qualified to become Directors and remuneration of the Directors, KMP and other employees.

3) DEFINITIONS

3.1) "**Act**" means the Companies Act, 2013.

3.2) "**Board**" means the Board of Directors of the Company.

3.3) "**Company**" means PC Jeweller Limited.

3.4) **"Director"** means a Director appointed on the Board of the Company.

3.5) **"Independent Director"** means a director as defined under the Act and the Listing Agreements with Stock Exchanges.

3.6) **"Key Managerial Personnel (KMP)"** means the person(s) appointed as such under Section 203 of the Act.

3.7) **"Nomination and Remuneration Committee (Committee)"** means a Committee of Board of the Company, constituted in accordance with the provisions of Section 178 of the Act read with Clause 49 of the Listing Agreements with Stock Exchanges.

3.8) **"Policy"** means Nomination & Remuneration Policy.

3.9) **"Senior Management Personnel (SMP)"** means personnel of the Company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act or Clause 49 of the Listing Agreements with Stock Exchanges, as may be amended from time to time shall have the same meaning respectively assigned to them therein.

4) APPOINTMENT OF DIRECTORS, KMP & SMP

4.1) The Committee shall identify and ascertain the qualifications, expertise and experience of the person for appointment as Director, and recommend to the Board his/her appointment. Before recommending a person's candidature to the Board, the Committee may consider following criteria as guidelines:

- Individuals of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Individuals having financial or business literacy/skills.
- Individuals having jewellery industry experience.
- Individuals having other qualification/ experience to meet the objectives of the Company.
- As per the applicable provisions of the Act and Rules made thereunder and Clause 49 of

Listing Agreement, as amended from time to time.

4.2) A person to be appointed as KMP or SMP should possess adequate relevant qualification, expertise and experience for the position he / she is considered for.

4.3) The Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate and to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for appointment as Director / KMP / SMP.

5) REMUNERATION TO WHOLE-TIME / EXECUTIVE / MANAGING DIRECTOR

5.1) REMUNERATION

The Whole-time / Executive / Managing Director will be eligible for remuneration by way of salary, allowances, perquisites and other benefits, if any, as may be approved by the shareholders on the recommendation of the Board and the Committee. They may also be paid commission based on the net profits of the Company.

However, the remuneration / commission etc. to be paid to the Whole-time / Executive / Managing Director shall be in accordance with the provisions of the Act and the Rules made thereunder or any other law for the time being in force, as may be amended from time to time.

5.2) MINIMUM REMUNERATION

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

6) REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

6.1) SITTING FEES

Non-Executive / Independent Director will receive such remuneration by way of sitting fee for attending meetings of the Board or Committees thereof, as may be approved by the Board from time to time:

Provided that the amount of such fee shall not exceed Rupees one lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

6.2) COMMISSION

Commission may be paid to Non-Executive / Independent Director within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company, if there is a Managing or Whole-time Director, or 3% of the net profits of the Company in any other case.

6.3) STOCK OPTIONS

An Independent Director shall not be entitled to any stock option of the Company.

7) REMUNERATION TO KMP (EXCLUDING WHOLE-TIME / EXECUTIVE / MANAGING DIRECTOR) AND SMP

The KMP (excluding Whole-time / Executive / Managing Director) and SMP of the Company will be paid remuneration by way of salary, allowances, perquisites and other benefits, if any, as per the Company's policies and / or as may be approved by the Committee based on their experience, expertise, qualifications, scope of responsibilities and duties, industry standards etc.

8) REMUNERATION TO OTHER EMPLOYEES

Other employees of the Company will be paid remuneration as per the Company's policies and / or as may be decided by the Managing Director based on their experience, expertise, qualifications etc.

9) GENERAL

9.1) The Policy will apply to all employment(s) / engagement(s) with the Company, whether continuing or future.

9.2) In addition to normal / regular remuneration, PC Jeweller Limited Employee Stock Option Plan 2011 ("ESOP 2011") is also in place for eligible employees of the Company. The objectives of the ESOP 2011 are to attract, motivate and retain talent and reward loyalty etc.

9.3) The remuneration / commission etc. to the Whole-time / Executive / Non-Executive / Managing / Independent Director will be recommended by the Committee to the Board for approval and shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required.

9.4) The Remuneration to be paid to KMP, SMP and other employees shall also be governed by the limits and requirements, if any, as may be prescribed under the Act and Rules made thereunder or any other law for the time being in force.

9.5) Where any insurance is taken by the Company on behalf of its Directors and KMP for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

10) SCOPE LIMITATION

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

11) AMENDMENT

The Board on its own or as per the recommendations of the Committee can amend or modify this Policy in whole or in part, as and when deem fit.

Annexure – 7

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

1) PREFACE

In accordance with the provisions of Section 178 of the Companies Act, 2013 and the Rules made thereunder and amended Clause 49 of the Listing Agreements with Stock Exchanges, the Nomination and Remuneration Committee, is required to formulate criteria for determining qualifications, positive attributes and independence of a director. Accordingly, the Nomination and Remuneration Committee has recommended this criteria and the Board of the Company approved the same at its meeting held on November 12, 2014.

2) CRITERIA OBJECTIVE

The objective of the criteria is to determine qualifications, positive attributes and independence of a director.

3) CRITERIA FOR DETERMINING QUALIFICATIONS FOR APPOINTMENT OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)

- Individuals of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Individuals having financial or business literacy/skills.
- Individuals having jewellery industry experience.
- Individuals having other qualification/experience to meet the objectives of the Company.
- As per the applicable provisions of the Act and Rules made thereunder and Clause 49 of Listing Agreement, as amended from time to time.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

4) CRITERIA FOR DETERMINING POSITIVE ATTRIBUTES OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)

- Should demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Should uphold ethical standards of integrity and probity and act objectively and constructively.
- Should be forward looking, ethical and law abiding.
- Should actively update knowledge and skills with the latest developments in the jewellery industry, market conditions and applicable legal provisions.
- Should be willing to devote sufficient time and attention to professional obligations for informed and balanced decision making and discharge responsibilities in a bona-fide manner in the interest of the company.
- Should assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, resources, key appointments and standards of conduct.
- Should have ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- Should act within authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- Independent Directors should meet the requirements of the Act and Rules made thereunder and Clause 49 of the Listing Agreement, as amended from time to time.

5) CRITERIA FOR DETERMINING INDEPENDENCE OF INDEPENDENT DIRECTORS

An Independent director should meet the requirements of the Act and the Rules made thereunder and Clause 49 of the Listing Agreement, as amended from time to time, concerning independence of directors.

5.1) INDEPENDENCE REVIEW PROCEDURES

5.1.1) ANNUAL REVIEW

The director's independence for the independent director will be reviewed by the Board on an annual basis upon the declarations made by such Directors as per the provisions of the Act and the Rules made thereunder / Listing Agreement.

5.1.2) NOTICE OF CHANGE OF INDEPENDENT STATUS

Each independent director has an affirmative obligation to inform the Board of any change in circumstances that may affect his or her independence.

6) AMENDMENT

The Board on its own or as per the recommendations of the Committee can amend or modify this Policy in whole or in part, as and when deem fit.

Annexure – 8

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 crystalization 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.

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.

Annexure – 9

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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

i)	**CIN**	L36911DL2005PLC134929
ii)	**Registration Date**	April 13, 2005
iii)	**Name of the company**	PC Jeweller Limited
iv)	**Category / Sub-Category of the company**	Limited by shares / Non-Government Company
v)	**Address of the Registered office and contact details**	C-54, Preet Vihar, Vikas Marg, Delhi - 110092 Tel: 011-49714971, Fax: 011-49714972 e-mail: info@pcjeweller.com
vi)	**Whether listed company (Yes / No)**	Yes (Listed on BSE Limited and National Stock Exchange of India Limited)
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 - 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 (Telangana) Tel: 040-67161606, Fax: 040-67161791 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:

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN/Regn. No.	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	**PC Universal Private Limited** T-302, Raj Kamal Sadan, Plot No.14, Preet Vihar, Community Centre, Delhi - 110092	U36912DL2013PTC248867	Subsidiary	100	2(87)
2	**Transforming Retail Private Limited** 2733, Third Floor, Gali No. 23-24, Beadon Pura, Karol Bagh, New Delhi – 110005	U52100DL2014PTC271871	Subsidiary	100	2(87)
3	**Luxury Products Trendsetter Private Limited** 2716, Ground Floor, Bank Street, Karol Bagh, Delhi – 110005	U52393DL2015PTC288371	Subsidiary	100	2(87)
4	**PC Jeweller Global DMCC** Unit No. 2108, Platinum Tower, Plot No.JLT-PH1-I2, Jumeirah Lakes Towers, Dubai (UAE)	DMCC60642	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	
A. Promoters & Promoter Group									
(1) Indian									
a) Individual/HUF	126352850	0	126352850	70.55	122677377	0	122677377	68.48	(2.07)
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
Sub-total (A)(1)	**126352850**	**0**	**126352850**	**70.55**	**122677377**	**0**	**122677377**	**68.48**	**(2.07)**
(2) Foreign									
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
Sub-total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
Total shareholding of Promoters & Promoter Group (A) = (A)(1)+(A)(2)	**126352850**	**0**	**126352850**	**70.55**	**122677377**	**0**	**122677377**	**68.48**	**(2.07)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks / FI	4838	0	4838	0	1607	0	1607	0	0.00
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) FIIs	36381266	0	36381266	20.31	44861979	0	44861979	25.04	4.73
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
Sub-total (B)(1)	**36386104**	**0**	**36386104**	**20.31**	**44863586**	**0**	**44863586**	**25.04**	**4.73**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	6262518	0	6262518	3.50	4246560	0	4246560	2.37	(1.13)
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	1984265	844	1985109	1.11	3388225	850	3389075	1.89	0.78
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	7621194	0	7621194	4.26	3458180	0	3458180	1.93	(2.33)
c) Others									
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0.00
Non Resident Indians	257623	0	257623	0.14	185679	0	185679	0.10	(0.04)
Clearing Members	233108	0	233108	0.13	315723	0	315723	0.18	0.05
Trusts	0	0	0	0	270	0	270	0	0.00

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	
NBFC	1494	0	1494	0	1150	0	1150	0	0.00
Sub-total (B)(2)	**16360202**	**844**	**16361046**	**9.14**	**11595787**	**850**	**11596637**	**6.47**	**(2.67)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**52746306**	**844**	**52747150**	**29.45**	**56459373**	**850**	**56460223**	**31.52**	**2.07**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
Grand Total (A+B+C)	**179099156**	**844**	**179100000**	**100**	**179136750**	**850**	**179137600**	**100**	**0.00**

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	66951050	37.38	0	66976050	37.39	0	0.01
2	Shri Padam Chand Gupta	50371800	28.12	0	50371800	28.12	0	0
	Total	**117322850**	**65.50**	**0**	**117347850**	**65.51**	**0**	**0.01**

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
1	**Shri Balram Garg**				
	At the beginning of the year	66951050	37.38		
	Increase / (Decrease) in Shareholding during the year				
	21/12/2016 - Purchase	25000	0.01	66976050	37.39
	At the end of the year			66976050	37.39
2	**Shri Padam Chand Gupta**				
	At the beginning of the year	50371800	28.12		
	Increase / (Decrease) in Shareholding during the year	0	0	50371800	28.12
	At the end of the year			50371800	28.12

D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, Promoter Group 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
1	**IDRIA LIMITED**				
	At the beginning of the year	9075718	5.07		
	Increase/(Decrease) in Shareholding during the year	0	0	9075718	5.07
	At the end of the year			9075718	5.07

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
2	**DVI FUND MAURITIUS LTD**				
	At the beginning of the year	6654464	3.72		
	Increase/(Decrease) in Shareholding during the year	0	0	6654464	3.72
	At the end of the year			6654464	3.72
3	**MAWER GLOBAL SMALL CAP FUND**				
	At the beginning of the year	5379328	3.00		
	Increase/(Decrease) in Shareholding during the year				
	29/07/2016 - Transfer	(134000)	(0.07)	5245328	2.93
	02/12/2016 - Transfer	(328977)	(0.18)	4916351	2.74
	24/03/2017 - Transfer	(267203)	(0.15)	4649148	2.60
	31/03/2017 - Transfer	(118131)	(0.07)	4531017	2.53
	At the end of the year			4531017	2.53
4	**DB INTERNATIONAL (ASIA) LTD**				
	At the beginning of the year	128	0.00		
	Increase/(Decrease) in Shareholding during the year				
	03/06/2016 - Purchase	200	0.00	328	0.00
	10/06/2016 - Transfer	(200)	(0.00)	128	0.00
	08/07/2016 - Purchase	241	0.00	369	0.00
	29/07/2016 - Purchase	28508	0.02	28877	0.02
	05/08/2016 - Purchase	5701	0.00	34578	0.02
	12/08/2016 - Purchase	5702	0.00	40280	0.02
	26/08/2016 - Purchase	5702	0.00	45982	0.03
	02/09/2016 - Purchase	17564	0.01	63546	0.04
	09/09/2016 - Transfer	(13793)	(0.01)	49753	0.03
	16/09/2016 - Transfer	(3117)	(0.00)	46636	0.03
	23/09/2016 - Transfer	(46267)	(0.03)	369	0.00
	23/12/2016 - Purchase	934202	0.52	934571	0.52
	30/12/2016 - Purchase	1717500	0.96	2652071	1.48
	06/01/2017 - Transfer	(126000)	(0.07)	2526071	1.41
	13/01/2017 - Purchase	1297000	0.72	3823071	2.13
	03/03/2017 - Purchase	199500	0.11	4022571	2.25
	17/03/2017 - Purchase	200	0.00	4022771	2.25
	24/03/2017 - Transfer	(200)	(0.00)	4022571	2.25
	At the end of the year			4022571	2.25
5	**KRISHNA DEVI**				
	At the beginning of the year	5340000	2.98		
	Increase/(Decrease) in Shareholding during the year				
	24/02/2017 - Transfer	(1225000)	(0.68)	4115000	2.30
	17/03/2017 - Transfer	(175000)	(0.10)	3940000	2.20
	24/03/2017 - Transfer	(100000)	(0.06)	3840000	2.14
	At the end of the year			3840000	2.14

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
6	**STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL**				
	At the beginning of the year	3344816	1.87		
	Increase/(Decrease) in Shareholding during the year				
	16/09/2016 - Transfer	(19290)	(0.01)	3325526	1.86
	14/10/2016 - Transfer	(1955)	(0.00)	3323571	1.86
	18/11/2016 - Purchase	100000	0.06	3423571	1.91
	17/02/2017 - Purchase	32355	0.02	3455926	1.93
	24/02/2017 - Purchase	307645	0.17	3763571	2.10
	At the end of the year			3763571	2.10
7	**UDAY KUMAR BISHNOI**				
	At the beginning of the year	1764458	0.98		
	Increase/(Decrease) in Shareholding during the year	0	0	1764458	0.98
	At the end of the year			1764458	0.98
8	**THE WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION**				
	At the beginning of the year	118481	0.07		
	Increase/(Decrease) in Shareholding during the year				
	02/09/2016 – Transfer	(2000)	(0.00)	116481	0.07
	30/09/2016 – Transfer	(60994)	(0.03)	55487	0.03
	07/10/2016 – Transfer	(55487)	(0.03)	0	0.00
	17/02/2017– Purchase	153527	0.09	153527	0.09
	24/02/2017– Purchase	1457488	0.81	1611015	0.90
	03/03/2017 – Transfer	(136740)	(0.08)	1474275	0.82
	At the end of the year			1474275	0.82
9	**SHIVANI GUPTA**				
	At the beginning of the year	2940000	1.64		
	Increase/(Decrease) in Shareholding during the year				
	23/12/2016 – Transfer	(395000)	(0.22)	2545000	1.42
	30/12/2016 – Transfer	(1723500)	(0.96)	821500	0.46
	06/01/2017 – Transfer	(243349)	(0.14)	578151	0.32
	13/01/2017 - Transfer	(550000)	(0.31)	28151	0.02
	24/02/2017 - Purchase	1225000	0.68	1253151	0.70
	03/03/2017 - Transfer	(116374)	(0.06)	1136777	0.63
	17/03/2017 - Purchase	175000	0.10	1311777	0.73
	At the end of the year			1311777	0.73
10	**MATTHEWS EMERGING ASIA FUND**				
	At the beginning of the year	624806	0.35		
	Increase/(Decrease) in Shareholding during the year				
	09/09/2016 - Purchase	61814	0.03	686620	0.38
	25/11/2016 - Purchase	232750	0.13	919370	0.51
	09/12/2016 - Purchase	118006	0.07	1037376	0.58
	23/12/2016 - Purchase	57089	0.03	1094465	0.61
	30/12/2016 - Purchase	7720	0.00	1102185	0.62
	At the end of the year			1102185	0.62

Note:

1) Top ten shareholders of the Company as on March 31, 2017 has been considered for the aforesaid disclosure.

2) In case of joint shareholders, name of only first shareholder is mentioned.

3) Purchase / Transfer 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
1	**Shri Balram Garg** (Managing Director)				
	At the beginning of the year	66951050	37.38		
	Increase / (Decrease) in Shareholding during the year				
	21/12/2016 - Purchase	25000	0.01	66976050	37.39
	At the end of the year			66976050	37.39
2	**Shri Padam Chand Gupta** (Non-Executive Director)				
	At the beginning of the year	50371800	28.12		
	Increase / (Decrease) in Shareholding during the year	0	0	50371800	28.12
	At the end of the year			50371800	28.12
3	**Shri Ramesh Kumar Sharma** (Executive Director)				
	At the beginning of the year	3000	0		
	Increase / (Decrease) in Shareholding during the year				
	21/02/2017* - ESOP 2011	8800	0.00	11800	0.00
	21/03/2017 - Transfer	(1500)	(0.00)	10300	0.00
	22/03/2017 - Transfer	(500)	(0.00)	9800	0.00
	At the end of the year			9800	0.00
4	**Shri Krishan Kumar Khurana** (Non-Executive Director)				
	At the beginning of the year	0	0		
	Increase / (Decrease) in Shareholding during the year	0	0	0	0
	At the end of the year			0	0
5	**Dr. Manohar Lal Singla** (Non-Executive Director)				
	At the beginning of the year	0	0		
	Increase / (Decrease) in Shareholding during the year	0	0	0	0
	At the end of the year			0	0
6	**Shri Miyar Ramanath Nayak** (Non-Executive Director)				
	At the beginning of the year	0	0		
	Increase / (Decrease) in Shareholding during the year	0	0	0	0
	At the end of the year			0	0
7	**Shri Suresh Kumar Jain** (Non-Executive Director)				
	At the beginning of the year	0	0		
	Increase / (Decrease) in Shareholding during the year	0	0	0	0
	At the end of the year			0	0
8	**Shri Muneesh Chawla** (Nominee Director)				
	At the beginning of the year (04/07/2016#)	0	0		
	Increase / (Decrease) in Shareholding during the year				
	29/08/2016 – Purchase	1000	0.00	1000	0.00
	30/08/2016 – Purchase	1000	0.00	2000	0.00
	At the end of the year			2000	0.00
9	**Shri Sanjeev Bhatia** (Chief Financial Officer)				
	At the beginning of the year	1530	0		
	Increase / (Decrease) in Shareholding during the year				
	21/02/2017* - ESOP 2011	8800	0.00	10330	0.00
	22/03/2017 - Transfer	(500)	(0.00)	9830	0.00
	28/03/2017 - Transfer	(1000)	(0.00)	8830	0.00
	At the end of the year			8830	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
10	**Shri Vijay Panwar** (Company Secretary)				
	At the beginning of the year	30	0.00		
	Increase / (Decrease) in Shareholding during the year				
	22/02/2017* - ESOP 2011	3000	0.00	3030	0.00
	At the end of the year			3030	0.00

* Date of credit of shares to the demat account.

Date of appointment as Director.

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	970.39	-	30.71	1001.10
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.54	-	-	2.54
Total (i+ii+iii)	**972.93**	**-**	**30.71**	**1003.64**
Change in Indebtedness during the financial year				
• Addition	-	80.03	115.04	195.07
• Reduction	240.54	-	35.34	275.88
Net Change	**(240.54)**	**80.03**	**79.70**	**(80.81)**
Indebtedness at the end of the financial year				
i) Principal Amount	722.75	80.03	110.41	913.19
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9.64	-	-	9.64
Total (i+ii+iii)	**732.39**	**80.03**	**110.41**	**922.83**

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*	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	690.00	29.40	719.40
	(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	-	10.50	10.50
2	Stock Option	-	30.92	30.92
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	**690.00**	**70.82**	**760.82**
	Ceiling as per the Act			**5199.60**

* Including Rs.2.40 lakhs received towards salary arrears for the financial year 2015-16.

B. Remuneration to other Directors

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Shri Padam Chand Gupta	Mrs. Kusum Jain*	Shri Muneesh Chawla#	Shri Krishan Kumar Khurana	Dr. Manohar Lal Singla	Shri Miyar Ramanath Nayak	Shri Suresh Kumar Jain	
1	**Independent Directors**	N.A.	N.A.	N.A.					
	• Fee for attending board / committee meetings	-	-	-	5.00	4.60	2.90	2.00	14.50
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**-**	**-**	**-**	**5.00**	**4.60**	**2.90**	**2.00**	**14.50**
2	**Other Non-Executive Directors**				N.A.	N.A.	N.A.	N.A.	
	• Fee for attending board / committee meetings	5.00	2.00	2.00	-	-	-	-	9.00
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**5.00**	**2.00**	**2.00**	**-**	**-**	**-**	**-**	**9.00**
	Total (B)=(1+2)	**5.00**	**2.00**	**2.00**	**5.00**	**4.60**	**2.90**	**2.00**	**23.50**
	Ceiling as per the Act								**519.96**
	Total Managerial Remuneration (A+B)								**784.32**
	Overall Ceiling as per the Act								**5719.56**

* Resigned from the Board of the Company w.e.f. December 30, 2016.

Appointed as Nominee Director w.e.f. July 4, 2016.

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#	
1	Gross salary	**Not Applicable**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		13.78	27.70	41.48
	(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		6.22	12.30	18.52
2	Stock Option		10.54	30.92	41.46
3	Sweat Equity		-	-	-
4	Commission				
	- as % of		-	-	-
	- others, specify...		-	-	-
5	Others, please specify		-	-	-
	Total		**30.54**	**70.92**	**101.46**

* Including Rs.0.50 lakh received towards salary arrears for the financial year 2015-16.

Including Rs.1.00 lakh received towards salary arrears for the financial year 2015-16.

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 other Officers in Default, if any, during the year.

REPORT ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on corporate governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in its interactions with its stakeholders. The Company strongly believes that sound system of corporate governance practices go a long way in retaining investors trust and confidence as well as preserving the interest of all 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. Adopting high standards with transparency not only gives comfort to the Company's stakeholders including government and regulatory authorities, customers, bankers, employees and shareholders but also helps in enhancing its image and stakeholders value.

2. BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD OF DIRECTORS

Board of Directors (the "**Board**") of the Company has an optimum combination of Executive and Non-Executive Directors and not less than fifty percent of the Board comprising of Non-Executive Directors. As on March 31, 2017, the Board comprises of eight Directors (two Executive and six Non-Executive Directors). All the Directors are individuals of integrity and possess relevant expertise and experience. The composition of the Board and the category of the Directors are as under:

Name of Director	Designation	Category
Shri Padam Chand Gupta	Chairman	Promoter & Non-Executive Director
Shri Balram Garg	Managing Director	Promoter & Executive Director
Shri Ramesh Kumar Sharma	Executive Director & Chief Operating Officer	Executive Director
Mrs. Kusum Jain*	Director	Non-Executive Director
Dr. Manohar Lal Singla	Director	Independent Director
Shri Krishan Kumar Khurana	Director	Independent Director
Shri Miyar Ramanath Nayak	Director	Independent Director
Shri Suresh Kumar Jain	Director	Independent Director
Shri Muneesh Chawla#	Director	Nominee Director

* Resigned from the Board of the Company w.e.f. December 30, 2016.
# Nominee of DVI Fund (Mauritius) Ltd, holder of both equity shares and compulsorily convertible debentures.

As on March 31, 2017, apart from the Promoter Directors i.e. Shri Padam Chand Gupta and Shri Balram Garg, who are brothers, none of the Directors is related to each other.

(B) INDEPENDENT DIRECTORS

The Independent Directors of the Company fulfill the conditions of independence prescribed both in the Companies Act, 2013 as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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) / 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 financial year 2016-17 are placed on the Company's website and can be accessed through the link https://www.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/Familiarization-Programmes-during-FY-2016-17.pdf.

During the year two meetings of the Independent Directors were held on May 20, 2016 and November 23, 2016, without the attendance of Non-Independent Directors and members of the management. Dr. Manohar Lal Singla, Chaired both the meetings as Lead Independent Director. Except, Shri Suresh Kumar Jain all the Independent Directors attended both the meetings. Shri Suresh Kumar Jain attended only the meeting held on November 23, 2016.

(C) PROVISIONS AS TO THE BOARD AND THE COMMITTEES

During the year ten Board meetings were held on April 6, 2016; May 24, 2016; May 30, 2016; June 30, 2016; July 27, 2016; August 3, 2016; August 18, 2016; September 2, 2016; November 23, 2016 and February 14, 2017. The time gap between any two Board meetings does not exceed 120 days. The Directors were provided all the relevant information and details required for taking informed decisions at the Board meetings.

None of the Directors of the Company are members of more than 10 committees or act as the chairman of more than 5 committees across all the companies in which they are Directors. All the Directors have made the disclosures regarding committee positions occupied by them.

The details of attendance of the Directors at the Board meetings, last Annual General Meeting ("AGM") of the Company held on September 19, 2016, along with the details of outside directorships, memberships / chairmanships of Audit Committee and Stakeholders Relationship Committee, in Indian public limited companies, as on March 31, 2017 are as under:

Name of Director	Number of Board meetings attended	Attendance at last AGM	Number of outside directorships@	Number of outside committee memberships / chairmanships	
				Member	Chairman
Shri Padam Chand Gupta	9	Yes	1	Nil	Nil
Shri Balram Garg	10	No	3	Nil	Nil
Shri Ramesh Kumar Sharma	8	Yes	Nil	Nil	Nil
Mrs. Kusum Jain*	5	No	Nil	Nil	Nil
Dr. Manohar Lal Singla	9	Yes	Nil	Nil	Nil
Shri Krishan Kumar Khurana	9	No	Nil	Nil	Nil
Shri Miyar Ramanath Nayak	6	Yes	1	Nil	Nil
Shri Suresh Kumar Jain	5	No	Nil	Nil	Nil
Shri Muneesh Chawla#	5	Yes	1	1	Nil

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

* Resigned from the Board of the Company w.e.f. December 30, 2016.

Appointed as Nominee Director w.e.f. July 4, 2016.

(D) NUMBER OF SHARES & CONVERTIBLE INSTRUMENTS HELD BY THE DIRECTORS

The number of shares and convertible instruments held by the Directors, as on March 31, 2017, are as under:

Name	Number of equity shares	Number of convertible instruments
Shri Padam Chand Gupta	5,03,71,800	Nil
Shri Balram Garg	6,69,76,050	Nil
Shri Ramesh Kumar Sharma	9,800	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
Shri Muneesh Chawla	2,000	Nil

(E) 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

Companies Act, 2013. 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 for the financial year 2016-17 are as under:

(Rs. in lakhs)

Name	Sitting Fee	Salary	Bonus / Ex-gratia	Commission / Pension / ESOP / Performance Linked Incentives	Total
Shri Padam Chand Gupta	5.00	Nil	Nil	Nil	5.00
Shri Balram Garg	Nil	690.00	Nil	Nil	690.00
Shri Ramesh Kumar Sharma	Nil	36.90*	3.00	30.92	70.82*
Mrs. Kusum Jain	2.00	Nil	Nil	Nil	2.00
Dr. Manohar Lal Singla	4.60	Nil	Nil	Nil	4.60
Shri Krishan Kumar Khurana	5.00	Nil	Nil	Nil	5.00
Shri Miyar Ramanath Nayak	2.90	Nil	Nil	Nil	2.90
Shri Suresh Kumar Jain	2.00	Nil	Nil	Nil	2.00
Shri Muneesh Chawla	2.00	Nil	Nil	Nil	2.00

* Including Rs.2.40 lakhs received towards salary arrears for the financial year 2015-16.

Out of total 88,000 stock options granted to Shri Ramesh Kumar Sharma, after vesting 8,800 stock options were exercised by him and the same were allotted to him during the year ended March 31, 2017. Vesting of options shall take place over a period of four years with a minimum vesting period of one year from the grant date. The options granted can be exercised over a maximum period of eight years from the grant date. No stock options were granted to Non-Executive Directors.

Except Shri Padam Chand Gupta, who in addition to sitting fee has also received Rs.537.23 lakhs (including service tax) towards rent and Rs.1687.45 lakhs towards dividend from the Company, none of the Non-Executive Director has any pecuniary relationship or transactions vis-a-vis the Company during the year.

The appointments of Managing Director and Executive Director are governed by the resolutions passed by the Board and the Members of the Company, which cover the terms and conditions of their appointment, read with the service rules of the Company. The letters of appointment have been issued by the Company to the Independent Directors, incorporating their roles, duties and responsibilities etc., which have been accepted by them.

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 appointment of Managing Director and Executive Director.

(F) 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. 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.

3. COMMITTEES OF THE BOARD

(I) AUDIT COMMITTEE

(A) COMPOSITION, MEETINGS AND ATTENDANCE

The Committee comprises of four Directors, out of which three are Independent Directors. All members of the Committee are financially literate and having requisite accounting or related financial management expertise. Dr. Manohar Lal Singla, Chairman of the Committee is an Independent Director. He was present at the last Annual General Meeting of the Company held on September 19, 2016.

During the year six meetings of the Committe were held on May 20, 2016; May 30, 2016; August 3, 2016; October 26, 2016; November 23, 2016 and February 14, 2017. The composition of the Committee and number of meetings attended by the Committee members during the year are as under:

Name	Position	Category	Number of meetings held	Number of meetings attended
Dr. Manohar Lal Singla	Chairman	Independent Director	6	5
Shri Krishan Kumar Khurana	Member	Independent Director	6	6
Shri Miyar Ramanath Nayak	Member	Independent Director	6	5
Shri Balram Garg	Member	Executive Director	6	6

The Company Secretary acts as the Secretary to the Committee.

(B) TERMS OF REFERENCE

Powers of Audit Committee:

❖ To investigate any activity within its terms of reference.

❖ To seek information from any employee.

❖ To obtain outside legal or other professional advice.

❖ To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee:

❖ 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;

❖ Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

❖ Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.

   b. Changes, if any, in accounting policies and practices and reasons for the same.

   c. Major accounting entries involving estimates based on the exercise of judgment by management.

   d. Significant adjustments made in the financial statements arising out of audit findings.

   e. Compliance with listing and other legal requirements relating to financial statements.

   f. Disclosure of any related party transactions.

   g. Qualifications in the draft audit report.

❖ Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

❖ Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

❖ Review and monitor the auditor's independence and performance, and effectiveness of audit process;

❖ Approval or any subsequent modification of transactions of the company with related parties;

❖ Scrutiny of inter-corporate loans and investments;

❖ Valuation of undertakings or assets of the company, wherever it is necessary;

❖ Evaluation of internal financial controls and risk management systems;

❖ Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

❖ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

❖ Discussion with internal auditors of any significant findings and follow up there on;

- ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- ❖ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- ❖ To review the functioning of the Whistle Blower mechanism;
- ❖ Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- ❖ Carrying out any other function as the Board may decide from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

Review of information by Audit Committee:

- ❖ Management discussion and analysis of financial condition and results of operations;
- ❖ Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- ❖ Management letters / letters of internal control weaknesses issued by the statutory auditors;
- ❖ Internal audit reports relating to internal control weaknesses; and
- ❖ The appointment, removal and terms of remuneration of the Chief internal auditor.

(II) NOMINATION AND REMUNERATION COMMITTEE

(A) COMPOSITION, MEETINGS AND ATTENDANCE

The Committee comprises of three Non-Executive Directors, out of which two are Independent Directors. Shri Krishan Kumar Khurana, Chairman of the Committee is an Independent Director. In his absence, Dr. Manohar Lal Singla attended the last Annual General Meeting of the Company held on September 19, 2016, as his representative.

During the year three meetings of the Committee were held on May 24, 2016; June 6, 2016 and February 14, 2017. The composition of the Committee and number of meetings attended by the Committee members during the year are as under:

Name	Position	Category	Number of meetings held	Number of meetings attended
Shri Krishan Kumar Khurana	Chairman	Independent Director	3	2
Dr. Manohar Lal Singla	Member	Independent Director	3	3
Shri Padam Chand Gupta	Member	Non-Executive Director	3	3

(B) TERMS OF REFERENCE

- ❖ 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 for evaluation of performance of directors and the Board;
- ❖ Devising a policy on Board diversity;
- ❖ Considering and recommending grant of employees stock option, if any, and administration and superintendence of the same; and
- ❖ Carrying out any other function as the Board may decide from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

(C) PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

The process of performance evaluation of Independent Directors is based on evaluation forms, which include a rating mechanism. The criteria for 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.

(III) STAKEHOLDERS RELATIONSHIP COMMITTEE

(A) COMPOSITION, MEETINGS AND ATTENDANCE

The Committee comprises of three Directors, out of which one is Independent Director. Shri Padam Chand Gupta, Chairman of the Committee is a Non-Executive Director. He was present at the last Annual General Meeting of the Company held on September 19, 2016.

During the year four meetings of the Committee were held on May 30, 2016; August 3, 2016; November 23, 2016 and February 14, 2017. The composition of the Committee and number of meetings attended by the Committee members during the year are as under:

Name	Position	Category	Number of meetings held	Number of meetings attended
Shri Padam Chand Gupta	Chairman	Non-Executive Director	4	4
Shri Balram Garg	Member	Executive Director	4	4
Shri Krishan Kumar Khurana	Member	Independent Director	4	4

(B) TERMS OF REFERENCE

The terms of reference of the Committee inter-alia includes considering and resolving the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend etc.

(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, 2016	Received during the year 2016-17	Resolved during the year 2016-17	Complaints pending as on March 31, 2017
Nil	28	27	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, MEETINGS & ATTENDANCE

The Committee comprises of three Directors, out of which two are Independent Directors. Dr. Manohar Lal Singla, Chairman of the Committee is an Independent Director.

During the year two meetings of the Committee were held on November 23, 2016 and March 15, 2017. The composition of the Committee and number of meetings attended by the Committee members during the year are as under:

Name	Position	Category	Number of meetings held	Number of meetings attended
Dr. Manohar Lal Singla	Chairman	Independent Director	2	2
Shri Krishan Kumar Khurana	Member	Independent Director	2	2
Shri Ramesh Kumar Sharma	Member	Executive Director	2	1

(B) TERMS OF REFERENCE

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 etc.

(V) MANAGEMENT & FINANCE COMMITTEE

(A) COMPOSITION, MEETINGS & ATTENDANCE

The Committee comprises of three Directors, out of which one is Non-Executive Director and two are Executive Directors. Shri Padam Chand Gupta, Chairman of the Committee is a Non-Executive Director.

During the year ten meetings of the Committee were held on April 20, 2016; May 13, 2016; June 28, 2016; July 12, 2016; August 11, 2016; September 24, 2016; November 24, 2016; December 29, 2016; February 8, 2017 and March 20, 2017. The composition of the Committee and number of meetings attended by the Committee members during the year are as under:

Name	Position	Category	Number of meetings held	Number of meetings attended
Shri Padam Chand Gupta	Chairman	Non-Executive Director	10	7
Shri Balram Garg	Member	Executive Director	10	10
Shri Ramesh Kumar Sharma	Member	Executive Director	10	9

(B) TERMS OF REFERENCE

The terms of reference of the Committee inter-alia includes availing financial / banking facilities, opening new showrooms, taking on lease, hire or purchase any movable or immovable property, obtaining registrations / licenses, signing and execution of contracts, agreements etc., opening, closing and deciding mode of operation for bank accounts etc., and carrying out any other function as the Board may decide from time to time.

(VI) SHARE TRANSFER COMMITTEE

(A) COMPOSITION, MEETINGS & ATTENDANCE

The Committee comprises of two Executive Directors. Shri Balram Garg is the Chairman of the Committee.

During the year twenty four meetings of the Committee were held on April 14, 2016; April 28, 2016; May 13, 2016; May 26, 2016; June 13, 2016; June 28, 2016; July 5, 2016; July 20, 2016; August 4, 2016; August 22, 2016; September 9, 2016; September 24, 2016; October 10, 2016; October 21, 2016; November 7, 2016; November 25, 2016; December 10, 2016; December 24, 2016; January 6, 2017; January 23, 2017; February 7, 2017; February 23, 2017; March 10, 2017 and March 24, 2017. The composition of the Committee and number of meetings attended by the Committee members during the year are as under:

Name	Position	Category	Number of meetings held	Number of meetings attended
Shri Balram Garg	Chairman	Executive Director	24	24
Shri Ramesh Kumar Sharma	Member	Executive Director	24	24

(B) TERMS OF REFERENCE

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

(VII) SECURITIES COMMITTEE

(A) COMPOSITION, MEETINGS & ATTENDANCE

The Committee comprises of three Directors, out of which two are Non-Executive Directors and one is Executive Director. Shri Padam Chand Gupta, Chairman of the Committee is a Non-Executive Director.

During the year no meeting of the Committee was held. The composition of the Committee is as under:

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

(B) TERMS OF REFERENCE

The terms of reference of the Committee inter-alia includes 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.

4. 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
2015-16	September 19, 2016, at 3:30 P.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Re-appointment of Shri Nitin Gupta (Relative of Director) as President (Manufacturing)
2014-15	September 19, 2015, at 3:30 P.M.		1) Further issue of securities. 2) Raising limit of investment by FIIs/FPIs in the Company.
2013-14	September 13, 2014, at 3:30 P.M.		None

II) DETAILS OF DATE, TIME AND VENUE OF EXTRA-ORDINARY GENERAL MEETINGS HELD DURING THE YEAR UNDER REVIEW AND SPECIAL RESOLUTIONS PASSED THEREIN

Date & Time	Venue	Special Resolution(s) passed
May 9, 2016, at 10:30 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Issue and allotment of Compulsorily Convertible Debentures and Equity Shares arising on conversion of Compulsorily Convertible Debentures
August 22, 2016, at 10:30 A.M.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi - 110 003	Issue and allotment of Compulsorily Convertible Preference Shares and Equity Shares arising on conversion of such Compulsorily Convertible Preference Shares

III) POSTAL BALLOT

During the year one Special Resolution for amendment of Articles of Association of the Company was passed through Postal Ballot Notice dated May 30, 2016. Shri Randhir Singh Sharma, Practicing Company Secretary (C. P. No.: 3872), was appointed as the Scrutinizer for conducting the entire Postal Ballot process in a fair and transparent manner. In addition to voting by Postal Ballot Form the Company has also provided to its Members the facility 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 Companies Act, 2013 read with Rule 22 of The Companies (Management and Administration) Rules, 2014. Based on the Scrutinizer's Report the result of Postal Ballot was declared on July 5, 2016. The details of voting pattern in respect of Special Resolution passed are as under:

Category	No. of shares held (1)	No. of votes polled (2)	No. of Votes - in favour (3)	No. of Votes - against (4)	% of Votes in favour on votes polled (5)=[(3)/(2)]*100	% of Votes against on votes polled (6)=[(4)/(2)]*100
Promoters and Promoter Group	126352850	126352850	126352850	0	100.00	0.00
Public – Institutions	37347127	34582236	34582236	0	100.00	0.00
Public – Non Institutions	15400023	2949368	2949008	360	99.99	0.01
Total	**179100000**	**163884454**	**163884094**	**360**	**100.00**	**0.00**

Subsequent to the year end two special resolutions; (1) Issue of Bonus Shares; and (2) Grant of stock options under PC Jeweller Limited Employee Stock Option Plan 2011 to the employees of subsidiary company(ies), were passed through Postal Ballot Notice dated May 25, 2017. Shri Randhir Singh Sharma, Practicing Company Secretary (C. P. No. 3872) and Proprietor R S Sharma & Associates, Company Secretaries was appointed as the Scrutinizer for conducting the entire Postal Ballot and e-voting process in a fair and transparent manner. Based on the Scrutinizer's Report the result of Postal Ballot was declared on June 29, 2016.

No special resolution is proposed to be conducted through Postal Ballot on or before the forthcoming Annual General Meeting of the Company.

5. SUBSIDIARY COMPANIES

As on March 31, 2017, the Company has four wholly owned non - listed subsidiary companies, namely PC Universal Private Limited, Transforming Retail Private Limited, Luxury Products Trendsetter Private Limited and PC Jeweler Global DMCC. None of them is a material subsidiary, as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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://www.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/Policy-on-Material-Subsidiary.pdf. All the subsidiary companies are managed by their Boards having the rights and obligations to manage the Company in the best interest of the stakeholders. The requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to subsidiary companies have been complied with, to the extent applicable.

6. 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2017 and the certificate is annexed hereto.

7. 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://www.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 of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the financial statements for the year ended March 31, 2017 are the Company's first Ind AS standalone financial statements. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). 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) PROCEEDS FROM PREFERENTIAL ISSUES

The Company disclosed to the Audit Committee, on quarterly basis, the utilisation of proceeds of two preferential issues made during the year under review. The utilization of proceeds was made in accordance with the objects stated in the explanatory statement to the notice for the general meetings.

(IV) DETAILS OF NON-COMPLIANCE ETC. BY THE COMPANY

Consequent upon appointment of Shri Muneesh Chawla as a Nominee Director during the quarter ended September 30, 2016, the Company was required to appoint an Independent Director on its Board to meet the requirement of Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, that at least one-half of the Board shall comprise of Independent Directors. Thereafter, due to the resignation of Mrs. Kusum Jain, the woman director during the quarter ended December 31, 2016, the aforesaid requirement became irrelevant. The Company has initiated the process for identification / induction of new competent and eligible woman director on its Board.

No penalty or stricture was imposed on the Company by any Stock Exchange or Securities Exchange Board of India or any statutory authority, on any matter related to capital markets.

(V) 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 behavior, actual or suspected fraud or violation of the Company's code of conduct or an event they become 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 is placed on the Company's website and can be accessed through the link https://www.pcjeweller.com/wp-content/uploads/2015/06/investors/corporate-governance/PCJ_Whistle%20Blower%20Policy.pdf. No personnel has been denied access to the Chairman of Audit Committee.

(VI) DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of Corporate Governance stipulated in Regulations 17 {except Regulation 17(1) for part of the year} to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A certificate from the 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:

a) The Non – Executive Chairman of the Company has been provided a Chairman's Office.

b) The Company has separate persons for the post of Chairman and Managing Director.

c) The statutory financial statements of the Company are with unmodified audit opinion.

(VII) 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', with a view to regulate trading in securities of the Company by its Directors and designated employees. The Code prohibits the purchase or sale of the Company's shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

(VIII) 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.

8. 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 placed on the Company's website www.pcjeweller.com. The results are also published in leading newspapers normally Business Standard (English and Hindi).

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

9. GENERAL SHAREHOLDER INFORMATION

(I) ANNUAL GENERAL MEETING

Day & date	:	Friday, September 8, 2017
Time	:	3:30 P.M.
Venue	:	Air Force Auditorium, Subroto Park, New Delhi – 110 010

(II) FINANCIAL YEAR

1st April of each year to 31st March of next year.

(III) DATE OF BOOK CLOSURE

Friday, June 23, 2017 to Tuesday, June 27, 2017 (both days inclusive) for the purpose of determining the names of the Members eligible for dividend on equity shares for the financial year 2016-17.

(IV) DIVIDEND PAYMENT DATE

The Board of the Company has recommended a dividend of Rs.1/- per equity share (i.e. @ 10% of face value of Rs.10/- each) for the financial year 2016-17. If approved by Members at the 12th Annual General Meeting, it will be paid within 30 days from September 8, 2017.

The Board has also recommended a dividend of Rs.1.30 per compulsorily convertible preference share (i.e. @ 13% of face value of Rs.10/- each) for the period from September 2, 2016 (i.e. date of allotment) to March 31, 2017. If approved by Members at the 12th Annual General Meeting, it will be paid within 30 days from September 8, 2017 but prior to payment of dividend on equity shares.

(V) LISTING ON STOCK EXCHANGES

The equity shares of the Company continued to be listed on both BSE and NSE. The Company has already paid the listing fee for the financial year 2017-18 to both the exchanges.

(VI) STOCK CODES

BSE (Scrip Code)	:	534809
NSE (Symbol)	:	PCJEWELLER
ISIN of Equity Shares	:	INE785M01013

(VII) MARKET PRICE DATA

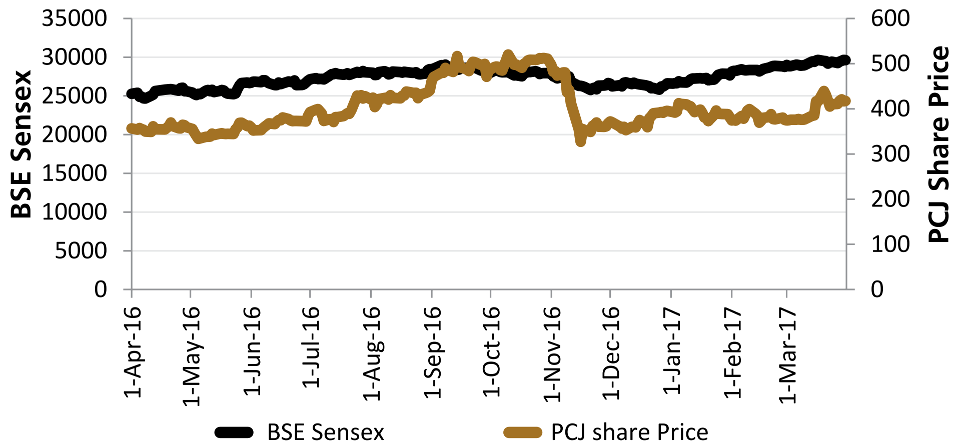
Monthly high and low prices of the equity shares of the Company at BSE and NSE for the year ended March 31, 2017, are as under:

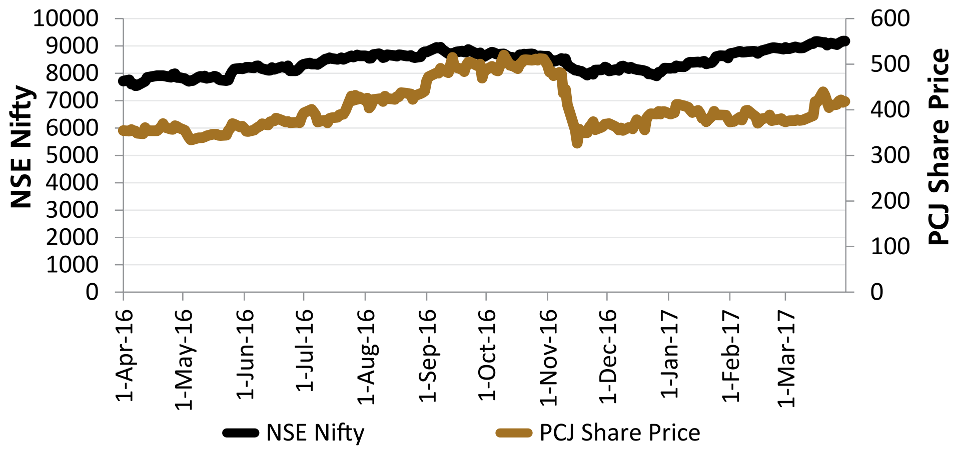
Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2016	376.80	344.00	376.90	343.60
May, 2016	379.75	330.00	379.80	330.10
June, 2016	392.05	337.70	392.00	348.15
July, 2016	447.10	369.00	449.35	365.50
August, 2016	448.50	401.00	446.00	401.00
September, 2016	531.00	437.00	531.00	436.60
October, 2016	522.40	474.15	522.55	475.80
November, 2016	510.70	288.75	510.95	287.95
December, 2016	407.20	343.05	407.00	343.20
January, 2017	424.00	367.90	424.20	367.25
February, 2017	405.50	353.30	406.00	353.90
March, 2017	444.30	370.40	444.85	370.10

(Source: BSE & NSE websites)

(VIII) 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:





(IX) REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited ("Karvy")
Karvy Selenium Tower B, Plot No. 31 - 32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 (Telangana)
Tel: 040 – 67161606, Fax: 040 – 67161791, E-mail: einward.ris@karvy.com

(X) 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 the 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.

(XI) DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding of the Company as on March 31, 2017, is as under:

Number of Shares	Shareholders		Equity Shares	
	Number	As a % of total	Number	As a % of total
1 - 500	17687	96.07	1143635	0.64
501 - 1000	256	1.39	192492	0.11
1001 - 2000	144	0.78	206110	0.11
2001 - 3000	69	0.37	172632	0.10
3001 - 4000	36	0.20	126473	0.07
4001 - 5000	26	0.14	118394	0.07
5001 - 10000	51	0.28	368229	0.20
10001 & above	141	0.77	176809635	98.70
Total	**18410**	**100.00**	**179137600**	**100.00**
Physical Mode	284	1.54	850	0.00
Electronic Mode	18126	98.46	179136750	100.00

(XII) SHAREHOLDING PATTERN

The shareholding pattern of the Company as on March 31, 2017, is as under:

	Category of Shareholders	Number of Shareholders	Number of Equity Shares	% of Shares
A	**Promoter & Promoter Group**			
	Individuals & HUF (Indian)	8	122677377	68.48
	Total Promoter & Promoter Group Shareholding (A)	8	122677377	68.48
B	**Public Shareholding**			
1	**Institutions**			
a	Financial Institutions & Banks	2	1607	0.00
b	Foreign Portfolio & Foreign Institutional Investors	110	44861979	25.04
	Sub-Total B(1)	112	44863586	25.04
2	**Non-Institutions**			
a	Bodies Corporate	320	4246560	2.37
b	Individuals & HUF	17644	6847255	3.82
c	Non Resident Indians	230	185679	0.10
d	Clearing Members, NBFC & Trusts	96	317143	0.18
	Sub-Total B(2)	18290	11596637	6.47
	Total Public Shareholding B=B(1)+B(2)	18402	56460223	31.52
	Grand Total (A+B)	**18410**	**179137600**	**100.00**

(XIII) 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 in India i.e. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). A total number of 17,91,36,750 equity shares constituting almost 100% of the issued, subscribed and paid-up equity share capital of the Company were held in dematerialized form. The status of equity shares in dematerialized form as on March 31, 2017, is as under:

Particulars	Number of Shareholders	No. of Equity Shares	(%)
NSDL	12,044	17,77,09,899	99.20
CDSL	6,082	14,26,851	0.80

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

The Company has not issued any GDRs / ADRs / Warrants in the past. Hence, as on March 31, 2017, the Company does not have any outstanding GDRs / ADRs / Warrants.

The Company has issued and allotted 42,69,984 Compulsorily Convertible Debentures ("**CCD**") having face value of Rs.1,000/- each, by way of preferential allotment on private placement basis to the person belonging to Non-Promoter category, on May 24, 2016. The CCD shall be compulsorily convertible into 1,12,36,800 equity shares of the Company within a maximum period of 18 months from the date of their allotment. All the CCD were outstanding as on March 31, 2017.

The Company has also issued and allotted 25,73,72,912 Compulsorily Convertible Preference Shares ("**CCPS**") having face value of Rs.10/- each, by way of preferential allotment on private placement basis to the persons belonging to Non-Promoter category, on September 2, 2016. The CCPS shall be compulsorily convertible into 67,28,000 equity shares of the Company within a maximum period of 12 months from the date of their allotment. All the CCPS were outstanding as on March 31, 2017.

(XV) PLANT LOCATIONS

As on March 31, 2017, 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)

(XVI) 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, 2017.

For **PC Jeweller Limited**
Sd/-
(BALRAM GARG)
Managing Director
DIN: 00032083

Date: May 19, 2017
Place: Delhi

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, 2017 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 the Audit Committee that there are no material deficiencies in the design or operation of such internal controls.

(d) We have indicated to the auditors and the Audit committee that:

   i) there are no significant changes in internal control over financial reporting during the year;

   ii) there are no significant changes in accounting policies during the year; and

   iii) there are no instances of significant fraud of which we have become aware.

For **PC Jeweller Limited**

	Sd/-	Sd/-
Date: May 25, 2017	(SANJEEV BHATIA)	(BALRAM GARG)
Place: Delhi	**Chief Financial Officer**	**Managing Director**
		DIN: 00032083

MANAGEMENT DISCUSSION & ANALYSIS

(I) INDUSTRY STRUCTURE AND DEVELOPMENTS

The Gems & Jewellery ("G & J") sector is one of the very important sectors of the Indian economy with a significant share of the Gross Domestic Product ("GDP"). One of the fastest growing sectors, it is extremely export oriented and labour intensive. The Indian G & J sector is a big forex earner for India and currently contributes 10-12% of total exports. Since 2004, it has earned over USD 369 billion (INR 19,024 billion) of foreign exchange.

G & J export revenue is estimated at ~ USD 40 billion, of which ~ 55% is from cut & polished/rough diamonds and the balance from jewellery/coins & medallions. India has established itself as the world's largest manufacturing center of cut & polished diamonds, contributing 60% of the world's supply in terms of value, 85% in terms of volume and 92% in terms of pieces.

India is also one of the largest gold jewellery exporters in the world. In FY 16, Indian gold jewellery shipments were to the tune of ~ USD 9 billion, with around 50% going to UAE, which is India's largest jewellery export destination.

The domestic jewellery segment has two major characteristics; (i) it is highly fragmented and continues to be dominated by a very large number of small players, the majority of whom are unorganized and outside the regulatory norms; (ii) a very large percentage of jewellery (almost 70% according to some reports) which gets sold in the country is on account of weddings and wedding related functions. In addition to this traditional and steady state of jewellery demand, the jewellery demand is also increasing steadily due to changes in its role from just being an item of adornment and as a store of value to a life style and fashion accessory.

Rising quality awareness of customers has provided a fillip to the organized retail segment, which is banking on its 'reliability' and 'quality' to compete against the highly fragmented unorganized jewellers. Organized players have steadily chipped away market share from smaller/ unorganized retailers by addressing the need for enhanced experience of a demanding customer base, which is marked by shifting demographic and socio-economic profiles.

Jewellery consumption in India has been traditionally driven by the strong cultural affinity for gold, with it being the preferred form of jewellery worn. Gold jewellery is an integral part of weddings in India, and is considered as a necessity, with wedding related demand accounting for substantial portion of overall jewellery demand, especially in the South. Jewellery demand has also been supported by the increasing appetite for gold jewellery from rural and non-urban markets. Gold has also served as a means of savings especially for the rural sector, owing to the lack of any major alternative investment options supported by its anti-inflationary characteristics. However, in the past few years the demand for diamond jewellery has also been showing an increasing trend, especially in the Metros and Tier I cities.

(II) PRODUCT WISE PERFORMANCE

The Company is a single product entity, viz jewellery and is engaged in the business of manufacturing, sale and trading of jewellery. However, jewellery is further classified into gold jewellery, diamond jewellery and others. The Company operates in two different geographical areas i.e. domestic sales and export sales. For the year ended March 31, 2017, the share of revenues from domestic and export sales is Rs.5,338 crores (66%) and Rs.2,766 crores (34%) respectively.

(III) OPPORTUNITIES AND THREATS

Some of the opportunities for the retail jewellery industry are as follows:

(a) Growing consciousness amongst customers for branded jewellery.

(b) Limited penetration of organized jewellery in the country.

(c) Increase in purchasing power of the customers in the Tier I & II locations.

(d) Increasing demand for diamond jewellery, which is a high margin product as compared to the gold jewellery.

(e) Favourable demographics leading to increasing demand for jewellery in the country.

Some of the key challenges facing the retail jewellery industry are as follows:

(a) Adapting to fast changing consumer preferences and buying patterns.

(b) Volatility in the market prices of gold and diamonds.

(c) Limited availability of high end retail space.

(IV) OUTLOOK

At the domestic level, the organised retailers are expected to fare well, mainly due to the ongoing structural changes together with strong macro-demographic trends. Regulatory changes introduced by the Government of India over last few years are likely to increase the preference towards branded jewellery and shift the scales in favour of organised sector at the cost of the unorganised sector. These changes include regulations such as introduction and reversal of 80:20 ruling on gold imports, introduction and reversal of abolition of gold on lease scheme, introduction of gold monetisation, increase in customs duty to 10%, mandatory PAN card requirement on transactions of above Rs.2 lakh, obligatory hallmarking, levy of 1% excise duty. All these measures would shift the preference towards organised jewellers at the cost of unorganised jewellers. The onset of GST is only expected to hasten the shift from the unorganised players.

According to the World Gold Council ("WGC"), India's gold jewellery demand fell to a seven year low in 2016-17 to 522 MT. This was on account of various events such as nationwide jewellers strike in fourth quarter of F.Y.2016 and severe liquidity crunch due to demonetisation in third quarter of F.Y. 2017. However, these events had a limited impact and have not affected the underlying factors pushing the jewellery demand in the country. We believe that the underlying theme for the jewellery demand remains robust, given India's demographics and the consumer's affinity towards gold for both wedding related purchases and as store of value. Similarly the diamond and light weight jewellery is also gaining in popularity as more women join the work force.

(V) RISKS AND CONCERNS

As the Company is dealing in very high value goods / items, it is always exposed to operational risks. The Company therefore always ensures that its entire inventory, from raw material to finished goods is insured at all times, whether under transit, at showrooms or at the manufacturing facilities. Entire inventory is computerized and is available for tracking at all times.

The Company has cash pick up arrangements with leading banks, with transit insurance. All of its showrooms have strong rooms for overnight safe custody of the inventory. In addition all the showrooms have CCTV vigilance and armed guards.

The Company is 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 comprehensive risk management framework that helps anticipate, identify and evaluate business risks and challenges across the Company and finding ways to mitigate the same. The Company has also put in place a strong team to take care of all the required compliances and hence mitigate any compliance risk.

(VI) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control system, which ensures that all the assets of the Company are safeguarded and protected against any loss from unauthorized use or disposition. The 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.

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 the management and the evaluation of the results of the assessment the Board of Directors are of the opinion that the Company has adequate Internal Financial Controls systems that are operating effectively as of March 31, 2017.

There were no instances of fraud which necessitates reporting in the financial statements. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

(VII) FINANCIAL PERFORMANCE

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the standalone financial statements for the year ended March 31, 2017 are the Company's first Ind AS standalone financial statements. For periods up to and including the year ended March 31, 2016, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The salient parameters of the financial performance of the Company during the year under review are as under:

(Rs. in crores except earnings per share)

Particulars	2016-17	2015-16
Revenue from operations	8,104.58	7,232.10
Total revenue	8,213.73	7,282.82
Total expenses	7,647.33	6,746.38
Profit before tax	566.40	536.44
Tax expense	135.87	137.13
Net profit after tax	430.53	399.31
Total Comprehensive Income	430.45	399.66
Earnings per equity share (Rs.)		
- Basic	24.05	22.32
- Diluted	22.61	22.28

(VIII) HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company believes in establishing and building a strong performance and competency driven culture amongst its employees with greater sense of accountability and responsibility. The Company has taken various steps for strengthening organizational competency through the involvement and development of employees as well as installing effective systems for improving their productivity and accountability at functional levels. The Company acknowledges that its principal asset is its employees. Ongoing in-house and external training is provided to the employees at all levels to update their knowledge and upgrade their skills and abilities. As on March 31, 2017, the Company had total 2504 full time employees. The industrial relations have remained harmonious throughout the year.

References - Industry Reports, Gems & Jewellery Export Promotion Council

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L36911DL2005PLC134929
2. Name of the Company: PC Jeweller Limited
3. Registered address: C - 54, Preet Vihar, Vikas Marg, Delhi - 110092
4. Website: www.pcjeweller.com
5. E-mail id: info@pcjeweller.com
6. Financial Year reported: April 1, 2016 to March 31, 2017
7. Sector(s) that the Company is engaged in (industrial activity code-wise): Jewellery (3211 - As per NIC 2008)
8. Key products that the Company manufactures/provides (as in balance sheet): Gold and Diamond studded Jewellery
9. Total number of locations where business activity is undertaken by the Company:
   (a) Number of International Locations: Nil. The Company has one subsidiary abroad, namely PC Jeweller Global DMCC in Dubai.
   (b) Number of National Locations: 80 (75 Showrooms, 5 manufacturing facilities)
10. Markets served by the Company: National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : 436.51 Crores
2. Total Turnover (INR) : 8,104.58 Crores
3. Total profit after taxes (INR) : 430.53 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): Our total spending on CSR during the year was Rs.5 crores, which is 0.97% of average net profits of last 3 financial years.
5. List of activities in which expenditure in 4 above has been incurred: Promoting education

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? : Yes
2. 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
3. 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	011-49234923
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	Yes	NA	Yes	Yes
2	Has the policy been formulated in consultation with the relevant stakeholders	Yes	NA	Yes	Yes	Yes	Yes	NA	Yes	Yes
3	Does the policy conform to any national / international standards?#	Yes	NA	Yes	Yes	Yes	Yes	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	Yes	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	Yes	NA	Yes	Yes
6	Indicate the link for the policy to be viewed online.	Most of the policies are uploaded and disseminated for information of relevant stakeholders and employees on internet / intranet.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy?	All the relevant Policies are embedded in day-to-day business operations of the Company and are implemented at all management levels and monitored from time to time.								
9	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, the management of the Company internally carried out the evaluation.								

All the policies have been formulated after detailed discussion. The policies are materially in compliance with applicable laws, rules, regulations and guidelines.

@ Some of the policies 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.

b) 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, the Policies are framed and/or modified from time to time. Some of the policies 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 day to day operations and that these are followed to the maximum possible extent within next one year.								
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 regularly monitors the BR initiatives and assessment of BR performance is done annually, at the end of financial year.

- **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 www.pcjeweller.com in 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 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 for Directors & Senior Management Personnel, Vigil Mechanism / Whistle Blower Policy. Although the Company’s policies currently do not apply to external stakeholders including suppliers, contractors, NGOs etc., 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 for Directors & Senior Management Personnel, Vigil Mechanism / Whistle Blower Policy in the financial year 2016-17.

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

The Company is engaged in jewellery business. Jewellery is a long term purchase which does not lose its value, it does not deteriorate with time. On the contrary its value only increases with age. It is a fully recyclable product and can be exchanged with a new item any time. Majority of the Company's business operations includes jewellery manufactured by hand and hence requires minimal energy consumption. India has a tradition of recycling of old jewellery. The company encourages this practice and often runs incentive schemes for consumers for exchanging their old jewellery. It also gives a guarantee for assured purchase of old jewellery to its buyers.

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

The Company recognises that its employees are an invaluable asset and fundamental driver of its growth. The Company is always determined for welfare of its employees.

1. Total number of employees - 2504
2. Total number of employees hired on temporary/contractual/ casual basis – Nil
3. Number of permanent women employees - 803
4. Number of permanent employees with disabilities - 14
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? - NA
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 training sessions in-house and also sponsors its employees to attend training sessions organized by external professional bodies to facilitate upgradation of skill of employees handling relevant functions, basic fire and safety training. These trainings are generally attended by majority of employees.
Permanent Women Employees	
Employee with Disabilities	
Casual / Temporary / Contractual Employee	NA

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 and regulatory authorities. The Company encourages its employees to be active in their local communities by taking part in local programs and festivals.

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

   Yes, our disadvantaged and vulnerable stakeholders include differently abled and women employees.

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 people from economically weaker background. The Company also believes in women empowerment by providing them more and more employment opportunities. All employees of the Company have equal opportunity in career growth. The policies adopted and put in place by the Company, specifically – the CSR Policy and the Code of Conduct, defines the way ahead for the Company towards the contribution to be made towards 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 human right laws and guidelines are respected and followed across our operations. 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 2016-17.

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?

The Company gives prime importance to the environment for long term sustainability. The Company, on standalone basis, has undertaken to avoid wastage of papers and energy at all its locations during the year.

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 hand made, which does not emit 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. GJEPC (The Gems & Jewellery Export Promotion Council)

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 participates in various programmes of these associations and support / advocates 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 your 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 to be undertaken by the Company in terms of this Policy relate to one or more activities listed in Schedule VII of the Companies Act, 2013, at present or as may be amended from time to time.

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

   During the year, the Company has undertaken CSR programs through implementing agencies.

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

   Although the CSR committee supervises the programs from time to time but currently no impact assessment of initiatives has been undertaken. However, the Company may in future review the impact of its various initiatives.

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

   During the year, the Company has made contribution of Rs.5 crores towards promoting education.

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

   We make attempts to ensure that programs continue and sustain within communities beyond our interactions. We believe building responsible citizens is of utmost importance. Consequently, we encourages employees to become involved with and work on social and environmental projects of their choice. Further, the Company has been taking initiative to open more of its new showrooms in small locations of the country and promote local employment. All its showrooms contribute significantly to the local economy. 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 consumers. Additionally all its showrooms are equipped with "Karatometers", where any customer can test his/her jewellery for purity. The Company has transparent sale and purchase policies which are printed on its invoices. Its product packaging displays all information mandated by 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 behavior 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 becoming increasingly personalized. The Company keeps the consumers demands and purchasing preferences in mind and thus keeps on creating new designs and collections at regular intervals. In addition, the Company actively takes feedback from its customers and addresses any open issues.

INDEPENDENT AUDITORS' REPORT

To the Members of PC Jeweller Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of PC Jeweller Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2017, 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.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (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), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('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 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2017, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 30 May 2016 and 14 May 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

10. 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 A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) 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) 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 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 May 2017, as per Annexure B, expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditors' 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 46 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

        iv. the Company has provided disclosures in Note 44 to the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts, total payments and total amount deposited in banks are in accordance with the books of account maintained by the Company. However, in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between Specified Bank Notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments' and 'Amount deposited in banks' as disclosed under such note.

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

Sd/-
per **Anupam Kumar**
Partner
Membership No. 501531

Address: L 41, Connaught Circus
New Delhi – 110001

For **Sharad Jain Associates**
Chartered Accountants
Firm Registration No. 015201N

Sd/-
per **Sharad Jain**
Partner
Membership No. 83837

Address: 213, Hans Bhawan,
1, Bahadur Shah Zafar Marg
Delhi – 110002

Place: New Delhi
Date: 25 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

of even date to the members of PC Jeweller Limited on the Standalone Financial Statements for the year ended 31 March 2017

Annexure A

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 fixed assets.

(b) The fixed assets 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 fixed assets 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 companies covered in the register maintained under Section 189 of the Act; and with respect to these loans:

(a) in our opinion, the terms and conditions of grant of such loans 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; and

(c) there is no overdue amount in respect of loans granted to such companies.

(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 Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. 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 and except for significant delay in payment of advance tax under the Income-tax Act, 1961. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(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:

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	0.16	0.02	Assessment Year 2008-09	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income-tax	0.19	0.03	Assessment Year 2009-10	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income-tax	0.04	- *	Assessment Year 2010-11	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income-tax	0.38	Nil	Assessment Year 2011-12	Income-tax Appellate Tribunal

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ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

of even date to the members of PC Jeweller Limited on the Standalone Financial Statements for the year ended 31 March 2017

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	0.21	Nil	Assessment Year 2012-13	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income-tax	0.85	0.12	Assessment Year 2013-14	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income-tax	4.43	0.67	Assessment Year 2014-15	Commissioner of Income-tax (Appeals)

* rounded off to nil

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. Further, the Company did not have any loans or borrowings payable to the government.

(ix) The Company did not raise moneys by way of initial public offer/ 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.

(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.

(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 made preferential allotment of compulsorily convertible preference shares and compulsorily convertible debentures. In respect of these securities, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised.

(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 Registration No. 001076N/N500013

Sd/-
per **Anupam Kumar**
Partner
Membership No. 501531

Address: L 41, Connaught Circus
New Delhi – 110001

For **Sharad Jain Associates**
Chartered Accountants
Firm Registration No. 015201N

Sd/-
per **Sharad Jain**
Partner
Membership No. 83837

Address: 213, Hans Bhawan,
1, Bahadur Shah Zafar Marg
Delhi – 110002

Place: New Delhi
Date: 25 May 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

of even date to the members of PC Jeweller Limited on the Standalone Financial Statements for the year ended 31 March 2017

Annexure B

Independent Auditors' 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 of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as of 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 (the '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 (the 'Standards'), 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 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 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 includes 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.

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

of even date to the members of PC Jeweller Limited on the Standalone Financial Statements for the year ended 31 March 2017

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 ICAI.

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

Sd/-
per **Anupam Kumar**
Partner
Membership No. 501531

Address: L 41, Connaught Circus
New Delhi – 110001

For **Sharad Jain Associates**
Chartered Accountants
Firm Registration No. 015201N

Sd/-
per **Sharad Jain**
Partner
Membership No. 83837

Address: 213, Hans Bhawan,
1, Bahadur Shah Zafar Marg
Delhi – 110002

Place: New Delhi
Date: 25 May 2017

BALANCE SHEET

as at 31 March 2017

(₹ in crores)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
A Assets				
1 Non-current assets				
a) Property, plant and equipment	4	83.67	89.88	89.58
b) Financial assets				
i) Investments	5	133.93	0.07	0.06
ii) Loans	6	305.75	140.44	37.29
iii) Other financial assets	7	4.61	6.09	4.19
c) Deferred tax assets, net	8	29.51	10.81	6.47
d) Other non-current assets	9	29.53	24.05	42.38
Total non-current assets		**587.00**	**271.34**	**179.97**
2 Current assets:				
a) Inventories	10	4,118.64	3,866.06	3,228.30
b) Financial assets				
i) Investments	11	9.40	8.10	15.07
ii) Trade receivables	12	1,274.40	908.22	767.53
iii) Cash and cash equivalents	13	375.88	92.67	92.11
iv) Bank balance other than (iii) above	14	555.77	198.59	187.09
v) Loans	6	22.73	1.10	0.61
vi) Other financial assets	7	15.71	19.52	2.81
c) Other current assets	9	257.55	371.27	231.62
Total current assets		**6,630.08**	**5,465.53**	**4,525.14**
Total assets		**7,217.08**	**5,736.87**	**4,705.11**
B Equity and Liabilities				
1 Equity				
a) Equity share capital	15	179.14	179.10	179.10
b) Other equity	16	3,187.64	2,231.05	1,892.34
Total equity		**3,366.78**	**2,410.15**	**2,071.44**
Liabilities				
2 Non-current liabilities				
a) Financial liabilities				
i) Borrowings	17	57.70	58.23	0.41
b) Provisions	18	6.15	4.31	2.87
Total non-current liabilities		**63.85**	**62.54**	**3.28**
3 Current liabilities				
a) Financial liabilities				
i) Borrowings	19	633.97	881.89	680.97
ii) Trade payables	20	2,806.97	2,161.54	1,801.96
iii) Other financial liabilities	21	140.08	48.68	21.44
b) Other current liabilities	22	142.44	49.66	17.44
c) Provisions	18	0.88	0.51	0.18
d) Current tax liabilities (net)	23	62.11	121.90	108.40
Total current liabilities		**3,786.45**	**3,264.18**	**2,630.39**
Total liabilities		**3,850.30**	**3,326.72**	**2,633.67**
Total equity and liabilities		**7,217.08**	**5,736.87**	**4,705.11**

Notes 1 to 51 form an integral part of these financial statements.

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Panwar	**Sanjeev Bhatia**	**Padam Chand Gupta**	**Balram Garg**
Company Secretary	Chief Financial Officer	Chairman	Managing Director
Membership No. A19063		DIN-00032794	DIN-00032083

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

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

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STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2017

(₹ in crores)

		Notes	Year ended 31 March 2017	Year ended 31 March 2016
1	**Revenue from operations**	24	8,104.58	7,232.10
2	Other income	25	109.15	50.72
3	Total income (1+2)		**8,213.73**	**7,282.82**
4	Expenses			
	a) Cost of materials consumed	26	7,220.88	6,614.48
	b) Purchases of stock-in-trade	27	188.76	4.04
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	(337.28)	(401.99)
	d) Excise duty		5.14	-
	e) Employee benefits expense	29	78.60	70.70
	f) Finance costs	30	274.71	244.65
	g) Depreciation and amortisation expense	31	22.01	22.61
	h) Other expenses	32	194.51	191.89
	Total expenses		**7,647.33**	**6,746.38**
5	**Profit before tax (3-4)**		**566.40**	**536.44**
6	Tax expense			
	a) Current tax	33	121.69	141.66
	b) Deferred tax	8	14.18	(4.53)
	Total tax expenses		135.87	137.13
7	Profit for the year		430.53	399.31
8	Other comprehensive income:			
	a) Items that will not be reclassified to profit or loss:			
	(i) Remeasurement of post employment benefit obligations		(0.13)	0.54
	(ii) Income-tax relating to items that will not be reclassified to profit or loss		0.05	(0.19)
	Other comprehensive income for the year, net of tax		**(0.08)**	**0.35**
9	**Total comprehensive income for the year (7+8)**		**430.45**	**399.66**
10	Earnings per equity share: (face value of ₹ 10 per share)	34		
	Basic earnings per share (in ₹)		24.05	22.32
	Diluted earnings per share (in ₹)		22.61	22.28

Notes 1 to 51 form an integral part of these financial statements.

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No. A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Padam Chand Gupta
Chairman
DIN-00032794

Sd/-
Balram Garg
Managing Director
DIN-00032083

This is the Statement of profit and loss referred to in our report of even date

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

A Equity share capital: (₹ in crores)

Particulars	Note	No. of shares	Amount
Issued, subscribed and fully paid up			
Equity shares of ₹ 10 each			
Balance as at 1 April 2015	15	**179,100,000**	179.10
Changes in equity share capital during the year		-	-
Balance as at 31 March 2016	15	**179,100,000**	179.10
Changes in equity share capital during the year		37,600	0.04
Balance as at 31 March 2017	15	**179,137,600**	179.14

B Other equity: (₹ in crores)

Particulars	Reserves and surplus						
	Equity component of preference shares	Equity component of debentures	Securities premium reserve	General reserve	Share options outstanding account	Retained earnings	Total
Balance as at 1 April 2015	**-**	**-**	**518.17**	**54.54**	**-**	**1,319.63**	**1,892.34**
Profit for the year	-	-	-	-	-	399.31	**399.31**
Other comprehensive income	-	-	-	-	-	0.35	**0.35**
Total comprehensive income	**-**	**-**	**518.17**	**54.54**	**-**	**1,719.29**	**2,292.00**
Share option expense for the year	-	-	-	-	8.02	-	**8.02**
Transactions with owners in their capacity as owners:							
Dividends distributed to equity shareholders	-	-	-	-	-	(57.31)	**(57.31)**
Corporate dividend tax on dividend paid to equity shareholders	-	-	-	-	-	(11.99)	**(11.99)**
Others	-	-	-	-	-	0.33	**0.33**
Balance as at 31 March 2016	**-**		**518.17**	**54.54**	**8.02**	**1,650.32**	**2,231.05**
Profit for the year	-	-	-	-	-	430.53	**430.53**
Other comprehensive income	-	-	-	-	-	(0.08)	**(0.08)**
Total comprehensive income	**-**	**-**	**518.17**	**54.54**	**8.02**	**2,080.77**	**2,661.50**
Issue of compulsorily convertible preference shares (net of transaction cost)	226.32	-	-	-	-	-	**226.32**
Issue of compulsorily convertible debentures	-	364.98	-	-	-	-	**364.98**
Share option expense for the year	-	-	-	-	5.87		**5.87**
Transactions with owners in their capacity as owners:							
Issue of equity shares	-	-	1.18	-	-	-	**1.18**
Dividends distributed to equity shareholders	-	-	-	-	-	(60.00)	**(60.00)**
Corporate dividend tax on dividend paid to equity shareholders	-	-	-	-	-	(12.21)	**(12.21)**
Balance as at 31 March 2017	**226.32**	**364.98**	**519.35**	**54.54**	**13.89**	**2,008.56**	**3,187.64**

Notes 1 to 51 form an integral part of these financial statements.

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Panwar	**Sanjeev Bhatia**	**Padam Chand Gupta**	**Balram Garg**
Company Secretary	Chief Financial Officer	Chairman	Managing Director
Membership No. A19063		DIN-00032794	DIN-00032083

This is the Statement of changes in equity referred to in our report of even date

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

CASH FLOW STATEMENT
for the year ended 31 March 2017

(₹ in crores)

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
A	**Cash flow from operating activities:**		
	Profit before tax	566.40	536.44
	Adjustments for:		
	Depreciation and amortization for the year	22.01	22.61
	Share based payments to employees	7.06	8.02
	Interest income on fixed deposit	(15.74)	(16.86)
	Interest income on loans given to subsidiaries and body corporate	(25.39)	(2.55)
	Net (profit)/loss on disposal of property, plant and equipment *	(0.00)	-
	Profit on sale of investments	(0.37)	(1.31)
	Interest (income)/loss from investments measured at FVTPL	(0.88)	1.23
	Finance costs	286.65	214.65
	Unwinding of discount on security deposits	0.35	0.87
	Unrealised gain on foreign exchange	(53.70)	(20.22)
	Actuarial (gain)/loss forming part of OCI	(0.13)	0.54
	Adjustment due to fair valuation of gold loan at unfixed prices	(2.70)	1.84
	Fair valuation adjustment of forwards contracts	0.54	(0.14)
	Straight lining of lease expense	(1.39)	(2.12)
	Interest expense on compulsorily convertible debentures	(51.98)	-
	Interest expense on compulsorily convertible preference shares	2.15	-
	Operating profit before working capital changes	**732.88**	**743.00**
	Adjustments for:		
	Increase in inventories	(255.45)	(641.23)
	Decrease/(increase) in financial assets	32.42	(139.48)
	Decrease/(increase) in non-financial assets	109.77	(5.32)
	Increase in trade receivables	(392.84)	(135.78)
	Increase in trade payables	693.46	361.20
	Increase in financial liabilities	4.25	0.15
	Increase in non-financial liabilities	93.39	25.48
	Increase in provisions	2.21	1.77
	Cash generated from operating activities	**1,020.09**	**209.79**
	Direct taxes paid	181.49	139.42
	Net cash generated from operating activities	**838.60**	**70.37**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment including capital advances	(15.51)	(2.37)
	Proceeds from disposal of property, plant and equipment	0.07	0.29
	Investment in shares of subsidiary	(133.86)	(0.01)
	Proceeds from redemption of current investments, net	(0.05)	7.07
	Loans given to body corporate including subsidiary companies	(159.16)	(96.88)
	Interest received	18.52	19.02
	Purchase of fixed deposits, net	(354.60)	(13.45)
	Net cash used in investing activities	**(644.59)**	**(86.33)**

(₹ in crores)

Particulars		Year ended 31 March 2017	Year ended 31 March 2016
C	**Cash flow from financing activities:**		
	Proceeds from long term loans, net of repayments	427.29	87.60
	Proceeds from issue of compulsorily convertible preference shares	254.49	-
	Proceeds from allotment of employee stock options	0.04	-
	(Repayment)/proceeds of short term borrowings, net	(247.71)	200.88
	Dividends paid including corporate dividend tax	(72.21)	(68.97)
	Interest paid	(272.70)	(202.99)
	Net cash generated from financing activities	**89.20**	**16.52**
	Net increase in cash and cash equivalents (A+B+C)	283.21	0.56
	Cash and cash equivalents at the beginning of the year	92.67	92.11
	Cash and cash equivalents at the end of the year	**375.88**	**92.67**
*Rounded off to nil			
Notes 1 to 51 form an integral part of these financial statements.			

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No. A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Padam Chand Gupta
Chairman
DIN-00032794

Sd/-
Balram Garg
Managing Director
DIN-00032083

This is the Cash flow statement referred to in our report of even date

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 Bombay Stock Exchange (BSE).

General information and statement of compliance with Ind AS

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the standalone financial statements for the year ended 31 March 2017 are the Company's first Ind AS standalone financial statements. For periods up to and including the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (the 'Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Refer note 43 for the explanation of transition from previous GAAP to Ind AS.

The standalone financial statements for the year ended 31 March 2017 were authorised and approved for issue by the Board of Directors on 25 May 2017.

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 standalone financial statements are authorised have been considered in preparing these standalone financial statements.

2.1 Standards issued but not effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 'Statement of cash flows' and Ind AS 102 'Share-based payment'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board ('IASB') to IAS 7 'Statement of cash flows' and IFRS 2 'Share-based payment', respectively. The amendments are applicable to the Company from 1 April 2017.

a) **Amendment to Ind AS 7:** The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

b) **Amendment to Ind AS 102:** The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the "fair values", but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. This amendment does not have a material impact on the Company

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

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 (refer note 41 for further details); and
- Share based payments which are measured at fair value of the options at the grant date

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 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

The Company's financial statements are presented in INR, which is also the Company's functional currency. 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**

Sales of goods

Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer and when no significant uncertainty exists regarding the amount of consideration that will be derived. 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. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction. Revenue is recorded net of any discounts and gifts provided by the Company.

The Company also operates a loyalty points programme, which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can be redeemed for discounts on the next purchase. In such cases, consideration received is allocated to the points issued at its fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Interest and dividend

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. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 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 income statement when the asset is derecognised.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

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 enter into 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 rights to receive cash flows from the asset have expired or the Company has transferred its rights 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 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 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 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 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 of necessary to make the sale.

k) **Income taxes**

Tax expense recognised in 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 statement of profit and loss is recognised outside 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 statement of profit and loss is recognised outside 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

m) **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 statement of 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 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.

n) **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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to not consider the charge related to employee stock options for which the vesting period is already over.

o) **Operating expenses**

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

p) **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.

q) **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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

r) **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 recognized. However, when inflow of economic benefit is probable, related asset is disclosed.

s) **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.

t) **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 2017

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
Gross block									
Deemed cost as at 1 April 2015	**7.58**	**2.88**	**53.44**	**7.32**	**9.94**	**1.61**	**3.52**	**3.29**	**89.58**
Additions	-	0.23	12.94	0.23	4.54	1.25	1.69	2.35	23.23
Disposals	-	-	-	-	-	(0.06)	-	(0.75)	(0.81)
Other adjustments (refer note a below)	-	-	0.24	(2.55)	2.31	-	-	-	-
Balance as at 31 March 2016	**7.58**	**3.11**	**66.62**	**5.00**	**16.79**	**2.80**	**5.21**	**4.89**	**112.00**
Additions	-	-	8.08	0.08	3.93	1.65	0.85	1.34	15.93
Disposals	-	-	-	-	-	-	-	(0.24)	(0.24)
Balance as at 31 March 2017	**7.58**	**3.11**	**74.70**	**5.08**	**20.72**	**4.45**	**6.06**	**5.99**	**127.69**
Accumulated depreciation									
Depreciation charge for the year	-	0.29	10.73	1.03	6.94	1.18	1.10	1.34	22.61
Reversal on disposals	-	-	-	-	-	0.03	-	0.46	0.49
Balance as at 31 March 2016	**-**	**0.29**	**10.73**	**1.03**	**6.94**	**1.15**	**1.10**	**0.88**	**22.12**
Charge for the year	-	0.27	11.90	0.65	5.63	1.00	1.17	1.39	22.01
Reversal on disposals	-	-	-	-	-	-	-	0.11	0.11
Balance as at 31 March 2017	**-**	**0.56**	**22.63**	**1.68**	**12.57**	**2.15**	**2.27**	**2.16**	**44.02**
Net block:									
Balance as at 31 March 2017	7.58	2.55	52.07	3.40	8.15	2.30	3.79	3.83	83.67
Balance as at 31 March 2016	7.58	2.82	55.89	3.97	9.85	1.65	4.11	4.01	89.88
Balance as at 1 April 2015	7.58	2.88	53.44	7.32	9.94	1.61	3.52	3.29	89.58

Notes:

a. Other adjustments represent re-classification of assets from one head to another head on the basis of re-assessment performed by the management.

b. The amount of contractual commitments for the acquisition of property, plant and equipment, but not recognised as a liability as at 31 March 2017 was ₹ 0.64 crores (31 March 2016 ₹ 1.32 crores; 1 April 2015 ₹ 1.52 crores).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 5: Non-current financial assets - investments

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Investments in equity instruments (unquoted) - fully paid up - at cost			
In wholly owned subsidiary companies			
PC Universal Private Limited	0.05	0.05	0.05
50,000 (31 March 2016: 50,000, 31 March 2015: 50,000) equity shares of ₹ 10 each			
Transforming Retail Private Limited	0.01	0.01	0.01
10,000 (31 March 2016: 10,000, 31 March 2015: 10,000) equity shares of ₹ 10 each			
Luxury Products Trendsetter Private Limited	0.01	0.01	-
10,000 (31 March 2016: 10,000, 31 March 2015: nil) equity shares of ₹ 10 each			
PC Jeweller Global DMCC	133.86	-	-
73,400 (31 March 2016: nil, 31 March 2015: nil) equity shares of AED 1000 each			
	133.93	**0.07**	**0.06**
Aggregate amount of unquoted investments	133.93	0.07	0.06

Note 6: Financial assets - loans

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
(Unsecured and considered good)						
Security deposits	30.84	-	24.69	-	18.52	-
Loans to related parties:						
Loan to subsidiaries (refer note a below and note 37)	266.37	21.96	107.21	0.63	10.23	0.16
Loan to body corporate (refer note a below)	8.54	0.77	8.54	0.47	8.54	0.45
Total	**305.75**	**22.73**	**140.44**	**1.10**	**37.29**	**0.61**

(a) Loan has 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 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
(Unsecured and considered good)						
Deposits with maturity of more than 12 months (refer note a below)	3.48	-	5.07	-	3.27	-
Foreign currency receivables, net	-	13.51	-	18.90	-	2.81
Others	1.13	2.20	1.02	0.62	0.92	-
Total	**4.61**	**15.71**	**6.09**	**19.52**	**4.19**	**2.81**
(a) Balances with banks to the extent held as margin money	3.48		5.07		3.27	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 8: Deferred tax assets, net

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax asset arising on account of			
Difference between accounting base and tax base of property, plant and equipment	10.90	8.62	6.11
Provision for employee benefits	2.20	1.33	1.04
Deferred lease rent	1.45	1.66	1.71
Provision for discount	2.17	0.32	-
Financial assets and liabilities at amortised cost	0.60	0.48	0.17
Fair valuation of derivatives	0.23	0.04	0.09
Compound instruments	14.85	-	-
	32.40	**12.45**	**9.12**
Deferred tax liability arising on account of			
Financial assets at fair value through profit or loss	(0.56)	(0.25)	(0.66)
Valuation of inventory	(2.33)	(1.39)	(1.99)
	(2.89)	**(1.64)**	**(2.65)**
Net deferred tax assets	**29.51**	**10.81**	**6.47**

(a) Movements in deferred tax assets and deferred tax liabilities from 1 April 2016 to 31 March 2017

(₹ in crores)

Particulars	Opening balance as on 1 April 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2017
Deferred tax asset arising on account of					
Difference between accounting base and tax base of property, plant and equipment	8.62	2.28	-	-	10.90
Provision for employee benefits	1.33	0.82	0.05	-	2.20
Deferred lease rent	1.66	(0.21)	-	-	1.45
Provision for discount	0.32	1.85	-	-	2.17
Financial assets and liabilities at amortised cost	0.48	0.12	-	-	0.60
Fair valuation derivatives	0.04	0.19	-	-	0.23
Compound instruments	-	(17.98)	-	32.83	14.85
	12.45	**(12.93)**	**0.05**	**32.83**	**32.40**
Deferred tax liability arising on account of					
Financial assets at fair value through profit or loss	(0.25)	(0.31)	-	-	(0.56)
Valuation of inventory	(1.39)	(0.94)	-	-	(2.33)
	(1.64)	**(1.25)**	**-**	**-**	**(2.89)**
Net deferred tax assets	**10.81**	**(14.18)**	**0.05**	**32.83**	**29.51**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(b) Movements in deferred tax assets and deferred tax liabilities from 1 April 2015 to 31 March 2016

(₹ in crores)

Particulars	Opening balance as on 1 April 2015	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2016
Deferred tax asset arising on account of					
Difference between accounting base and tax base of property, plant and equipment	6.11	2.51	-	-	8.62
Provision for employee benefits	1.04	0.48	(0.19)		1.33
Deferred lease rent	1.71	(0.05)	-	-	1.66
Provision for discount	-	0.32	-	-	0.32
Financial assets and liabilities at amortised cost	0.17	0.31	-	-	0.48
Fair valuation derivatives	0.09	(0.05)	-	-	0.04
	9.12	**3.52**	**(0.19)**	**-**	**12.45**
Deferred tax liability arising on account of					
Financial assets at fair value through profit or loss	(0.66)	0.41	-	-	(0.25)
Valuation of inventory	(1.99)	0.60	-	-	(1.39)
	(2.65)	**1.01**	**-**	**-**	**(1.64)**
Net deferred tax assets	**6.47**	**4.53**	**(0.19)**	**-**	**10.81**

Note

a. As at 31 March 2017, deferred tax asset amounting to ₹ 32.83 crores had been directly recognised in other equity (31 March 2016: nil, 1 April 2015: nil). This refers to deferred tax asset related to equity component of compound financial instruments.

Note 9: Other assets

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Capital advances	0.45	-	0.81	-	21.64	-
Advances to suppliers	-	248.26	-	361.88	-	219.96
Balances with statutory authorities	3.94	2.64	2.44	0.55	2.50	0.55
Prepaid expenses	23.91	4.83	20.80	4.86	18.24	8.61
Others	1.23	1.82	-	3.98	-	2.50
Total	**29.53**	**257.55**	**24.05**	**371.27**	**42.38**	**231.62**

Note 10: Inventories

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw materials	648.55	733.24	497.48
Work-in-progress	1,108.05	972.79	739.89
Finished goods	2,362.04	2,160.03	1990.93
	4,118.64	**3,866.06**	**3,228.30**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 11: Current financial assets - investments

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Investment in mutual funds (quoted) - at fair value through profit and loss			
Bank of India AXA Capital Protection Oriented Fund Series-5 (31 March 2017: 599,990 units, 31 March 2016: 600,000 units, 31 March 2015: nil)	0.64	0.60	-
Kotak Capital Protection Oriented Scheme Series-1 Growth Regular Plan (31 March 2017: 100,000 units, 31 March 2016: 100,000 units, 31 March 2015: nil)	0.11	0.10	-
ICICI Prudential Capital Protection Oriented Fund Series IV Plan G - 60 months (31 March 2017: 2017: 120,000 units, 31 March 2016: 120,000 units, 31 March 2015: 120,000 units)	0.17	0.16	0.15
State Bank of India Equity Opportunities Fund Series 1- Regular plan growth (31 March 2017: 2,000,000 units, 31 March 2016: 2,000,000 units, 31 March 2015: 2,000,000 units)	2.84	2.24	2.41
State Bank of India Equity Opportunities Fund Series 2- Regular plan growth (31 March 2017: 500,000 units, 31 March 2016: 500,000 units, 31 March 2015: 500,000 units)	0.62	0.49	0.53
Canara Robeco Capital Protection Oriented Fund-Series 3 Regular Growth (31 March 2017: 14,999,400 units, 31 March 2016: 14,999,400 units, 31 March 2015: 14,999,400 units)	1.83	1.67	1.60
Canara Robeco Capital Protection Oriented Fund-Series 5 Regular Growth financial year 2017: 1,129,700 units (31 March 2016: 1,129,700 units, 31 March 2015: 1,129,700 units)	1.22	1.14	1.13
HDFC CPO III - 1173D January 2015 - Regular Growth (31 March 2017: 200,000 units, 31 March 2016: 200,000 units, 31 March 2015: 200,000 units)	0.23	0.21	0.20
ICICI Prudential Capital Protection Oriented Fund Series VI 1100 Days Plan D (31 March 2017: 120,000 units, 31 March 2016: 150,000 units, 31 March 2015: 150,000 units)	0.18	0.17	0.17
State Bank of India Dual Advantage Fund Series III - Regular Growth (31 March 2017: 100,000 units, 31 March 2016: 100,000 units, 31 March 2015: 100,000 units)	0.12	0.11	0.11
Bank of India AXA Corporate Credit Spectrum Fund- Regular Plan (31 March 2017: 541,158, 31 March 2016: nil, 31 March 2015: nil)	0.78	-	-
Canara Robeco Capital Protection Oriented Fund Series 7 RG (31 March 2017: 750,000 units, 31 March 2016: nil, 31 March 2015: nil)	0.66	-	-
Canara Robeco Capital Protection Oriented Fund-Series 2 (Plan A) - Regular Growth (31 March 2017: nil, 31 March 2016: 500,000 units, 31 March 2015: 500,000 units)	-	0.62	0.59
Bank of India AXA Capital Protection Oriented Fund - Series 1 Regular Plan Growth (31 March 2017: nil, 31 March 2016: 499,990 units, 31 March 2015: 499,990 units)	-	0.59	0.64
Bank of India AXA Equity Debt Rebalancer Fund Regular Plan Growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 1,802,836 units)	-	-	2.22
State Bank of India Banking and Finance Services Fund - Regular plan growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 2,000,000 units)	-	-	1.92

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
State Bank of India Magnum Balanced Fund-Regular plan- growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 304,913 units)	-	-	2.89
HDFC Equity Fund Growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 487 units)	-	-	0.01
State Bank of India Magnum Global Fund regular plan growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 37,110 units)	-	-	0.50
	9.40	**8.10**	**15.07**
Aggregate amount of quoted investments and market value thereof	9.40	8.10	15.07

Note 12: Trade receivables

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Receivables from related parties (refer note 37)	4.38	2.21	-
Others	1,270.02	906.01	767.53
	1,274.40	**908.22**	**767.53**

Note 13: Cash and cash equivalents

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks - in current accounts	326.47	88.28	56.55
Cheques and drafts in hand	0.32	0.06	0.22
Cash on hand	49.09	4.33	14.34
Deposits with original maturity of less than 3 months	-	-	21.00
	375.88	**92.67**	**92.11**

Note 14: Other bank balances

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deposits with maturity of more than 3 months but less than 12 months (refer note a below)	555.72	198.54	187.07
Unclaimed dividend account (refer note b below)	0.05	0.05	0.02
	555.77	**198.59**	**187.09**
(a) Balances with banks to the extent held as margin money.	555.72	198.54	187.07
(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 2017

Note 15: Equity share capital

a) Authorised share capital

(₹ in crores)

	Number of shares	Amount
Equity shares of ₹ 10 each		
Balance at the beginning of the year at 1 April 2015	200,000,000	200.00
Increase during the year	25,000,000	25.00
Total authorised equity share capital as at 31 March 2016	**225,000,000**	**225.00**
Balance at the beginning of the year at 1 April 2016	**225,000,000**	**225.00**
Increase during the year	15,000,000	15.00
Total authorised equity share capital as at 31 March 2017	**240,000,000**	**240.00**
Preference shares of ₹ 10 each		
Balance at the beginning of the year at 1 April 2015	-	-
Increase during the year	-	-
Total authorised preference share capital as at 31 March 2016	**-**	**-**
Balance at the beginning of the year at 1 April 2016	**-**	**-**
Increase during the year	260,000,000	260.00
Total authorised preference share capital as at 31 March 2017	**260,000,000**	**260.00**

(₹ in crores)

	Number of shares	Amount
Equity shares of ₹ 10 each		
Balance as at 1 April 2015	179,100,000	179.10
Changes during the period	-	-
Balance as at 31 March 2016	**179,100,000**	**179.10**
Balance as at 1 April 2016	**179,100,000**	**179.10**
Issued on exercise of employee share options	37,600	0.04
Shares issued and fully paid as at 31 March 2017	**179,137,600**	**179.14**
Preference shares of ₹ 10 each		
Balance as at 1 April 2015	-	-
Changes during the period	-	-
Balance as at 31 March 2016	**-**	**-**
Balance as at 1 April 2016	**-**	**-**
Increase during the year*	257,372,912	257.37
Balance at the end of the year	**257,372,912**	**257.37**

*The Company has issued compulsorily convertible preference shares ('CCPS') in the current year. CCPS are compound financial instruments and in accordance with Ind AS, the Company has bifurcated amount so received into equity and liability component. The liability component amounts to ₹ 28.48 crores, which is reflected in borrowings (refer note 17) and equity component (net of transaction cost of ₹ 2.57 crores) amounts to ₹ 226.32 crores, which is reflected in other equity (refer note 16).

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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

The distribution will be in proportion to the number of equity shares held by the equity shareholders.

Terms and rights attached to preference shares

Each CCPS has a par value of ₹ 10 and would be converted into equity shares of the Company within 12 months from the date of issuance. The conversion shall happen at the price of ₹ 382.54 per share. As such, the preference shares will get converted into 6,728,000 equity shares of the Company. The preference shareholders shall receive a mandatory dividend of 13% per annum, which shall be paid on 30 September, for each preceding financial year. The voting rights of the investors holding CCPS shall be in accordance with the provisions of Section 47 of the Companies Act, 2013 (including any statutory amendments thereto or re-enactments thereof for the time being in force). The preference shares will rank ahead of equity shares in case of liquidation.

c) Shares reserved for issue under options

(i) 2,679,330 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.

(ii) Company has issued compulsorily convertible debentures ('CCD') in the current financial year. The conversion shall happen at the price of ₹ 380 per share. As such, the debentures will get converted into 11,236,800 equity shares of the Company within 18 months from the date of issuance.

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

(₹ in crores)

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 10 each							
	Mr. Balram Garg	66,976,050	37.39%	66,951,050	37.38%	66,951,050	37.38%
	Mr. Padam Chand Gupta	50,371,800	28.12%	50,371,800	28.12%	50,371,800	28.12%
	Idria Limited	9,075,718	5.07%	9,075,718	5.07%	-	-
		126,423,568	**70.58%**	**126,398,568**	**70.57%**	**117,322,850**	**65.50%**

**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.*

e) 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)

	Sub-note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Retained earnings	(i)	2,008.56	1,650.32	1,319.63
General reserve	(ii)	54.54	54.54	54.54
Securities premium reserve	(iii)	519.35	518.17	518.17
Share options outstanding account	(iv)	13.89	8.02	-
Equity component of compulsorily convertible debentures (including deferred tax of ₹ 32.83 crores)	(v)	364.98	-	-
Equity component of compulsorily convertible preference shares	(vi)	226.32	-	-
		3,187.64	**2,231.05**	**1,892.34**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(i) Retained earnings

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	**1,650.32**	**1,319.63**
Add : Profit for the year	430.53	399.31
Less: Dividends distributed to equity shareholders (refer note 42)	60.00	57.31
Less: Corporate dividend tax on dividend paid to equity shareholders	12.21	11.99
Add: Corporate dividend tax credit of earlier years	-	0.33
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurement of net defined benefit liability	(0.08)	0.35
Balance at the end of the year	**2,008.56**	**1,650.32**

(ii) General reserve

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	54.54	54.54
Change during the year	-	-
Balance at the end of the year	**54.54**	**54.54**

Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with 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.

(iii) Securities premium reserve

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	518.17	518.17
Increase due to issuance of shares during the year	1.18	-
Balance at the end of the year	**519.35**	**518.17**

(iv) Share options outstanding account

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	8.02	-
Change during the year	5.87	8.02
Balance at the end of the year	**13.89**	**8.02**

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 2017

(v) Equity component of compulsorily convertible debentures

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	**-**	**-**
Increase due to issuance of debentures during the year	364.98	-
Balance at the end of the year	**364.98**	**-**

4,269,984 compulsorily convertible debentures with face value of ₹1,000 each were issued during the year ended 31 March 2017. This note covers the equity component of the said debentures. The liability component is reflected in financial liabilities - borrowings.

(vi) Equity component of compulsorily convertible preference shares

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	**-**	**-**
Increase due to issuance of preference shares during the year	228.89	-
Less: Transaction cost incurred for issue of preference shares	2.57	
Balance at the end of the year	**226.32**	**-**

257,372,912 compulsorily convertible preference shares with par value of ₹ 10 each were issued during the year ended 31 March 2017. This note covers the equity component of the said preference shares. The liability component is reflected in financial liabilities - borrowings.

Note 17: Non-current financial liabilities - borrowings

(₹ in crores)

	Interest rate	Maturity date	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Remarks
Secured						
Vehicle loans	9.65%-10.65%	December 2020	2.03	1.76	0.89	Refer note (i)
Term loans from banks	11.25%-11.45%	November 2020	86.75	86.73	-	Refer note (ii)
			88.78	**88.49**	**0.89**	

(₹ in crores)

	Effective interest rate	Maturity date	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Remarks
Unsecured						
Liability component of compulsorily convertible preference shares	11.45%	September 2018	30.32	-	-	Refer note (iii)
Liability component of compulsorily convertible debentures	11.45%	January 2018	49.71	-	-	Refer note (iv)
			80.03	**-**	**-**	
Total borrowings			**168.81**	**88.49**	**0.89**	
Less: Current maturities of long term borrowings (refer note 21)			(111.11)	(30.26)	(0.48)	
Total			**57.70**	**58.23**	**0.41**	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(i) Vehicle loans are secured by way of hypothecation of assets, thus purchased.

(ii) Term loans from banks (including current maturities) aggregating to ₹ 86.75 crores (31 March 2016: ₹ 86.73 crores; 1 April 2015: nil) are secured against first and exclusive registered mortgage charge on immovable properties belonging to a body corporate. These loans are further fully secured by personal guarantees of promoter directors and their certain relatives and corporate guarantees of the said body corporate.

(iii) Liability component of compulsorily convertible preference shares ('CCPS') represents the mandatory payments required under the terms of the CCPS, discounted at the effective interest rate. Mandatory dividend is payable at the rate of 13% per annum. Such dividend is payable on 30 September for the preceding financial year.

(iv) Liability component of compulsorily convertible debentures ('CCD') represents the mandatory payments required under the terms of the CCD, discounted at the effective interest rate. Interest is payable on CCD at the rate of 13% per annum (16.25% per annum inclusive of tax deducted at source). The interest payments commenced from 04 July 2016 and are payable every quarter thereafter till conversion date of the CCD.

Note 18: Provisions

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Provision for employee benefits obligations (refer note 35)	6.15	0.88	4.31	0.51	2.87	0.18
	6.15	**0.88**	**4.31**	**0.51**	**2.87**	**0.18**

Note 19: Current Financial Liabilities - Borrowings

(₹ in crores)

	Interest rate	Maturity date	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Remarks
Secured (carried at amortised cost)						
Cash credit facilities	10.55%-12.30%	Payable on demand	66.21	638.68	448.11	Refer note (i)
Packing credit facilities	6.95%-8.60%	Payable on demand	186.58	63.19	40.00	Refer note (i)
Post shipment credit facilities	7.25%-8.60%	Payable on demand	126.96	33.74	43.63	Refer note (i)
Demand loan	10.95%	Payable on demand	60.00	49.63	99.23	Refer note (i)
Commercial papers	8.50%	August 2017	194.22	96.65	50.00	Refer note (i)
Total			**633.97**	**881.89**	**680.97**	

(i) Cash credit facilities, packing credit facilities, post shipment credit facilities, demand loans and commercial papers are secured against first pari passu charge on current assets, fixed assets 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 20: Trade Payables

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payables	2,806.97	2,161.54	1,801.96
	2,806.97	**2,161.54**	**1,801.96**

Note 21: Other Current Financial Liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Valued at amortised cost			
Current maturities of long term debt (refer note 17)	43.08	30.26	0.48
Current maturities of liability component of CCD (refer note 17)	49.71	-	-
Current maturities of liability component of CCPS (refer note 17)	18.32	-	-
Interest accrued but not due on borrowings	9.64	2.54	2.14
Unpaid dividends*	0.05	0.05	0.02
Application money received for allotment of securities to the extent refundable	0.02	0.02	0.02
Creditors for capital goods	0.74	2.31	0.47
Employee related payables	6.20	5.38	7.10
Others	12.32	8.12	11.21
	140.08	**48.68**	**21.44**

*Not due for deposit to the Investor Education and Protection Fund

Note 22: Other Current Liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances received from customers	9.57	10.18	7.99
Deposits received from customers	117.42	32.24	-
Statutory dues payable	5.94	2.47	4.41
Deferred revenue	5.35	-	-
Others	4.16	4.77	5.04
	142.44	**49.66**	**17.44**

Note 23: Current Tax Liablities (Net)

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for income-tax (net of prepaid taxes)	62.11	121.90	108.30
Provision for wealth tax	-	-	0.10
	62.11	**121.90**	**108.40**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 24: Revenue from operations

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Sale of products (including excise duty)	8,104.58	7,232.10
	8,104.58	**7,232.10**

Note 25: Other income

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest income on:		
fixed deposits with banks	15.74	16.86
loans to subsidiaries	24.54	1.70
loan to a body corporate	0.85	0.85
other financial assets carried at amortised cost	3.48	2.35
Gain on investments measured at FVTPL	1.25	0.08
Profit/(loss) on sale of property, plant and equipment	0.00*	-
Net gain on foreign currency transaction and translation	61.81	27.49
Other non-operating income	1.48	1.39
	109.15	**50.72**

rounded off to nil

Note 26: Cost of materials consumed

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Raw material		
Balance at the beginning of the year	733.25	497.48
Add: purchases during the year	7,136.18	6,850.25
Balance at the end of the year	648.55	733.25
	7,220.88	**6,614.48**

Note 27: Purchases of stock-in-trade

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Purchases of stock-in-trade	188.76	4.04
	188.76	**4.04**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 28: Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Opening balance		
Work-in-progress	972.78	739.89
Finished goods	2,160.03	1,990.93
Stock-in-trade	-	-
	3,132.81	**2,730.82**
Closing balance		
Work-in-progress	1,108.05	972.78
Finished goods	2,362.04	2,160.03
Stock-in-trade	-	-
	3,470.09	**3,132.81**
	(337.28)	**(401.99)**

Note 29: Employee benefits expense

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Salaries and wages	64.91	55.22
Contribution to provident and other funds (refer note 35)	4.04	3.57
Share based payments to employees	7.06	8.02
Staff welfare expenses	2.59	3.89
	78.60	**70.70**

Note 30: Finance costs

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest expense on financial liabilities at amortised cost	221.38	198.73
Interest on late deposit of advance tax	11.03	11.26
Other finance costs	42.30	34.66
	274.71	**244.65**

Note 31: Depreciation and amortisation expense

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation on property, plant and equipment	22.01	22.61
	22.01	**22.61**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 32: Other expenses

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Advertisement and publicity	22.29	28.50
Labour charges	35.38	48.84
Hallmarking charges	0.83	0.61
Consumption of packing material	2.36	3.12
Rent (refer note 47)	56.21	44.66
Business promotion	9.28	13.46
Communication	4.07	4.51
Repairs and maintenance - office	5.28	3.01
Discount and commission	9.75	2.39
Electricity and water	7.90	7.60
Vehicle running and maintenance	0.90	1.06
Insurance	2.32	3.73
Legal and professional (including payment to auditors) (refer note a below)	6.62	5.50
Rates and taxes	4.47	1.64
Printing and stationery	1.21	1.25
Security expenses	7.56	7.86
Travelling and conveyance	3.41	3.99
Bank charges	7.03	6.12
Donation	2.06	2.13
Expenditure on corporate social responsibility activities (refer note 48)	5.00	1.75
Miscellaneous	0.58	0.16
	194.51	**191.89**
(a) **Payment to auditors**		
- As auditors	0.77	0.57
- For other services	0.47	0.64
- For reimbursement of expenses	0.02	0.02
- Towards service tax	0.19	0.18
Total	**1.45**	**1.41**

Note 33: Current tax

(a) Income-tax expense through the statement of profit and loss

(₹ in crores)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current tax:		
Current tax on profits for the year	133.92	160.68
Adjustments for current tax of prior periods	(12.23)	(19.02)
	121.69	**141.66**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	14.18	(4.75)
Adjustments due to changes in tax rates		0.22
Total tax expense	**135.87**	**137.13**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(b) Income-tax on other comprehensive income

(₹ in crores)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Re-measurement of defined benefit obligations	0.05	(0.19)
Total tax expense recognised in other comprehensive income	**0.05**	**(0.19)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Accounting profit before income-tax	566.40	536.44
Applicable Indian statutory income-tax rate	34.61%	34.61%
Computed expected tax expense	196.03	185.66
Prior period adjustments	(12.23)	(19.02)
Effect of non-deductible expenses	6.60	4.81
Effect of change in rate of tax	-	0.22
Income exempt from tax	(54.53)	(34.54)
Income-tax expense reported in the statement of profit and loss	**135.87**	**137.13**
At the effective income tax rate of 23.99% (31 March 2016: 25.56%)	**135.87**	**137.13**

The Company has three factory units which are located in 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 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

(₹ in crores)

Particulars	Units	Year ended 31 March 2017	Year ended 31 March 2016
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
Net profit attributable to shareholders for basic earnings per share	₹ in crores	**430.53**	**399.31**
Interest savings on compulsory convertible preference shares, net of tax	₹ in crores	1.20	-
Interest savings on compulsory convertible debentures, net of tax	₹ in crores	4.67	-
Net profit attributable to shareholders for diluted earnings per share	₹ in crores	**436.40**	**399.31**
Weighted average number of equity shares for basic earnings per share	₹ in crores	**17.91**	**17.91**
Effect of conversion of convertible debentures, convertible preference shares and exercise of share options	₹ in crores	1.39	0.03
Weighted average number of equity shares for diluted earnings per share	₹ in crores	**19.30**	**17.94**
Basic earnings per share	₹	24.05	22.32
Diluted earnings per share	₹	22.61	22.28

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 35: Employee benefits

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Gratuity	5.62	3.85	3.05
Compensated absences	1.41	0.97	(0.00)*
	7.03	**4.82**	**3.05**

** Rounded off to nil*

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 2017	As at 31 March 2016
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	3.85	3.05
Interest cost	0.30	0.25
Current service cost	1.44	1.10
Benefits paid	(0.10)	(0.01)
Actuarial losses/(gains) on obligation	0.13	(0.54)
Closing defined benefit obligation	**5.62**	**3.85**
Expense recognised in the statement of profit and loss:		
Current service cost	1.44	1.10
Interest cost	0.30	0.24
	1.74	**1.34**
Expense/(income) recognised in the other comprehensive income:		
Net actuarial loss/(gain) in the year	0.13	(0.54)
	0.13	**(0.54)**
Net expense recognised in the total comprehensive income	**1.87**	**0.80**
Breakup of actuarial gain/loss		
Actuarial loss/(gain) arising from change in demographic assumption	-	
Actuarial loss/(gain) arising from change in financial assumption	0.22	(0.04)
Actuarial gain arising from experience adjustment	(0.09)	(0.50)
	0.13	**(0.54)**

Actuarial assumptions used

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	7.40%	7.90%	7.80%
Long-term rate of compensation increase	8.00%	8.00%	8.00%
Average remaining life	29.35	29.76	30.32

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Demographic assumptions used

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Mortality table	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)
Retirement Age:	60 years	60 years	60 years
Average remaining life	29.35	29.76	30.32
Withdrawal rates for all ages	10% per annum	10% per annum	10% per annum

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 at 31 March 2017.

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate				
(Decrease)/ increase in the defined benefit liability	(0.43)	0.50	(0.29)	0.33
Salary growth rate				
Increase/ (decrease) in the defined benefit liability	0.46	(0.41)	0.32	(0.28)
Average life expectancy				
Increase/ (decrease) in the defined benefit liability	negligible	negligible	negligible	negligible

The present value of the defined benefit obligation calculated with the same method (projected unit credit) as the defined benefit obligation recognised in the balance sheet. 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 ₹ 2.13 crores in the next 12 months.

The weighted average duration of the defined benefit obligation at 31 March 2017 is 15 years (31 March 2016: 13 years).

Amounts for the current and previous four years are as follows:

(₹ in crores)

	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligations	5.62	3.85	3.05	1.87	1.31
Experience gain/(loss) adjustments on planned liabilities	0.09	0.50	0.25	0.04	(0.05)

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, only a certain amount of provision has been presented as current and balance as non-current.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Actuarial assumptions used

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	7.40%	7.90%	7.80%
Expected salary escalation rate	8.00%	8.00%	8.00%

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 ₹ 2.96 crores (31 March 2016 ₹ 2.63 crores).

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 Employees' Stock Option Plan 2011 (the 'Plan') for all eligible employees/directors of the Company except an employee who is a promoter or belongs to the promoter group or a director who either by himself or through his relatives or through and body corporate, directly or indirectly, holds more than 10% of outstanding equity shares of the Company.

The plan is to be 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 will be under the guidance, advice and directions of the Nomination and Remuneration Committee.

The Company has granted 726,300 stock options to the eligible employees of the Company on 14 May 2015. Each stock option 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 2017

(b) Set out below is a summary of options granted under the Plan:

	31 March 2017		31 March 2016	
	Average exercise price per share	Number of options	Average exercise price per share	Number of options
Balance at the beginning of the year	**10.00**	**726,300**	**-**	**-**
Options granted during the year	-	-	10.00	726,300
Options exercised during the year	10.00	37,600	-	-
Balance at the end of the year*	**10.00**	**688,700**	**10.00**	**726,300**
Vested and exercisable	10.00	35030	-	-

**No options have lapsed or forfeited during the period covered in the table above.*

(c) Exercise price and expiry dates of share options outstanding at the end of the year:

Grant date	Expiry date	Average exercise price per share	Share options as on 31 March 2017	Share options as on 31 March 2016
14 May 2015	13 May 2023	10.00	688,700	726,300
Total			**688,700**	**726,300**
Weighted average remaining contractual life of options outstanding			6.12	7.12

(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)	Fair value of options granted (per share)	₹ 318.22
(ii)	Exercise price	₹ 10
(iii)	Grant date	14 May 2015
(iv)	Expiry date	13 May 2023
(v)	Share price at grant date	₹ 328.50
(vi)	Weighted historical volatility (%)	52.61
(vii)	Time to maturity-years	8 years
(viii)	Expected dividend yield (%)	0.71
(ix)	risk free interest rate (%)	7.97- 8.03

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 & NSE stock exchnages on 27 December 2012. The volatility is determined by taking into account the period since the listing of the Company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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:

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*
Key management personnel (KMP)**	Mr. Padam Chand Gupta
	Mr. Balram Garg
Relatives of key management personnel***	Mr. Nitin Gupta (Son of Mr. Padam Chand Gupta)
	Mr. Sachin Gupta (Son of Mr. Padam Chand Gupta)
	Mrs. Krishna Devi (Wife of Mr. Padam Chand Gupta)
	Mrs. Kusum Jain (Sister of Mr. Padam Chand Gupta and Mr. Balram Garg)
	Mrs. Pooja Garg (Wife of Mr. Balram Garg)
Other entities in which KMP has significant influence**	Padam Chand, Hindu Undivided Family
	Balram Garg, Hindu Undivided Family

**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 reported 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 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Transactions during the year						
Rent income						
PC Universal Private Limited	-	0.08	-	-	-	-
	-	**0.08**	**-**	**-**	**-**	**-**
Loan given						
PC Universal Private Limited	299.44	108.53	-	-	-	-
Luxury Products Trendsetter Private Limited	17.79	1.85	-	-	-	-
	317.23	**110.38**	**-**	**-**	**-**	**-**
Expenses incurred on behalf of						
PC Universal Private Limited	-	0.02	-	-	-	-
	-	**0.02**	**-**	**-**	**-**	**-**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Interest income on loan						
PC Universal Private Limited	23.43	1.66	-	-	-	-
Luxury Products Trendsetter Private Limited	1.11	0.04	-	-	-	-
	24.54	**1.70**	**-**	**-**	**-**	**-**
Investment						
Luxury Products Trendsetter Private Limited	-	0.01	-	-	-	-
PC Jeweller Global DMCC	133.86	-	-	-	-	-
	133.86	**0.01**	**-**	**-**	**-**	**-**
Sale of goods						
Transforming Retail Private Limited	8.06	9.73	-	-	-	-
	8.06	**9.73**	**-**	**-**	**-**	**-**
Sale of fixed assets						
Transforming Retail Private Limited	-	0.03	-	-	-	-
	-	**0.03**	**-**	**-**	**-**	**-**
Sale of website						
Transforming Retail Private Limited	-	0.01	-	-	-	-
	-	**0.01**	**-**	**-**	**-**	**-**
Purchase of goods						
Luxury Products Trendsetter Private Limited	1.83	-	-	-	-	-
	1.83	**-**	**-**	**-**	**-**	**-**
Purchase of services						
Luxury Products Trendsetter Private Limited	0.09	-	-	-	-	-
	0.09	**-**	**-**	**-**	**-**	**-**
Labour income received						
PC Universal Private Limited	1.67	-	-	-	-	-
	1.67	**-**	**-**	**-**	**-**	**-**
Security deposits repaid						
PC Universal Private Limited	0.02	-	-	-	-	-
	0.02	**-**	**-**	**-**	**-**	**-**
Remuneration paid*						
Mr. Balram Garg	-	-	6.90	6.00	-	-
Mr. Nitin Gupta	-	-	0.39	0.39	-	-
Others	-	-	-	0.03	-	-
	-	**-**	**7.29**	**6.42**	**-**	**-**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Rent paid						
Mr. Padam Chand Gupta	-	-	5.37	0.32	-	-
Mr. Balram Garg			0.26	0.02		
Mr. Nitin Gupta	-	-	0.77	0.04	-	-
Mr. Sachin Gupta	-	-	0.77	0.04	-	-
	-	**-**	**7.17**	**0.42**	**-**	**-**
Final dividend paid						
Mr. Balram Garg	-	-	22.43	21.42	-	-
Mr. Padam Chand Gupta	-	-	16.87	16.12	-	-
Others	-	-	2.24	2.13	0.36	0.35
	-	**-**	**41.54**	**39.67**	**0.36**	**0.35**

* 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.

(₹ 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 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Balance outstanding at the year end									
Loans									
PC Universal Private Limited	246.75	105.36	10.23	-	-	-	-	-	-
Luxury Products Trendsetter Private Limited	19.62	1.85	-	-	-	-	-	-	-
	266.37	**107.21**	**10.23**	**-**	**-**	**-**	**-**	**-**	**-**
Loans - Rental Income receivable									
PC Universal Private Limited	-	-	0.08	-	-	-	-	-	-
	-	**-**	**0.08**	**-**	**-**	**-**	**-**	**-**	**-**
Interest accrued on loan									
PC Universal Private Limited	20.93	0.59	0.07	-	-	-	-	-	-
Luxury Products Trendsetter Private Limited	1.03	0.04	-	-	-	-	-	-	-
	21.96	**0.63**	**0.07**	**-**	**-**	**-**	**-**	**-**	**-**
Re-reimbursement receivable									
PC Universal Private Limited	**-**	**-**	0.01						
	-	**-**	**0.01**						

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Labour income receivable									
PC Universal Private Limited	1.62	-	-	-	-	-	-	-	-
	1.62	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade receivables									
Transforming Retail Private Limited	4.38	2.21	-	-	-	-	-	-	-
	4.38	**2.21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments									
Transforming Retail Private Limited	0.01	0.01	0.01	-	-	-	-	-	-
Luxury Products Trendsetter Private Limited	0.01	0.01	-	-	-	-	-	-	-
PC Jeweller Global DMCC	133.86	-	-	-	-	-	-	-	-
PC Universal Private Limited	0.05	0.05	0.05	-	-	-	-	-	-
	133.93	**0.07**	**0.06**	**-**	**-**	**-**	**-**	**-**	**-**
Other current liabilities-security deposits									
PC Universal Private Limited	-	0.02	0.02	-	-	-	-	-	-
	-	**0.02**	**0.02**	**-**	**-**	**-**	**-**	**-**	**-**
Other current liabilities - remuneration									
Mr. Balram Garg	-	-	-	0.38	0.50	0.50	-	-	-
Mr. Nitin Gupta	-	-	-	0.02	0.03	0.03	-	-	-
	-	**-**	**-**	**0.40**	**0.53**	**0.53**	**-**	**-**	**-**
Rent payable:									
Mr. Balram Garg	-	-	-	0.22	-	-	-	-	-
Mr. Padam Chand Gupta	-	-	-	4.94	-	-	-	-	-
Mr. Nitin Gupta	-	-	-	0.66	-	-	-	-	-
Mr. Sachin Gupta	-	-	-	0.66	-	-	-	-	-
	-	**-**	**-**	**6.48**	**-**	**-**	**-**	**-**	**-**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Breakup for Key management personnel's compensation in the following categories:

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Short-term employee benefits #	6.95	6.03
Post-employment benefits$*	-	-
Other long-term benefits *	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	**6.95**	**6.03**

Including sitting fee.
* 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 above
$ including provident fund, leave encashment paid and any other benefit

Note 38: Details of amounts due from entities pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

(₹ in crores)

Nature of the entity	Maximum balance outstanding during the year ended 31 March 2017	Balance outstanding as on 31 March 2017	Investment in the entity as on 31 March 2017	Maximum balance outstanding during the year ended 31 March 2016	Balance outstanding as on 31 March 2016	Investment in the entity as on 31 March 2016
PC Universal Private Limited	378.69	269.30	0.05	105.95	105.95	0.05
Luxury Products Trendsetter Private Limited	20.64	20.65	0.01	1.89	1.89	0.01
Transforming Retail Private Limited	157.14	4.38	0.01	3.90	2.21	0.01
PC Jeweller Global DMCC	-	-	133.86	-	-	-

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

PCJ
Jeweller for generations

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

As at 31 March 2017

(₹ 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	569.45	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(8.43)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	8.43	-	Range - within 6 months		Trade payables	8.43

As at 31 March 2016

(₹ 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	57.95	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(2.00)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	2.00	-	Range - within 6 months		Trade payables	2.00

As at 1 April 2015

(₹ 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	570.16	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(2.63)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	2.63	-	Range - within 6 months		Trade payables	2.63

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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
As at 31 March 2017				
Financial assets				
Investments at fair value through profit or loss				
Mutual funds	9.40	-	-	**9.40**
Derivative instruments				
Option to fix prices of gold in purchase contracts	8.43	-	-	**8.43**
Forward contracts	-	13.49	-	**13.49**
Total financial assets	**17.83**	**13.49**	**-**	**31.32**
As at 31 March 2016				
Financial assets				
Investments at fair value through profit and loss				
Mutual funds	8.10	-	-	**8.10**
Derivative instruments				
Option to fix prices of gold in purchase contracts	2.00	-	-	**2.00**
Forward contracts	-	18.42	-	**18.42**
Total financial assets	**10.10**	**18.42**	**-**	**28.52**
As at 1 April 2015				
Financial assets				
Investments at fair value through profit and loss				
Mutual funds	15.07	-	-	**15.07**
Derivative instruments				
Option to fix prices of gold in purchase contracts	2.63	-	-	**2.63**
Forward contracts	-	2.41	-	**2.41**
Total financial assets	**17.70**	**2.41**	**-**	**20.11**

(ii) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) The use of quoted market prices for investments in mutual funds.

(b) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 41: Financial risk management

i) Financial instruments by category

(₹ in crores)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Investments						
- mutual funds	9.40	-	8.10	-	15.07	-
Loans						
- to subsidiaries	-	288.33	-	107.84	-	10.39
- to other body corporates	-	9.31	-	9.01	-	8.99
Trade receivables	-	1,274.40	-	908.22	-	767.53
Security deposits	-	30.84	-	24.69	-	18.52
Cash and cash equivalents	-	375.88	-	92.67	-	92.11
Other receivables	-	3.35	-	2.11	-	1.31
Derivative financial asset	13.49	-	18.42	-	2.41	-
Unclaimed dividend account	-	0.05	-	0.05	-	0.02
Bank deposits	-	559.20	-	203.63	-	190.35
Total	**22.89**	**2,541.36**	**26.52**	**1,348.22**	**17.48**	**1,089.22**
Financial liabilities						
Borrowings	-	691.67	-	940.12	-	681.38
Trade payables*	-	2,806.97	-	2,161.54	-	1,801.96
Other financial liabilities	-	140.08	-	48.68	-	21.42
Total	**-**	**3,638.72**	**-**	**3,150.34**	**-**	**2,504.76**

* Trade payables include value of the option to fix prices on gold purchases (embedded derivative) that is carried at fair value through P&L. The value of such embedded derivative which is financial asset of ₹ 8.43 crores as at 31 March 2017 (31 March 2016: ₹ 2.00 crores; 1 April 2015: ₹ 2.63 crores) is offset against the value of the trade payables (as discussed further below).

(a) 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, is considered to be a reasonable approximation of fair value.

(b) 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 offset with trade payables, as at 31 March 2017, 31 March 2016 and 1 April 2015.

(₹ in crores)

Particulars	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
31 March 2017	2,815.40	(8.43)	2,806.97
31 March 2016	2,163.54	(2.00)	2,161.54
1 April 2015	1,804.59	(2.63)	1,801.96

Option to fix prices on gold purchases is an embedded derivative that will be settled together with the trade payables. Accordingly, such amounts are offset but are shown separately in the table above.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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:

(₹ in crores)

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 equity securities	Sensitivity analysis	Portfolio diversification

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.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, mutual funds, bank deposits, loans and derivative financial instruments is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the company can draws to apply consistently to entire population. For such financial assets, the Company's policy is to provides for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Detail of trade receivables that are past due is given below:

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not due	1,121.17	878.56	765.49
0-30 days past due	11.11	28.86	0.48
31-60 days past due	105.01	0.00*	-
61-90 days past due	0.51	0.06	0.00*
More than 90 days past due	36.60	0.74	1.56
	1,274.40	**908.22**	**767.53**

**rounded off to 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.

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 2017	As at 31 March 2016	As at 1 April 2015
Expiring within one year (bank overdraft and other facilities)	318.98	373.01	483.39
Expiring beyond one year (bank loan)	-	-	-
	318.98	**373.01**	**483.39**

Contractual maturities of financial liabilities

The tables below analyse 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 2017	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	439.75	329.51	35.69	19.66	10.95	835.56
Trade payable	-	2,806.97	-	-	-	2,806.97
Other financial liabilities	-	19.34	-	-	-	19.34
Total	**439.75**	**3,155.82**	**35.69**	**19.66**	**10.95**	**3,661.87**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(₹ in crores)

31 March 2016	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	785.24	134.80	15.99	18.30	29.15	983.48
Trade payable	-	2,161.54	-	-	-	2,161.54
Other financial liabilities	-	15.88	-	-	-	15.88
Total	**785.24**	**2,312.22**	**15.99**	**18.30**	**29.15**	**3,160.90**

(₹ in crores)

1 April 2015	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	630.97	52.69	0.41	0.02	-	684.09
Trade payable	-	1,801.96	-	-	-	1,801.96
Other financial liabilities	-	18.82	-	-	-	18.82
Total	**630.97**	**1,873.47**	**0.41**	**0.02**	**-**	**2,504.87**

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 +/-5%) at the reporting date, keeping all other variables constant, there would have been an impact on profits of ₹ 28.03 crores (previous year ₹ 61.48 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 2017, 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 2017	31 March 2016	1 April 2015
Variable rate borrowing	379.75	735.61	531.74
Fixed rate borrowing	423.03	234.78	150.12
Total borrowings	**802.78**	**970.39**	**681.86**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 ₹ 1.24 crores (previous year ₹ 2.41 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 an impact on profits by ₹ 0.31 crores (previous year ₹ 0.26 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 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(₹ in crores)

(a)	Particulars	31 March 2017	31 March 2016	1 April 2015
	Net debts	436.52	880.26	591.89
	Total equity	3,366.78	2,410.15	2,071.44
	Gearing ratio	**13%**	**37%**	**29%**

(₹ in crores)

(b) Dividends		
Particulars	**31 March 2017**	**31 March 2016**
(i) Equity shares		
Final dividend for the year ended 31 March 2015 of ₹ 3.20 per share (excluding dividend distribution tax)	-	57.31
Final dividend for the year ended 31 March 2016 of ₹ 3.35 per share (excluding dividend distribution tax)	60.00	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, the Board of Directors have recommended a dividend of ₹ 1 (previous year ₹ 3.35) per fully paid equity share. This proposed dividend is subject to approval of shareholders at the ensuing Annual General Meeting.	17.91	60.00

Note 43: First time adoption of Ind AS

These standalone financial statements, for the year ended 31 March 2017, are the first financial statements prepared by the Company in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'Previous GAAP').

Accordingly, the Company has prepared standalone financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these standalone financial statements, the Company's opening Ind AS balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Previous GAAP standalone financial statements, including the balance sheet as at 1 April 2015 and the standalone financial statements as at and for the year ended 31 March 2016.

The Company has applied Ind AS 101 in preparing these first standalone financial statements. The effect of transition to Ind AS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the notes accompanying the tables.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

A.1 Ind AS optional exemptions:

A1.1 Deemed cost for property, plant and equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their Previous GAAP carrying value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

A.2 Ind AS mandatory exceptions:

A2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP.

A2.2 Classification and measurement of financial assets

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money, i.e., the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

a) The effects of the retrospective application are not determinable;

b) The retrospective application requires assumptions about what management's intent would have been in that period;

c) The retrospective application requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

A2.3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

B. Reconciliation between Previous GAAP and Ind AS

Ind AS 101, First time adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

B.1 Effect of Ind AS adoption on the balance sheet as at 1 April 2015

(₹ in crores)

	Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
A	**Assets**				
1	**Non-current assets**				
	a) Property, plant and equipment		89.58	-	89.58
	b) Financial assets				
	i) Investments		0.06	-	0.06
	ii) Loans	5	58.49	(21.20)	37.29
	iii) Other financial assets	5	4.69	(0.50)	4.19
	c) Deferred tax assets, net	8	12.52	(6.05)	6.47

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Particulars		Notes	Previous GAAP*	Adjustments	Amount under Ind AS
	d) Other non-current assets	5	24.13	18.25	42.38
	Total non-current assets		**189.47**	**(9.50)**	**179.97**
2	**Current assets:**				
	a) Inventories	3	3,229.85	(1.55)	3,228.30
	b) Financial assets				
	i) Investments	4	13.12	1.95	15.07
	ii) Trade receivables		767.53	-	767.53
	iii) Cash and cash equivalents		92.11	-	92.11
	iv) Bank balance other than (iii) above		187.09	-	187.09
	v) Loans		0.61	-	0.61
	vi) Other financial assets	6	3.07	(0.26)	2.81
	c) Other current assets	5	228.67	2.95	231.62
	Total current assets		**4,522.05**	**3.09**	**4,525.14**
	Total assets		**4,711.52**	**(6.41)**	**4,705.11**
B	**Equity and Liabilities**				
1	**Equity**				
	a) Equity share capital		179.10	-	179.10
	b) Other equity	B.4	1,811.29	81.05	1,892.34
	Total equity		**1,990.39**	**81.05**	**2,071.44**
2	**Non-current Liabilities**				
	a) Financial liabilities				
	i) Borrowings		0.41	-	0.41
	b) Provisions		2.87	-	2.87
	Total non-current liabilities		**3.28**	-	**3.28**
3	**Current liabilities**				
	a) Financial liabilities				
	i) Borrowings		680.97	-	680.97
	ii) Trade payables	3, 5	1,809.37	(7.41)	1,801.96
	iii) Other financial liabilities		21.44	-	21.44
	b) Other current liabilities	2	28.19	(10.75)	17.44
	c) Provisions	1	69.48	(69.30)	0.18
	d) Current tax liabilities (net)		108.40	-	108.40
	Total current liabilities		**2,717.85**	**(87.46)**	**2,630.39**
	Total liabilities		**2,721.13**	**(87.46)**	**2,633.67**
	Total equity and liabilities		**4,711.52**	**(6.41)**	**4,705.11**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

B.2 Effect of Ind AS adoption on the balance sheet as at 31 March 2016

(₹ in crores)

	Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
A	**Assets**				
1	**Non-current assets**				
	a) Property, plant and equipment		89.88	-	89.88
	b) Financial assets				
	i) Investments		0.07	-	0.07
	ii) Loans	2, 5	166.26	(25.82)	140.44

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

	Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
	iii) Other financial assets		6.09	-	6.09
	c) Deferred tax assets, net	8	16.38	(5.57)	10.81
	d) Other non-current assets	5	3.25	20.80	24.05
	Total non-current assets		**281.93**	**(10.59)**	**271.34**
2	**Current assets:**				
	a) Inventories	3	3,871.08	(5.02)	3,866.06
	b) Financial assets				
	i) Investments	4	7.38	0.72	8.10
	ii) Trade receivables		908.22	-	908.22
	iii) Cash and cash equivalents		92.67	-	92.67
	iv) Bank balance other than (iii) above		198.59	-	198.59
	v) Loans		1.10	-	1.10
	vi) Other financial assets	6	19.64	(0.12)	19.52
	c) Other current assets	5	367.63	3.64	371.27
	Total current assets		**5,466.31**	**(0.78)**	**5,465.53**
	Total assets		**5,748.24**	**(11.37)**	**5,736.87**
B	**Equity and Liabilities**				
1	**Equity**				
	a) Equity share capital		179.10	-	179.10
	b) Other equity	B.4	2,148.31	82.74	2,231.05
	Total equity		**2,327.41**	**82.74**	**2,410.15**
2	**Non-current liabilities**				
	a) Financial liabilities				
	i) Borrowings		58.23	-	58.23
	b) Provisions		4.31	-	4.31
	Total non-current liabilities		**62.54**	**-**	**62.54**
3	**Current liabilities**				
	a) Financial liabilities				
	i) Borrowings		881.89	-	881.89
	ii) Trade payables	3, 5	2,170.58	(9.04)	2,161.54
	iii) Other financial liabilities		48.68	-	48.68
	b) Other current liabilities	2	62.52	(12.86)	49.66
	c) Provisions	1	72.72	(72.21)	0.51
	d) Current tax liabilities (net)		121.90	-	121.90
	Total current liabilities		**3,358.29**	**(94.11)**	**3,264.18**
	Total liabilities		**3,420.83**	**(94.11)**	**3,326.72**
	Total equity and liabilities		**5,748.24**	**(11.37)**	**5,736.87**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

B.3 Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ in crores)

	Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
1	Revenue from operations	9	7,259.06	(26.96)	7,232.10
2	Other income	3, 4, 5, 6	49.53	1.19	50.72
3	Total income (1+2)		**7,308.59**	**(25.77)**	**7,282.82**
4	Expenses				
	a) Cost of materials consumed	3	6,646.15	(31.67)	6,614.48
	b) Purchases of stock-in-trade		4.04	-	4.04
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	3	(405.43)	3.44	(401.99)
	d) Employee benefits expense	7	70.17	0.53	70.70
	e) Finance costs	3	214.65	30.00	244.65
	f) Depreciation and amortization expense		22.61	-	22.61
	g) Other expenses	2, 5, 9	217.74	(25.85)	191.89
	Total expenses		**6,769.93**	**(23.55)**	**6,746.38**
5	Profit before tax (3-4)		**538.66**	**(2.22)**	**536.44**
6	Tax expense				
	a) Current tax		141.66	-	141.66
	b) Deferred tax	8	(3.87)	(0.66)	(4.53)
7	Profit for the year		**400.87**	**(1.56)**	**399.31**
8	Other comprehensive income:				
	a) Items that will not be reclassified to profit or loss:				
	(i) Remeasurement of post employment benefit obligations	7	-	0.54	0.54
	(ii) Income-tax relating to items that will not be reclassified to profit or loss	8	-	(0.19)	(0.19)
	Other comprehensive income for the year, net of tax		**-**	**0.35**	**0.35**
9	Total comprehensive income for the year (7+8)		**400.87**	**(1.21)**	**399.66**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

B.4 Reconciliation in equity between Ind AS and previous Indian GAAP:

(₹ in crores)

	Notes	31 March 2016	1 April 2015
Equity as per previous Indian GAAP		**2,327.40**	**1,990.38**
Ind AS: Adjustments increase/(decrease):			
Proposed dividend and related distribution tax	1	72.21	69.30
Accounting of operating lease incentives	2	12.86	10.75
Option to fix prices of gold purchases, and hedge accounting	3	4.02	5.86
Financial assets at fair value through profit and loss	4	0.72	1.95
Financial assets and liabilities at amortised cost	5	(1.37)	(0.50)
Foreign exchange derivatives at fair value	6	(0.12)	(0.26)
Deferred tax on the above mentioned adjustments	8	(5.57)	(6.04)
Equity as per Ind AS		**2,410.15**	**2,071.44**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

B.5 There is no impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016.

Note-1 Proposed dividend

Under Previous GAAP, proposed dividend is recognised as liability in the period to which they relate irrespective of the approval of shareholders.

Under Ind AS, proposed dividend is recognised as liability in the period in which it is declared (approval of shareholders in general meeting) or paid.

Note – 2 Measurement of rental expense

Under Previous GAAP, any escalation in operating lease rentals were straight-lined over the lease term.

Under Ind AS, operating lease rentals are not straight lined over the lease term if the payments to the lessor are structured to increase in line with expected general inflation. Further, under Ind AS, rental expense is also attributed to operating lease incentives, like rent free period.

Note – 3 Option to fix prices of gold purchases

Under Previous GAAP, in respect of purchase of goods at prices that are yet to be fixed at the period end, adjustments to the provisional amounts invoiced by the vendor were recognised in the cost of inventory based on the closing gold rate. Further, in respect of purchase of goods whose prices are fixed at forward rates, cost of inventory was measured at such forward rates.

Under Ind AS, in respect of purchase of goods at prices that are fixed subsequent to the date of purchase, the Company has applied hedge accounting wherein the option to fix prices is designated as a hedging instrument and change in fair value of inventory attributable to change in prices between the date of purchase and the date of fixing prices or reporting date (as applicable) is designated as hedged item.

The hedging relationship is considered a fair value hedge. The gain or loss on the hedging instrument is recognised in statement of profit and loss and the corresponding gain or loss on the hedged item is adjusted in the carrying amount of the hedged item and recognised in statement of profit and loss.

Under Ind AS, financial liabilities in respect of purchase of goods whose prices are fixed at forward rates, are measured at amortised cost, as explained in note 5 below.

Note – 4 Measurement of financial assets at fair value

Under Previous GAAP, current investments were stated at lower of cost and fair value.

Under Ind AS, these financial assets have been classified as Fair Value Through Profit and Loss ('FVTPL') on the date of transition to Ind AS and fair value changes after the date of transition have been recognised in the statement of profit and loss.

Note – 5 Measurement of financial assets and liabilties at amortised cost

Under Previous GAAP, the financial assets and financial liabilities were typically carried at the contractual amount receivable or payable.

Under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost which involves the application of effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

For certain financial assets and financial liabilities, the fair value thereof at the date of transition to Ind AS has been considered as the new amortised cost of that financial asset and financial liability at the date of transition to Ind AS. The application of effective interest method results in adjustment to carrying amount of Loans, Other Financial Assets, Borrowing and Other Financial Liabilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note – 6 Fair valuation of derivatives

Under Previous GAAP, foreign exchange derivatives used for hedging purposes were restated at each balance sheet date and the premium was amortised over the term of the forward contract.

Under Ind AS, all derivatives are measured at FVTPL and mark-to-market gains or losses are recorded in the period when incurred.

Note - 7 Remeasurements of post-employment benefit obligations

Under the Previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of the statement of profit and loss.

Note - 8 Deferred tax

Under Previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/ liability on timing differences between taxable income and accounting income. Under Ind AS, deferred tax is accounted as per the Balance Sheet approach which requires creation of deferred tax asset/ liability on temporary differences between the carrying amount of an asset/ liability in the Balance Sheet and its corresponding tax base. The adjustments in equity and net profit, as discussed above, resulted in additional temporary differences on which deferred taxes are calculated.

Note - 9 Business promotion and discount expenditure

On certain sale transactions, if a particular threshold is met, the Company gives a free gift. Under Previous GAAP, revenue is recorded at the total amount received and the cost of the free gift is recognised as an expense.

Under Ind AS, the value of the free gift is adjusted from revenue.

Note 10: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in the statement of profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under Previous GAAP.

Note 44: Disclosure on specified bank notes (SBN)

During the year, the Company had specified bank notes or other denomination as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017, on the details of specified bank notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in crores)

	SBNs	Other denomination notes	Total
Closing cash in hand on 8 November 2016	336.90	0.12	337.02
Add: Permitted receipts	-	22.07	22.07
Less: Permitted payments	-	2.49	2.49
Less: Amount deposited in the banks	336.90	16.64	353.54
Closing cash in hand on 30 December 2016	-	3.06	3.06

The Company does not maintain independent records of denomination of currency in its books of accounts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 45: 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 2017 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.

(₹ in crores)

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
(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	-	-	-
	Interest due on above	-	-	-
(b)	The amount of interest paid by the buyer in terms of section16, 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.	-	-	-
(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.	-	-	-

Note 46: Contingent liability

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Claims against the Company not acknowledged as debts*#	0.97	0.55	0.55
Demand from the income-tax authorities	6.26	1.01	0.59
Demands from the sales tax authorities against which appeals have been filed#	8.53	-	-
Corporate guarantee for loan taken by wholly owned subsidiary company, PC Universal Private Limited**	-	-	14.00
Estimated amount of contracts remaining to be executed on capital account and not provided for	0.64	1.32	1.52

**Excluding interest which is not ascertainable*
***Guarantees provided to the lender of the wholly owned subsidiary company were for availing banking facilities for business purpose. These guarantees were revoked in FY 2015-16.*
#Company has furnished bank guarantees amounting to ₹ 7.92crore for ongoing litigations.

Note 47: Disclosures in respect of non-cancellable operating leases

The Company leases various offices and retail stores under non-cancellable operating leases with different period. The leases have

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 2017	As at 31 March 2016	As at 1 April 2015
Upto one year	46.39	37.78	33.85
Two to five years	151.11	139.13	139.09
More than five years	38.39	46.73	59.87
	235.89	**223.64**	**232.81**
Lease payments under operating leases are disclosed as 'rent' in the statement of profit and loss	56.21	44.66	

Note 48: Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the eligibility criteria, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company's CSR programs/projects focuses on sectors and issues as mentioned in Schedule VII read with Section 135 of the Act. A 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 ₹ 10.32 crores (previous year ₹ 9.48 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	5.00	-	5.00

Note 49: 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 50: Post reporting date events

No adjusting or significant non-adjusting events have occurred between 31 March 2017 and the date of authorisation of the Company's standalone financial statements. However, the Board of Directors have recommended a dividend of ₹ 1.30 (previous year nil) on preference shares of ₹ 10 each for the period 02 Semptember 2016 to 31 March 2017, subject to approval of shareholders at the ensuing Annual General Meeting. Also, the Board of Directors have recommended a final dividend of 10%, i.e., ₹1 (previous year ₹3.35) on equity shares of ₹ 10 each for the year ended 31 March 2017, subject to approval of shareholders at the ensuing annual general meeting.

Note 51: Authorization of financial statements

The standalone financial statements for the year ended 31 March 2017 (including comparatives) were approved by the Board of Directors on 25 May 2017.

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No. A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Padam Chand Gupta
Chairman
DIN-00032794

Sd/-
Balram Garg
Managing Director
DIN-00032083

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2017

To the Members of PC Jeweller Limited

Report on the Consolidated Financial Statements

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 2017, 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.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the 'Act') 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 cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors of the subsidiaries included in the Group, are responsible for the design, implementation and maintenance of internal control 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. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by Sharad Jain Associates ('SJA') in terms of their reports referred to in paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. 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 SJA on separate financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2017, their

INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2017

consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

9. We did not jointly audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 607.81 crore and net liabilities of ₹ 119.06 crore as at 31 March 2017, total revenues of ₹ 384.92 crore and net cash inflows amounting to ₹ 28.53 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by SJA 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 SJA.

   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 SJA.

10. The Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditors' reports dated 30 May 2016 and 14 May 2015 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of SJA on separate financial statements of the subsidiaries, we report, to the extent applicable, that:

    a) We have sought and 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;

    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) 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 SJA for the subsidiary companies covered under the Act, none of the directors of the Group companies are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    f) 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 A'; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 SJA on separate financial statements 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 46 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;

       (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 2017; and

       (iv) These consolidated financial statements have

INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2017

made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company and its subsidiary companies covered under the Act as discussed in Note 44 to the consolidated financial statements. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on consideration of the reports of SJA on separate financial statements, in our opinion, the total receipts, total payments and total amount deposited in banks are in accordance with the books of account maintained by the respective companies. However, in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between Specified Bank Notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments' and 'Amount deposited in banks' as disclosed under such note.

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

Sd/-
per **Anupam Kumar**
Partner
Membership No. 501531

Address: L 41, Connaught Circus
New Delhi – 110001

For **Sharad Jain Associates**
Chartered Accountants
Firm Registration No. 015201N

Sd/-
per **Sharad Jain**
Partner
Membership No. 83837

Address: 213, Hans Bhawan,
1, Bahadur Shah Zafar Marg
Delhi – 110002

Place: New Delhi
Date: 25 May 2017

ANNEXURE A

Independent Auditors' 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 the PC Jeweller Limited (the 'Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as the 'Group'), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary companies, which are companies incorporated in India, as of 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 incorporated in India, are 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 the company's policies, the safeguarding of the company's 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 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 Institute of Chartered Accountants of India ('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 and the audit evidence obtained by SJA 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 includes 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.

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls

ANNEXURE A

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

over financial reporting were operating effectively as at 31 March 2017, 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.

Other Matter

9. We did not jointly audit the IFCoFR insofar as it relates to three subsidiary companies, which are companies incorporated in India, whose financial statements reflect total assets of ₹ 474.66 crore and net liabilities of ₹ 12.59 crore as at 31 March 2017, total revenues of ₹ 326.82 crore and net cash outflows amounting to ₹ 4.83 crore for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, which are companies incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries, which are companies incorporated in India, is solely based on the corresponding reports of SJA. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by SJA.

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

Sd/-
per **Anupam Kumar**
Partner
Membership No. 501531

Address: L 41, Connaught Circus
New Delhi – 110001

For **Sharad Jain Associates**
Chartered Accountants
Firm Registration No. 015201N

Sd/-
per **Sharad Jain**
Partner
Membership No. 83837

Address: 213, Hans Bhawan,
1, Bahadur Shah Zafar Marg
Delhi – 110002

Place: New Delhi
Date: 25 May 2017

CONSOLIDATED BALANCE SHEET

as at 31 March 2017

(₹ in crores)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
A Assets				
1 Non-current assets				
a) Property, plant and equipment	4	87.22	90.12	89.63
b) Intangible assets	5	0.97	1.08	-
c) Financial assets				
i) Loans	6	39.61	33.34	27.06
ii) Other financial assets	7	4.61	6.09	4.20
d) Deferred tax assets, net	8	33.37	11.95	6.54
e) Other non-current assets	9	29.60	24.09	42.38
Total non-current assets		**195.38**	**166.67**	**169.81**
2 Current assets				
a) Inventories	10	4,187.43	3,867.17	3,228.30
b) Financial assets				
i) Investments	11	9.40	8.10	15.07
ii) Trade receivables	12	1,538.04	976.00	780.43
iii) Cash and cash equivalents	13	411.26	99.52	92.18
iv) Bank balance other than (iii) above	14	780.42	242.07	196.89
v) Loans	6	0.84	0.48	0.45
vi) Other financial assets	7	16.25	19.64	2.85
c) Other current assets	9	257.58	371.29	231.60
Total current assets		**7,201.22**	**5,584.27**	**4,547.77**
Total assets		**7,396.60**	**5,750.94**	**4,717.58**
B Equity and liabilities				
1 Equity				
a) Equity share capital	15	179.14	179.10	179.10
b) Other equity	16	3,172.77	2,230.04	1,892.45
Total equity		**3,351.91**	**2,409.14**	**2,071.55**
Liabilities				
2 Non-current liabilities				
a) Financial liabilities				
i) Borrowings	17	57.70	58.23	0.41
b) Provisions	18	6.23	4.34	2.87
Total non-current liabilities		**63.93**	**62.57**	**3.28**
3 Current liabilities				
a) Financial liabilities				
i) Borrowings	19	634.00	881.92	680.99
ii) Trade payables	20	2,997.06	2,175.39	1,814.19
iii) Other financial liabilities	21	141.46	49.45	21.49
b) Other current liabilities	22	145.26	49.94	17.45
c) Provisions	18	0.88	0.51	0.18
d) Current tax liabilities (net)	23	62.10	122.02	108.45
Total current liabilities		**3,980.76**	**3,279.23**	**2,642.75**
Total liabilities		**4,044.69**	**3,341.80**	**2,646.03**
Total equity and liabilities		**7,396.60**	**5,750.94**	**4,717.58**

Notes 1 to 52 form an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No. A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Padam Chand Gupta
Chairman
DIN-00032794

Sd/-
Balram Garg
Managing Director
DIN-00032083

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

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

PCJ
Jeweller for generations

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2017

(₹ in crores)

		Notes	31 March 2017	31 March 2016
1	**Revenue from operations**	24	8,479.55	7,303.22
2	Other income	25	97.25	49.94
3	Total income (1+2)		**8,576.80**	**7,353.16**
4	Expenses			
	a) Cost of materials consumed	26	7,526.77	6,692.86
	b) Purchases of stock-in-trade	27	309.58	(5.69)
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	(406.16)	(403.10)
	d) Excise duty		5.14	-
	e) Employee benefits expense	29	83.37	72.65
	f) Finance costs	30	278.56	244.95
	g) Depreciation and amortisation expense	31	22.48	22.66
	h) Other expenses	32	202.91	194.41
	Total expenses		**8,022.65**	**6,818.74**
5	**Profit before tax (3-4)**		**554.15**	**534.42**
6	Tax expense			
	a) Current tax	33	121.69	141.83
	b) Deferred tax	8	11.45	(5.60)
	Total tax expenses		**133.14**	**136.23**
7	Profit for the year		**421.01**	**398.19**
8	Other comprehensive income:			
	a) Items that will not be reclassified to profit or loss:			
	(i) Remeasurement of post employment benefit obligations		(0.12)	0.54
	(ii) Income-tax relating to items that will not be reclassified to profit or loss		0.04	(0.19)
	b) Items that will be reclassified to profit or loss:			
	(i) Foreign currency translation		(4.34)	-
	Other comprehensive income for the year, net of tax		**(4.42)**	**0.35**
9	**Total comprehensive income for the year (7+8)**		**416.59**	**398.54**
10	Earnings per equity share: (face value of ₹ 10 per share)	34		
	Basic earnings per share (in ₹)		23.27	22.25
	Diluted earnings per share (in ₹)		21.89	22.22

Notes 1 to 52 form an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No. A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Padam Chand Gupta
Chairman
DIN-00032794

Sd/-
Balram Garg
Managing Director
DIN-00032083

This is the Consolidated statement of profit and loss referred to in our report of even date

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

A. Equity share capital:

(₹ in crores)

Particulars	Note	No. of shares	Amount
Issued, subscribed and fully paid up			
Equity shares of ₹ 10 each			
Balance as at 1 April 2015	15	**179,100,000**	**179.10**
Changes in equity share capital during the year		-	-
Balance as at 31 March 2016	15	**179,100,000**	**179.10**
Changes in equity share capital during the year		37,600	0.04
Balance as at 31 March 2017	15	**179,137,600**	**179.14**

B. Other equity:

(₹ in crores)

Particulars	Equity component of preference shares	Equity component of debentures	Reserves and surplus					Total
			Securities premium reserve	General reserve	Share options outstanding account	Foreign currency translation reserve	Retained earnings	
Balance as at 1 April 2015	**-**	**-**	**518.17**	**54.54**	-	-	**1,319.74**	**1,892.45**
Profit for the year	-	-	-	-	-	-	398.19	**398.19**
Other comprehensive income	-	-	-	-	-	-	0.35	**0.35**
Total comprehensive income	**-**	**-**	**518.17**	**54.54**	**-**	**-**	**1,718.28**	**2,290.99**
Share option expense for the year	-	-	-	-	8.02	-	-	**8.02**
Transactions with owners in their capacity as owners:								
Dividends distributed to equity shareholders	-	-	-	-	-	-	(57.31)	**(57.31)**
Corporate dividend tax on dividend paid to equity shareholders	-	-	-	-	-	-	(11.99)	**(11.99)**
Others	-	-	-	-	-	-	0.33	**0.33**
Balance as at 31 March 2016	**-**	-	**518.17**	**54.54**	**8.02**	-	**1,649.31**	**2,230.04**
Profit for the year	-	-	-	-	-	-	421.01	**421.01**
Other comprehensive income	-	-	-	-	-	(4.34)	(0.08)	**(4.42)**
Total comprehensive income	**-**	**-**	**518.17**	**54.54**	**8.02**	**(4.34)**	**2,070.24**	**2,646.63**
Issue of compulsorily convertible preference shares (net of transaction cost)	226.32	-	-	-	-	-	-	**226.32**
Issue of compulsorily convertible debentures	-	364.98	-	-	-	-	-	**364.98**
Share option expense for the year	-	-	-	-	5.87	-	-	**5.87**
Transactions with owners in their capacity as owners:								
Issue of equity shares	-	-	1.18	-	-	-	-	**1.18**
Dividends distributed to equity shareholders	-	-	-	-	-	-	(60.00)	**(60.00)**
Corporate dividend tax on dividend paid to equity shareholders	-	-	-	-	-	-	(12.21)	**(12.21)**
Balance as at 31 March 2017	**226.32**	**364.98**	**519.35**	**54.54**	**13.89**	**(4.34)**	**1,998.03**	**3,172.77**

Notes 1 to 52 form an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No. A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Padam Chand Gupta
Chairman
DIN-00032794

Sd/-
Balram Garg
Managing Director
DIN-00032083

This is the Consolidated Statement of changes in equity referred to in our report of even date

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi

Date: 25 May 2017

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017

(₹ in crores)

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
A	**Cash flow from operating activities:**		
	Profit before tax	554.15	534.42
	Adjustments for:		
	Depreciation and amortisation for the year	22.48	22.66
	Share based payments to employees	7.06	8.02
	Interest income on fixed deposit	(25.71)	(17.52)
	Interest income on loans given	(0.85)	(0.85)
	Net profit on disposal of property, plant and equipment	(0.00)	-
	Profit on sale of investment	(0.37)	(1.31)
	Interest (income)/loss from investments measured at FVTPL	(0.88)	1.23
	Finance costs	290.50	214.95
	Unwinding of discount on security deposits	0.35	0.87
	Foreign currency translation	(4.34)	-
	Unrealised gain on foreign exchange	(56.15)	(20.19)
	Actuarial (gain)/loss forming part of OCI	(0.12)	0.54
	Adjustment due to fair valuation of gold loan at unfixed prices	(2.94)	1.72
	Fair valuation adjustment of forwards contracts	0.54	(0.14)
	Straight lining of lease expense	(1.39)	(2.12)
	Interest expense on compulsorily convertible debentures	(51.98)	-
	Interest expense on compulsorily convertible preference shares	2.15	-
	Operating profit before working capital changes	**732.50**	**742.28**
	Adjustments for:		
	Increase in inventories	(323.28)	(642.34)
	Decrease/(increase) in financial assets	32.20	(139.64)
	Decrease/(increase) in non-financial assets	109.19	(5.39)
	Increase in trade receivables	(590.22)	(190.66)
	Increase in trade payables	875.69	362.94
	Increase in financial liabilities	25.22	1.34
	Increase in non-financial liabilities	75.55	25.22
	Increase in provisions	2.26	1.80
	Cash generated from operating activities	**939.11**	**155.55**
	Direct taxes paid	182.63	139.52
	Net cash generated from operating activities	**756.48**	**16.03**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment including capital advances	(19.21)	(3.71)
	Proceeds from disposal of property, plant and equipment	0.07	0.29
	Proceeds from redemption of current investments, net	(0.05)	7.07
	Interest received	24.89	18.46
	Purchase of fixed deposits, net	(535.78)	(47.12)
	Net cash used in investing activities	**(530.08)**	**(25.01)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
C	**Cash flow from financing activities:**		
	Proceeds from long term loans, net of repayments	427.29	87.60
	Proceeds from issue of compulsorily convertible preference shares	254.49	-
	Proceeds from allotment of employee stock options	0.04	-
	(Repayment)/proceeds of short term borrowings, net	(247.71)	200.88
	Dividends paid including corporate dividend tax	(72.21)	(68.97)
	Interest paid	(276.56)	(203.19)
	Net cash generated from financing activities	**85.34**	**16.32**
	Net increase in cash and cash equivalents (A+B+C)	311.74	7.34
	Cash and cash equivalents at the beginning of the year	99.52	92.18
	Cash and cash equivalents at the end of the year	**411.26**	**99.52**

Notes 1 to 52 form an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No. A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Padam Chand Gupta
Chairman
DIN-00032794

Sd/-
Balram Garg
Managing Director
DIN-00032083

This is the Consolidated Cash flow statement referred to in our report of even date

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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.

On 28 February 2013, 24 September 2014, 11 December 2015 and 8 June 2016 (books have been prepared w.e.f 28 June 2016, i.e., from the date of commencement of business), the Parent Company incorporated PC Universal Private Limited ('PCUPL'), Transforming Retail private limited ('TRPL'), Luxury Products Trendsetter Private Limited ('LPTPL') and PC Jeweller Global DMCC ('PCJDMCC'), wholly owned subsidiary companies, respectively.

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 100% subsidiary with effect from 8 June 2015

The following table summarises the principal line of activity of each subsidiary:

Subsidiaries	Principal activities
PC Universal Private Limited	Jewellery Manufacturing & Export
Transforming Retail Private Limited	Online Retail Trading in Jewellery
Luxury Products Trendsetter Private Limited	Jewellery Manufacturing & Trading
PC Jeweller Global DMCC	Jewellery Trading

The consolidated financial statements have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the consolidated financial statements for the year ended 31 March 2017 are the Group's first Ind AS consolidated financial statements. For periods up to and including the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (the 'Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Refer note 43 for the explanation of transition from previous GAAP to Ind AS.

The consolidated financial statements for the year ended 31 March 2017 were authorised and approved for issue by the Board of Directors on 25 May 2017.

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.

2.1 Standards issued but not effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 'Statement of cash flows' and Ind AS 102 'Share-based payment'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board ('IASB') to IAS 7 'Statement of cash flows' and IFRS 2 'Share-based payment', respectively. The amendments are applicable to the Group from 1 April 2017.

a) **Amendment to Ind AS 7:** The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

b) **Amendment to Ind AS 102:** The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the "fair values", but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. This amendment does not have a material impact on the Group.

The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

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

b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 March 2017. All subsidiaries have a reporting date of 31 March 2017.

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 policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired of 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:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

- 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

The Group's financial statements are presented in INR, which is also the Parent Company's functional currency. 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 INR are translated into INR 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 INR at the closing rate at the reporting date. Income and expenses have been translated into INR 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**

Sales of goods

Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer and when no significant uncertainty exists regarding the amount of consideration that will be derived. 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. The Group applies the revenue recognition criteria to each separately identifiable component of the sales transaction. Revenue is recorded net of any discounts and gifts provided by the Group.

The Parent Company also operates a loyalty points programme, which allows customers to accumulate points when they purchase products in the Parent Company's retail stores. The points can be redeemed for discounts on the next purchase. In such cases, consideration received is allocated to the points issued at its fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Interest and dividend

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. The cost comprises purchase

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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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 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 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.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

g) **Intangible assets**

Recognition and initial measurement

Intangible assets includes trademarks and computer software which were 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 on 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 statement of profit and loss on straight

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line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

The Group does not enter into 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.

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.

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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 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.

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.

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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) **Income taxes**

Tax expense recognised in 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 statement of profit and loss is recognised outside 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 statement of profit and loss is recognised outside 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 than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

o) **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 statement of 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

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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.

p) **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.

Transition to Ind AS

On transition to Ind AS, the Parent company has elected to not consider the charge related to employee stock options for which the vesting period is already over.

q) **Operating expenses**

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

r) **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.

s) **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
- 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.

t) **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 recognized. However, when inflow of economic benefit is probable, related asset is disclosed.

u) **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.

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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.

v) **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

w) **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 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/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.

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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
Gross block:									
Deemed cost as at 1 April 2015	**7.58**	**2.88**	**53.44**	**7.35**	**9.94**	**1.62**	**3.52**	**3.30**	**89.63**
Additions	-	0.23	12.94	0.24	4.58	1.37	1.75	2.35	**23.46**
Disposals	-	-	-	-	-	(0.04)	-	(0.34)	**(0.38)**
Other adjustments (refer note a)	-	-	0.24	(2.55)	2.31	-	-	-	**-**
Balance as at 31 March 2016	**7.58**	**3.11**	**66.62**	**5.04**	**16.83**	**2.95**	**5.27**	**5.31**	**112.71**
Additions	-	2.21	8.86	0.22	4.33	1.72	0.98	1.34	**19.66**
Disposals	-	-	-	-	-	-	-	(0.17)	**(0.17)**
Foreign currency translation	-	(0.06)	-	-	-	-	-	-	**(0.06)**
Balance as at 31 March 2017	**7.58**	**5.26**	**75.48**	**5.26**	**21.16**	**4.67**	**6.25**	**6.48**	**132.14**
Accumulated depreciation									
Balance as at at 1 April 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year	-	0.29	10.73	1.04	6.94	1.20	1.10	1.34	**22.64**
Reversal on disposals	-	-	-	-	-	0.00*	-	(0.05)	**(0.05)**
Balance as at 31 March 2016	**-**	**0.29**	**10.73**	**1.04**	**6.94**	**1.20**	**1.10**	**1.29**	**22.59**
Depreciation charge for the year	-	0.32	11.96	0.66	5.70	1.08	1.24	1.39	**22.35**
Reversal on disposals	-	-	-	-	-	-	-	(0.02)	**(0.02)**
Foreign currency translation	-	- *	-	-	-	-	-	-	**- ***
Balance as at 31 March 2017	**-**	**0.61**	**22.69**	**1.70**	**12.64**	**2.28**	**2.34**	**2.66**	**44.92**
Net Block:									
Balance as at 31 March 2017	7.58	4.65	52.79	3.56	8.52	2.39	3.91	3.82	**87.22**
Balance as at 31 March 2016	7.58	2.82	55.89	4.00	9.89	1.75	4.17	4.02	**90.12**
Balance as at 1 April 2015	7.58	2.88	53.44	7.35	9.94	1.62	3.52	3.30	**89.63**

**rounded off to nil*

Notes:

a. Other adjustments represent re-classification of assets from one head to another head on the basis of re-assessment performed by the management.

b. The amount of contractual commitments for the acquisition of property, plant and equipment, but not recognised as a liability as at 31 March 2017 was ₹ 0.64 crores (31 March 2016: ₹ 1.32 crores. 1 April 2015: ₹ 1.52 crores)

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Note 5: Intangible assets:

(₹ in crores)

	Trademark	Computer software	Total
Gross Block:			
Deemed cost as at 1 April 2015	**-**	**-**	**-**
Additions	1.08	0.02	1.10
Balance as at 31 March 2016	**1.08**	**0.02**	**1.10**
Additions	-	0.02	0.02
Balance as at 31 March 2017	**1.08**	**0.04**	**1.12**
Accumulated amortisation			
Balance as at 1 April 2015	**-**	**-**	**-**
Amortisation charge for the year	0.02	0.00	0.02
Balance as at 31 March 2016	**0.02**	**-**	**0.02**
Amortisation charge for the year	0.11	0.02	0.13
Balance as at 31 March 2017	**0.13**	**0.02**	**0.15**
Net Block:			
Balance as at 31 March 2017	0.95	0.02	**0.97**
Balance as at 31 March 2016	1.06	0.02	**1.08**
Balance as at 1 April 2015	-	-	**-**

Note 6: Financial assets - loans

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
(Unsecured and considered good)						
Security deposits	31.07	0.07	24.80	0.01	18.52	-
Loan to body corporate (refer note a below)	8.54	0.77	8.54	0.47	8.54	0.45
Total	**39.61**	**0.84**	**33.34**	**0.48**	**27.06**	**0.45**

(a) Loan has been given to Shivani Sarees Private Limited for business purposes.

Note 7: Other financial assets

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
(Unsecured and considered good)						
Deposits with maturity of more than 12 months (refer note a below)	3.48	0.52	5.07	0.12	3.28	0.04
Foreign currency receivables, net	-	13.51	-	18.90	-	2.81
Others	1.13	2.22	1.02	0.62	0.92	-
Total	**4.61**	**16.25**	**6.09**	**19.64**	**4.20**	**2.85**
(a) Balances with banks to the extent held as margin money	3.48		5.07		3.27	

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Note 8: Deferred tax assets, net

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax asset arising on account of			
Difference between carrying value and tax base of property, plant and equipment	10.85	8.61	6.11
Provision for employee benefits	2.23	1.33	1.04
Deferred lease rent	1.45	1.66	1.71
Provision for discount	2.17	0.32	-
Financial assets and liabilities at amortised cost	0.60	0.48	0.17
Fair valuation of derivatives	0.23	0.04	0.09
Compound instrument	14.85	-	-
Losses carried forward	3.76	0.95	-
Minimum alternate tax credit entitlement	0.21	0.21	0.04
	36.35	**13.60**	**9.16**
Deferred tax liability arising on account of			
Financial assets at fair value through profit and loss	(0.56)	(0.25)	(0.66)
Valuation of inventory	(2.42)	(1.40)	(1.96)
	(2.98)	**(1.65)**	**(2.62)**
Net deferred tax assets	**33.37**	**11.95**	**6.54**

(a) Movements in deferred tax assets and deferred tax liabilities from 1 April 2016 to 31 March 2017

(₹ in crores)

Particulars	Opening balance as on 1 April 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2017
Deferred tax asset arising on account of					
Difference between carrying value and tax base of property, plant and equipment	8.61	2.24	-	-	10.85
Provision for employee benefits	1.33	0.85	0.05	-	2.23
Deferred lease rent	1.66	(0.21)	-	-	1.45
Provision for discount	0.32	1.85	-	-	2.17
Financial assets and liabilities at amortised cost	0.48	0.12	-	-	0.60
Fair valuation derivatives	0.04	0.19	-	-	0.23
Compound instrument	-	(17.98)	-	32.83	14.85
Losses carried forward	0.95	2.81	-	-	3.76
Minimum alternate tax credit entitlement	0.21	-	-	-	0.21
	13.60	**(10.13)**	**0.05**	**32.83**	**36.35**
Deferred tax liability arising on account of					
Financial assets at fair value through profit and loss	(0.25)	(0.31)	-	-	(0.56)
Valuation of inventory	(1.40)	(1.01)	-	-	(2.42)
	(1.65)	**(1.32)**	**-**	**-**	**(2.98)**
Net deferred tax assets	**11.95**	**(11.45)**	**0.05**	**32.83**	**33.37**

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(b) Movements in deferred tax assets and deferred tax liabilities from 1 April 2015 to 31 March 2016

(₹ in crores)

Particulars	**Opening balance as on 1 April 2015**	**Recognised in statement of profit and loss**	**Recognised in other comprehensive income**	**Recognised directly in equity**	**Closing balance as on 31 March 2016**
Deferred tax asset arising on account of					
Difference between carrying value and tax base of property, plant and equipment	6.11	2.50	-	-	8.61
Provision for employee benefits	1.04	0.48	(0.19)	-	1.33
Deferred lease rent	1.71	(0.05)	-	-	1.66
Provision for discount	-	0.32	-	-	0.32
Financial assets and liabilities at amortised cost	0.17	0.31	-	-	0.48
Fair valuation derivatives	0.09	(0.05)	-	-	0.04
Losses carried forward	-	0.95	-	-	0.95
Minimum alternate tax credit entitlement	0.04	0.17			0.21
	9.16	**4.63**	**(0.19)**	**-**	**13.60**
Deferred tax liability arising on account of					
Financial assets at fair value through profit and loss	(0.66)	0.41	-	-	(0.25)
Valuation of inventory	(1.96)	0.56	-	-	(1.40)
	(2.62)	**0.97**	**-**	**-**	**(1.65)**
Net deferred tax assets	**6.54**	**5.60**	**(0.19)**	**-**	**11.96**

Note

a. As at 31 March 2017, deferred tax asset amounting to ₹ 32.83 crores had been directly recognised in other equity (31 March 2016: nil, 1 April 2015: nil). This relates to deferred tax asset related to equity component of compound financial instrument.

Note 9: Other assets

(₹ in crores)

	As at 31 March 2017		**As at 31 March 2016**		**As at 1 April 2015**	
	Non-current	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
Capital advances	0.45	-	0.81	-	21.64	-
Advances to suppliers	-	246.64	-	361.88	-	219.96
Balances with statutory authorities	3.94	3.92	2.44	0.55	2.50	0.55
Prepaid expenses	23.98	4.88	20.84	4.90	18.24	8.61
Others	1.23	2.14	-	3.96	-	2.48
Total	**29.60**	**257.58**	**24.09**	**371.29**	**42.38**	**231.60**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 10: Inventories

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw materials	648.63	733.25	497.48
Work-in-progress	1,124.75	973.89	739.89
Finished goods	2,362.08	2,160.03	1,990.93
Stock-in trade	51.97	0.00	-
	4,187.43	**3,867.17**	**3,228.30**

Note 11: Current financial assets - investments

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Investment in mutual funds (quoted) - at fair value through profit and loss			
Bank of India AXA Capital Protection Oriented Fund Series-5 (31 March 2017: 599,990 units, 31 March 2016: 600,000 units, 31 March 2015: nil)	0.64	0.60	-
Kotak Capital Protection Oriented Scheme Series-1 Growth Regular Plan (31 March 2017: 100,000 units, 31 March 2016: 100,000 units, 31 March 2015: nil)	0.11	0.10	-
ICICI Prudential Capital Protection Oriented Fund Series IV Plan G - 60 months (31 March 2017: 2017: 120,000 units, 31 March 2016: 120,000 units, 31 March 2015: 120,000 units)	0.17	0.16	0.15
State Bank of India Equity Opportunities Fund Series 1- Regular plan growth (31 March 2017: 2,000,000 units, 31 March 2016: 2,000,000 units, 31 March 2015: 2,000,000 units)	2.84	2.25	2.41
State Bank of India Equity Opportunities Fund Series 2- Regular plan growth (31 March 2017: 500,000 units, 31 March 2016: 500,000 units, 31 March 2015: 500,000 units)	0.62	0.49	0.53
Canara Robeco Capital Protection Oriented Fund-Series 3 Regular Growth (31 March 2017: 14,999,400 units, 31 March 2016: 14,999,400 units, 31 March 2015: 14,999,400 units)	1.83	1.67	1.60
Canara Robeco Capital Protection Oriented Fund-Series 5 Regular Growth financial year 2017: 1,129,700 units (31 March 2016: 1,129,700 units, 31 March 2015: 1,129,700 units)	1.22	1.14	1.13
HDFC CPO III - 1173D January 2015 - Regular Growth (31 March 2017:: 200,000 units, 31 March 2016: 200,000 units, 31 March 2015: 200,000 units)	0.23	0.21	0.20
ICICI Prudential Capital Protection Oriented Fund Series VI 1100 Days Plan D (31 March 2017: 120,000 units, 31 March 2016: 150,000 units, 31 March 2015: 150,000 units)	0.18	0.17	0.16
State Bank of India Dual Advantage Fund Series III - Regular Growth (31 March 2017: 100,000 units, 31 March 2016: 100,000 units, 31 March 2015: 100,000 units)	0.12	0.11	0.11
Bank of India AXA Corporate Credit Spectrum Fund- Regular Plan (31 March 2017: 541,158, 31 March 2016: nil, 31 March 2015: nil)	0.78	-	-
Canara Robeco Capital Protection Oriented Fund Series 7 RG (31 March 2017: 750,000 units, 31 March 2016: nil, 31 March 2015: nil)	0.66	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Canara Robeco Capital Protection Oriented Fund-Series 2 (Plan A) - Regular Growth (31 March 2017: nil, 31 March 2016: 500,000 units, 31 March 2015: 500,000 units)	-	0.62	0.59
Bank of India AXA Capital Protection Oriented Fund - Series 1 Regular Plan Growth (31 March 2017: nil, 31 March 2016: 499,990 units, 31 March 2015: 499,990 units)	-	0.59	0.64
Bank of India AXA Equity Debt Rebalancer Fund Regular Plan Growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 1,802,836 units)	-	-	2.22
State Bank of India Banking and Finance Services Fund - Regular plan growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 2,000,000 units)	-	-	1.91
State Bank of India Magnum Balanced Fund-Regular plan- growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 304,913 units)	-	-	2.89
HDFC Equity Fund Growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 487 units)	-	-	0.01
State Bank of India Magnum Global Fund regular plan growth (31 March 2017: nil, 31 March 2016: nil, 31 March 2015: 37,110 units)	-	-	0.50
	9.40	**8.10**	**15.07**
Aggregate amount of quoted investments and market value thereof	9.40	8.10	15.07

Note 12: Trade receivables

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good	1,538.04	976.00	780.43
	1,538.04	**976.00**	**780.43**

Note 13: Cash and cash equivalents

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks - in current accounts	361.58	95.06	56.61
Cheques and drafts on hand	0.32	0.06	0.22
Cash on hand	49.36	4.40	14.35
Deposits with original maturity of less than 3 months	-	-	21.00
	411.26	**99.52**	**92.18**

Note 14: Other bank balances

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deposits with maturity of more than 3 months but less than 12 months (refer note a below)	780.37	242.02	196.87
Unclaimed dividend account (refer note b below)	0.05	0.05	0.02
	780.42	**242.07**	**196.89**
(a) Balances with banks to the extent held as margin money.	555.72	198.54	187.07
(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 2017

Note 15: Equity share capital

(₹ in crores)

		Number of shares	Amount
a)	**Authorised share capital**		
	Equity shares of ₹ 10 each		
	Balance at the beginning of the year at 1 April 2015	200,000,000	200.00
	Increase during the year	25,000,000	25.00
	Total authorised equity share capital as at 31 March 2016	**225,000,000**	**225.00**
	Balance at the beginning of the year at 1 April 2016	**225,000,000**	**225.00**
	Increase during the year	15,000,000	15.00
	Total authorised equity share capital as at 31 March 2017	**240,000,000**	**240.00**
	Preference shares of ₹ 10 each		
	Balance at the beginning of the year at 1 April 2015	-	-
	Increase during the year	-	-
	Total authorised preference share capital as at 31 March 2016	**-**	**-**
	Balance at the beginning of the year at 1 April 2016	**-**	**-**
	Increase during the year	260,000,000	260.00
	Total authorised preference share capital as at 31 March 2017	**260,000,000**	**260.00**

(₹ in crores)

	Number of shares	Amount
Issued, subscribed and paid-up equity share capital:		
Equity shares of ₹ 10 each		
Balance as at 1 April 2015	179,100,000	179.10
Changes during the period	-	-
Balance as at 31 March 2016	**179,100,000**	**179.10**
Balance as at 1 April 2016	**179,100,000**	**179.10**
Issued on exercise of employee share options	37,600	0.04
Shares issued and fully paid as at 31 March 2017	**179,137,600**	**179.14**
Preference shares of ₹ 10 each		
Balance as at 1 April 2015	-	-
Changes during the period	-	-
Balance as at 31 March 2016	**-**	**-**
Balance as at 1 April 2016	**-**	**-**
Increase during the year*	257,372,912	257.37
Balance at the end of the year	**257,372,912**	**257.37**

*The Parent Company has issued compulsorily convertible preference shares ('CCPS') in the current year. CCPS are compound financial instruments and in accordance with Ind AS, the Parent Company has bifurcated amount so received into equity and liability component. The liability component amounts to ₹ 28.48 crores, which is reflected in borrowings (refer note 17) and equity component (net of transaction cost of ₹ 2.57 crores) amounts to ₹ 226.32 crores, which is reflected in other equity (refer note 16).

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 dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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

Each CCPS has a par value of ₹ 10 and would be converted into equity shares of the Parent Company within 12 months from the date of issuance. The conversion shall happen at the price of ₹ 382.54 per share. As such, the preference shares will get converted into 6,728,000 equity shares of the Parent Company. The preference shareholders shall receive a mandatory dividend of 13% per annum, which shall be paid on 30 September, for each preceding financial year. The voting rights of the investors holding CCPS shall be in accordance with the provisions of Section 47 of the Companies Act, 2013 (including any statutory amendments thereto or re-enactments thereof for the time being in force). The preference shares will rank ahead of equity shares in case of liquidation.

c) Shares reserved for issue under options

(i) 2,679,330 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.

(ii) Parent Company has issued compulsorily convertible debentures ('CCD') in the current financial year. The conversion shall happen at the price of ₹ 380 per share. As such, the debentures will get converted into 11,236,800 equity shares of the Parent Company within 18 months from the date of issuance.

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

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 10 each	66,976,050	37.39%	66,951,050	37.38%	66,951,050	37.38%
Mr. Balram Garg	50,371,800	28.12%	50,371,800	28.12%	50,371,800	28.12%
Mr. Padam Chand Gupta	9,075,718	5.07%	9,075,718	5.07%	-	-
Idria Limited	**126,423,568**	**70.58%**	**126,398,568**	**70.57%**	**117,322,850**	**65.50%**

**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.*

e) 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

(₹ in crores)

	Sub-note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Retained earnings	(i)	1,998.03	1,649.31	1,319.74
General reserve	(ii)	54.54	54.54	54.54
Securities premium reserve	(iii)	519.35	518.17	518.17
Share options outstanding account	(iv)	13.89	8.02	-
Foreign currency translation reserve	(v)	(4.34)	-	-
Equity component of compulsorily convertible debentures (including deferred tax of ₹ 32. 83 crores)	(vi)	364.98	-	-
Equity component of compulsorily convertible preference shares	(vii)	226.32	-	-
		3,172.77	**2,230.04**	**1,892.45**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(i) Retained earnings

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	**1,649.31**	**1,319.74**
Add : Profit for the year	421.01	398.19
Less: Dividends distributed to equity shareholders (refer note 42)	60.00	57.31
Less: Corporate dividend tax on dividend paid to equity shareholders	12.21	11.99
Add: Corporate dividend tax credit of earlier years	-	0.33
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurement of net defined benefit liability	(0.08)	0.35
Balance at the end of the year	**1,998.03**	**1,649.31**

(ii) General reserve

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	54.54	54.54
Change during the year	-	-
Balance at the end of the year	**54.54**	**54.54**

Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with 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.

(iii) Securities premium reserve

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	518.17	518.17
Increase due to issuance of shares during the year	1.18	-
Balance at the end of the year	**519.35**	**518.17**

(iv) Share options outstanding account

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	8.02	-
Change during the year	5.87	8.02
Balance at the end of the year	**13.89**	**8.02**

The reserve account is used to recognise the grant date value of options issued to employees under employee stock option plan.

(v) Foreign currency translation reserve

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	-	-
Change during the year	(4.34)	-
Balance at the end of the year	**(4.34)**	**-**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(vi) Equity component of compulsorily convertible debentures

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	**-**	**-**
Increase due to issuance of debentures during the year	364.98	-
Balance at the end of the year	**364.98**	**-**

4,269,984 compulsorily convertible debentures with face value of ₹ 1,000 each were issued during the year ended 31 March 2017. This note covers the equity component of the said debentures. The liability component is reflected in financial liabilities - borrowings.

(vii) Equity component of compulsorily convertible preference shares

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	**-**	**-**
Increase due to issuance of preference shares during the year	228.89	-
Transaction cost incurred for issue of preference shares	(2.57)	-
Balance at the end of the year	**226.32**	**-**

257,372,912 compulsorily convertible preference shares with par value of ₹ 10 each were issued during the year ended 31 March 2017. This note covers the equity component of the said preference shares. The liability component is reflected in financial liabilities - borrowings.

Note 17: Non-current financial liabilities - borrowings

(₹ in crores)

	Interest rate	Maturity date	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Remarks
Secured						
Vehicle loans	9.65%-10.65%	December 2020	2.03	1.76	0.89	Refer note (i)
Term loans from banks	11.25%-11.45%	November 2020	86.75	86.73	-	Refer note (ii)
			88.78	**88.49**	**0.89**	
	Effective Interest rate	**Maturity date**	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**	**Remarks**
Unsecured						
Liability component of compulsorily convertible preference shares	11.45%	September 2018	30.32	-	-	Refer note (iii)
Liability component of compulsorily convertible debentures	11.45%	January 2018	49.71	-	-	Refer note (iv)
			80.03	**-**	**-**	
Total borrowings			**168.81**	**88.49**	**0.89**	
Less: Current maturities of long term borrowings (refer note 21)			(111.11)	(30.26)	(0.48)	
Total			**57.70**	**58.23**	**0.41**	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(i) Vehicle loans are secured by way of hypothecation of assets, thus purchased.

(ii) Term loans from banks (including current maturities) aggregating to ₹ 86.75 crores (31 March 2016: ₹ 86.73 crores; 31 March 2015: nil) are secured against first and exclusive registered mortgage charge on immovable properties belonging to body corporates. These loans are further fully secured by personal guarantees of promoter directors of the Parent Company and their certain relatives and corporate guarantees of the said body corporates.

(iii) Liability component of compulsorily convertible preference shares ('CCPS') represents the mandatory payments required under the terms of the CCPS, discounted at the effective interest rate. Mandatory dividend is payable at the rate of 13% per annum. Such dividend is payable on 30 September for the preceding financial year.

(iv) Liability component of compulsorily convertible debentures ('CCD') represents the mandatory payments required under the terms of the CCD, discounted at the effective interest rate. Interest is payable on CCD at the rate of 13% per annum (16.25% per annum inclusive of tax deducted at source). The interest payments commenced from 4 July 2016 and are payable every quarter thereafter till conversion date of the CCD.

Note 18: Provisions

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Provision for employee benefits obligations (refer note 35)	6.23	0.88	4.34	0.51	2.87	0.18
	6.23	**0.88**	**4.34**	**0.51**	**2.87**	**0.18**

Note 19: Current financial liabilities - borrowings

(₹ in crores)

	Interest rate	Maturity date	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Remarks
Secured (carried at amortised cost)						
Cash credit facilities	10.55%-12.30%	Payable on demand	66.21	638.68	448.10	Refer note (i)
Packing credit facilities	6.95%-8.60%	Payable on demand	186.58	63.19	40.00	Refer note (i)
Post shipment credit facilities	7.25%-8.60%	Payable on demand	126.96	33.74	43.63	Refer note (i)
Demand loan	10.95%	Payable on demand	60.00	49.63	99.23	Refer note (i)
Commercial papers	8.50%	August 2017	194.22	96.65	50.00	Refer note (i)
Loans from related party	Nil	Payable on demand	0.03	0.03	0.03	Refer note (ii)
Total			**634.00**	**881.92**	**680.99**	

(i) Cash credit facilities, packing credit facilities, post shipment credit facilities, demand loans and commercial papers are secured against first pari passu charge on current assets, fixed assets 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 certain relatives and corporate guarantees and collateral securities of other companies.

(ii) Loan from related party consists of interest free loan taken by one of the subsidiary companies of the group from its key management personnel.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 20: Trade payables

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payables	2,997.06	2,175.39	1,814.19
	2,997.06	**2,175.39**	**1,814.19**

Note 21: Other current financial liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long term debt (refer note 17)	43.08	30.26	0.48
Current maturities of liability component of CCD (refer note 17)	49.71	-	-
Current maturities of liability component of CCPS (refer note 17)	18.32	-	-
Interest accrued but not due on borrowings	9.64	2.54	2.14
Unpaid dividends*	0.05	0.05	0.02
Application money received for allotment of securities to the extent refundable*	0.02	0.02	0.02
Creditors for capital goods	1.01	2.31	0.48
Employee related payables	6.76	5.67	7.12
Book overdraft	-	-	0.01
Others	12.87	8.60	11.22
	141.46	**49.45**	**21.49**

*Not due for deposit to the Investor Education and Protection Fund

Note 22: Other current liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances received from customers	9.62	10.24	7.99
Deposits received from customers	117.42	32.24	-
Statutory dues payable	8.70	2.74	4.43
Deferred revenue	5.35	-	-
Others	4.17	4.72	5.03
	145.26	**49.94**	**17.45**

Note 23: Current tax liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for income-tax (net of prepaid taxes)	62.10	122.02	108.35
Provision for wealth tax	-	-	0.10
	62.10	**122.02**	**108.45**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 24: Revenue from operations

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Sale of products (including excise duty)	8,478.93	7,303.20
Sale of services	0.62	0.02
	8,479.55	**7,303.22**

Note 25: Other income

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest income on:		
fixed deposits with banks	25.71	17.51
loan to a body corporate	0.85	0.85
other financial assets carried at amortised cost	3.52	2.43
Gain on investments measured at FVTPL	1.25	0.08
Profit on sale of property, plant and equipment	- *	-
Net gain on foreign currency transaction and translation	64.31	27.73
Other non-operating income	1.61	1.34
	97.25	**49.94**

**rounded off to nil*

Note 26: Cost of materials consumed

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Raw material		
Balance at the beginning of the year	733.25	497.48
Add: purchases during the year	7,442.15	6,928.63
Balance at the end of the year	648.63	733.25
	7,526.77	**6,692.86**

Note 27: Purchases of stock-in-trade

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Purchases of stock-in-trade	309.58	(5.69)
	309.58	**(5.69)**

Note 28: Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Opening balance		
Work-in-progress	973.89	739.89
Finished goods	2,160.03	1,990.93
Stock-in-trade	- *	-
	3,133.92	**2,730.82**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
Closing balance		
Work-in-progress	1,124.74	973.89
Finished goods	2,362.08	2,160.03
Stock-in-trade	51.97	- *
	3,538.79	**3,133.92**
Effect of translation of inventory held with foreign subsidiary	1.29	-
	(406.16)	**(403.10)**

**rounded off to nil*

Note 29: Employee benefits expense

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Salaries and wages	69.58	57.12
Contribution to provident and other funds (refer note 35)	4.10	3.62
Share based payments to employees	7.07	8.02
Staff welfare expenses	2.62	3.89
	83.37	**72.65**

Note 30: Finance costs

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest expense on financial liabilities at amortised cost	223.30	198.88
Interest on late deposit of advance tax	11.03	11.26
Other finance costs	44.23	34.81
	278.56	**244.95**

Note 31: Depreciation and amortisation expense

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation on property, plant and equipment	22.35	22.64
Amortisation of intangible assets	0.13	0.02
	22.48	**22.66**

Note 32: Other expenses

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Advertisement and publicity	24.06	29.61
Labour charges	37.11	48.85
Hallmarking charges	0.85	0.61
Consumption of packing material	2.46	3.13
Rent (refer note 47)	56.81	44.77
Business promotion	9.44	13.49

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
Communication	4.22	4.52
Repairs and maintenance - office	5.45	3.03
Discount and commission	9.98	2.52
Electricity and water	7.97	7.64
Vehicle running and maintenance	0.90	1.06
Insurance	2.35	3.74
Legal and professional (including payment to auditors) (refer note a below)	8.88	5.75
Rates and taxes	4.51	1.65
Printing and stationery	1.30	1.27
Security expenses	7.71	7.87
Travelling and conveyance	3.75	4.05
Net loss on disposal of fixed assets	- *	-
Bank charges	7.04	6.12
Donation	2.06	2.13
Expenditure on corporate social responsibility activities (refer note 48)	5.00	1.75
Miscellaneous	1.06	0.85
	202.91	**194.41**
**rounded off to nil*		
Note:		
(a) **Payment to auditors**		
- As auditors	0.86	0.60
- For other services	0.49	0.64
- For reimbursement of expenses	0.02	0.02
- Towards service tax	0.20	0.18
Total	**1.57**	**1.44**

Note 33: Current tax

(a) Income-tax expense through the statement of profit and loss

(₹ in crores)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current tax:		
Current tax on profits for the year	133.91	160.85
Adjustments for current tax of prior periods	(12.22)	(19.02)
	121.69	**141.83**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	11.45	(5.81)
Adjustments due to changes in tax rates	-	0.21
Total tax expense	**133.14**	**136.23**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(b) Income-tax on other comprehensive income

(₹ in crores)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Re-measurement of defined benefit obligations	0.04	(0.19)
Total tax expense recognised in other comprehensive income	**0.04**	**(0.19)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Accounting profit before income-tax	554.15	534.42
Applicable Indian statutory income-tax rate	34.61%	34.61%
Computed expected tax expense	191.79	184.96
Prior period adjustments	(12.22)	(19.02)
Effect of non-deductible expenses	8.32	4.82
Effect of change in rate of tax	-	0.21
Effect of lower tax rate on Indian subsidiaries	0.53	0.08
Effect of no tax on foreign subsidiary	(0.75)	-
Income exempt from tax	(54.53)	(34.82)
Income-tax expense reported in the statement of profit and loss	**133.14**	**136.23**
At the effective income-tax rate of 24.03% (31 March 2016: 25.49%)	**133.14**	**136.23**

The Parent Company has three factory units which are located in 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.

The following table summarises the period of expiry with respect to the losses which are carried forward to subsequent years

Expiry of losses (as per local tax laws)	2023-24	2024-25	Indefinite	Total
Business losses	3.03	8.63	-	**11.66**
Unabsorbed depreciation	-	-	0.49	**0.49**
Total	**3.03**	**8.63**	**0.49**	**12.15**

Note 34: Earnings per share

Particulars	Units	Year ended 31 March 2017	Year ended 31 March 2016
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
Net profit attributable to shareholders for basic earnings per share	₹ in crores	**416.59**	**398.54**
Interest savings on compulsory convertible preference shares, net of tax	₹ in crores	1.20	-
Interest savings on compulsory convertible debentures, net of tax	₹ in crores	4.67	-
Net profit attributable to shareholders for diluted earnings per share	₹ in crores	**422.46**	**398.54**
Weighted average number of equity shares for basic earnings per share	₹ in crores	**17.91**	**17.91**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Particulars	Units	Year ended 31 March 2017	Year ended 31 March 2016
Effect of conversion of convertible debentures, convertible preference shares and exercise of share options	₹ in crores	1.39	0.03
Weighted average number of equity shares for diluted earnings per share	₹ in crores	**19.30**	**17.94**
Basic earnings per share	₹	23.27	22.25
Diluted earnings per share	₹	21.89	22.22

Note 35: Employee benefits

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Gratuity	5.69	3.88	3.05
Compensated absences	1.41	0.97	(0.00)*
	7.10	**4.85**	**3.05**

**rounded off to nil*

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 2017	As at 31 March 2016
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	3.87	3.06
Interest cost	0.31	0.24
Current service cost	1.49	1.13
Benefits paid	(0.10)	(0.01)
Actuarial losses/(gains) on obligation	0.12	(0.54)
Closing defined benefit obligation	**5.69**	**3.88**
Expense recognised in the statement of profit and loss:		
Current service cost	1.49	1.13
Interest cost	0.31	0.24
	1.80	**1.37**
Expense/(income) recognised in the other comprehensive income:		
Net actuarial loss/(gain) in the year	0.12	(0.54)
	0.12	**(0.54)**
Net expense recognised in the total comprehensive income	**1.92**	**0.83**
Breakup of actuarial gain/loss		
Actuarial loss/(gain) arising from change in demographic assumption	-	
Actuarial loss/(gain) arising from change in financial assumption	0.22	(0.04)
Actuarial gain arising from experience adjustment	(0.10)	(0.50)
	0.12	**(0.54)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Actuarial assumptions used

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	7.40%	7.90%	7.80%
Long-term rate of compensation increase	8.00%	8.00%	8.00%
Average remaining life	29.52 to 25.22	29.76 to 30.47	30.32

Demographic assumptions used

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Mortality table	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)
Retirement age	60 years	60 years	60 years
Average remaining life	29.35 to 25.22	29.76 to 30.47	30.32
Withdrawal rates for all ages	10% per annum	10% per annum	10% per annum

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 at 31 March 2017.

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate				
(Decrease)/ increase in the defined benefit liability	(0.43)	0.50	(0.29)	0.33
Salary growth rate				
Increase/ (decrease) in the defined benefit liability	0.46	(0.41)	0.32	(0.28)
Average life expectancy				
Increase/ (decrease) in the defined benefit liability	negligible	negligible	negligible	negligible

The present value of the defined benefit obligation calculated with the same method (projected unit credit) as the defined benefit obligation recognised in the consolidated balance sheet. 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 ₹ 2.20 crores in the next 12 months.

The weighted average duration of the defined benefit obligation at 31 March 2017 is 15 years (31 March 2016: 13 years).

Amounts for the current and previous four years are as follows:

(₹ in crores)

	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligations	5.69	3.88	3.05	1.87	1.31
Experience (loss)/gain adjustments on planned liabilities	(0.10)	0.50	0.25	0.04	(0.05)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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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 31 March 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	7.40%	7.90%	7.80%
Expected salary escalation rate	8.00%	8.00%	8.00%

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 period towards defined contribution plan is ₹ 3.01 crores (31 March 2016: ₹ 2.68 crores).

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 Parent Company except an employee who is a promoter or belongs to the promoter group or a director who either by himself or through his relatives or through and body corporate, directly or indirectly, holds more than 10% of outstanding equity shares of the Parent Company.

The plan is to be 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 will be under the guidance, advice and directions of the Nomination and Remuneration Committee.

The Parent Company has granted 726,300 stock options to the eligible employees of the Parent Company on 14 May 2015. 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 Parent 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

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(b) Set out below is a summary of options granted under the Plan:

	31 March 2017		31 March 2016	
	Average exercise price per share	Number of options	Average exercise price per share	Number of options
Balance at the beginning of the year	**10.00**	**726,300**	**-**	**-**
Options granted during the year	-	-	10.00	726,300
Options exercised during the year	10.00	37,600	-	-
Balance at the end of the year*	**10.00**	**688,700**	**10.00**	**726,300**
Vested and exercisable	10.00	35,030.00	-	-

**No options have lapsed or forfeited during the period covered in the table above.*

(c) Exercise price and expiry dates of share options outstanding at the end of the year:

Grant date	Expiry date	Average exercise price per share	Share options as on 31 March 2017	Share options as on 31 March 2016
14 May 2015	13 May 2023	10.00	688,700	726,300
Total			**688,700**	**726,300**
Weighted average remaining contractual life of options outstanding			6.12	7.12

(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)	Fair value of options granted (per share)	₹ 318.22
(ii)	Exercise price	₹ 10
(iii)	Grant date	14 May 2015
(iv)	Expiry date	13 May 2023
(v)	Share price at grant date	₹ 328.50
(vi)	Weighted historical volatility (%)	52.61
(vii)	Time to maturity-years	8 years
(viii)	Expected dividend yield (%)	0.71
(ix)	risk free interest rate (%)	7.97- 8.03

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 & NSE stock exchanges on 27 December 2012. The volatility is determined by taking into account the period since the listing of the Parent Company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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)*	Mr. Padam Chand Gupta
	Mr. Balram Garg
Relatives of key management personnel**	Mr. Nitin Gupta (Son of Mr. Padam Chand Gupta)
	Mr. Sachin Gupta (Son of Mr. Padam Chand Gupta)
	Mrs.Krishna Devi (Wife of Mr. Padam Chand Gupta)
	Mrs. Kusum Jain (Sister of Mr. Padam Chand Gupta and Mr. Balram Garg)
	Mrs. Pooja Garg (Wife of Mr. Balram Garg)
Other entities in which KMP has significant influence*	Padam Chand, Hindu Undivided Family
	Balram Garg, Hindu Undivided Family

**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:

(₹ 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 2017	31 March 2016	31 March 2017	31 March 2016
Transactions during the year				
Remuneration paid**				
Mr. Balram Garg	6.90	6.00	-	-
Mr. Nitin Gupta	0.39	0.39	-	-
Others	-	0.03	-	-
	7.29	**6.42**	**-**	**-**
Rent paid				
Mr. Padam Chand Gupta	5.37	0.32	-	-
Mr. Balram Garg	0.26	0.02		
Mr. Nitin Gupta	0.77	0.04	-	-
Mr. Sachin Gupta	0.77	0.04	-	-
	7.17	**0.42**	**-**	**-**
Final dividend paid				
Mr. Balram Garg	22.43	21.42	-	-
Mr. Padam Chand Gupta	16.87	16.12	-	-
Others	2.24	2.13	0.36	0.35
	41.54	**39.67**	**0.36**	**0.35**
Share application money received				
Mr. Padam Chand Gupta	-	- *	-	-
	-	**- ***	**-**	**-**
Share application money paid				
Mr. Padam Chand Gupta	-	- *	-	-
		- *	**-**	**-**

** rounded off to nil*

** 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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(₹ 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 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Balance outstanding at the year end						
Other current liabilities - remuneration						
Mr. Balram Garg	0.38	0.50	0.50	-	-	-
Mr. Nitin Gupta	0.02	0.03	0.03	-	-	-
	0.40	**0.53**	**0.53**	**-**	**-**	**-**
Rent payable:						
Mr. Balram Garg	0.22	-	-	-	-	-
Mr. Padam Chand Gupta	4.94	-	-	-	-	-
Mr. Nitin Gupta	0.66	-	-	-	-	-
Mr. Sachin Gupta	0.66	-	-	-	-	-
	6.48	**-**	**-**	**-**	**-**	**-**
Loan repayable:						
Mr. Padam Chand Gupta	0.03	0.03	0.03	-	-	-
	0.03	**0.03**	**0.03**	**-**	**-**	**-**

Breakup for Key management personnel's compensation in the following categories:

(₹ in crores)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Short-term employee benefits #	6.95	6.03
Post-employment benefits$*	-	-
Other long-term benefits *	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	**6.95**	**6.03**

Including sitting fee
* 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 above.
$ including providend fund, leave encashment paid and any other benefits.

Note 38: Segment reporting

The Group is engaged in the business of manufacture 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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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.

(a) Information about Business Segment - Primary for the year ended 31 March 2017

	Export		Domestic		Total before eliminations		Eliminations		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Revenue										
Sale of goods	3,068.05	2,162.24	5,420.75	5,150.69	8,488.80	7,312.93	9.87	9.73	**8,478.93**	**7,303.20**
Sale of services	-	-	0.70	0.02	0.70	0.02	0.08	-	**0.62**	**0.02**
Total Revenue	**3,068.05**	**2,162.24**	**5,421.45**	**5,150.71**	**8,489.50**	**7,312.95**	**9.95**	**9.73**	**8,479.55**	**7,303.22**
Finance income	15.14	6.52	40.72	16.05	55.86	22.57	24.54	1.70	**31.33**	**20.87**
Segment results										
Total profit before finance cost and unallocable expenditure	204.07	170.83	645.59	617.39	849.66	788.22	-	-	**849.66**	**788.22**
Finance cost	95.87	65.72	196.20	169.68	292.07	235.40	24.54	1.70	**267.53**	**233.70**
Unallocated expense					27.98	20.10	-	-	**27.98**	**20.10**
Net profit before tax	**108.20**	**105.11**	**449.39**	**447.71**	**529.61**	**532.71**	**(24.54)**	**(1.70)**	**554.15**	**534.42**
Income tax expense					133.14	136.23	**-**	**-**	**133.14**	**136.23**
Net profit after tax	**108.20**	**105.11**	**449.39**	**447.71**	**396.47**	**396.48**	**(24.54)**	**-**	**421.01**	**398.19**
Assets										
Segment assets	2,682.68	1,514.49	4,679.09	4,205.94	7,361.77	5,720.43	6.05	2.28	**7,355.72**	**5,718.15**
Non-current assets in foreign jurisdiction	-	-	2.11	-	2.11	-	-	-	**2.11**	**-**
Unallocated assets	-	-	-	-	461.01	140.69	422.24	107.90	**38.77**	**32.79**
Total assets	**2,682.68**	**1,514.49**	**4,681.20**	**4,205.94**	**7,824.89**	**5,861.12**	**428.29**	**110.18**	**7,396.60**	**5,750.94**
Liabilities										
Segment liabilities	2,910.77	1,405.68	1,359.13	1,847.30	4,269.90	3,252.98	294.36	110.11	**3,975.54**	**3,142.87**
Unallocated liabilities	-	-	-	-	69.15	198.93	-	-	**69.15**	**198.93**
Total liabilities	**2,910.77**	**1,405.68**	**1,359.13**	**1,847.30**	**4,339.05**	**3,451.91**	**294.36**	**110.11**	**4,044.69**	**3,341.80**
Additions to non-current assets other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts	0.03	0.22	25.16	6.04	25.19	6.26	-	-	**25.19**	**6.26**
Capital expenditure	0.03	0.25	19.65	24.30	19.68	24.55	-	-	**19.68**	**24.55**
Total capital expenditure	**0.03**	**0.25**	**19.65**	**24.30**	**19.68**	**24.55**	**-**	**-**	**19.68**	**24.55**
Depreciation and amortisation	**0.32**	**0.73**	**22.16**	**21.93**	**22.48**	**22.66**	**-**	**-**	**22.48**	**22.66**
Total depreciation and amortisation	**0.32**	**0.73**	**22.16**	**21.93**	**22.48**	**22.66**	**-**	**-**	**22.48**	**22.66**
Non cash expenditures other than depreciation (net)										
Unrealised foreign exchange gain	(46.53)	(7.17)	(9.62)	(13.02)	(56.15)	(20.19)	-	-	**(56.15)**	**(20.19)**

Segment assets are inclusive of capital advances.

Capital expenditure pertains to additions made to property, plant and equipment and intangible assets during the year.

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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 2017 **(₹ 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	569.45	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(8.43)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	8.43	-	Range - within 6 months		Trade payables	8.43

As at 31 March 2016 **(₹ 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	57.95	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(2.00)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	2.00	-	Range - within 6 months		Trade payables	2.00

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for the year ended 31 March 2017

As at 1 April 2015 **(₹ 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	570.16	-	Not applicable	Not applicable	Range - within 6 months	1:1	Inventory	(2.63)
Hedging instrument: option to fix gold prices	Not applicable	Not applicable	2.63	-	Range - within 6 months		Trade payables	2.63

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
As at 31 March 2017				
Financial assets				
Investments at fair value through profit and loss				
Mutual funds	9.40	-	-	**9.40**
Derivative instruments				
Option to fix prices of gold in purchase contracts	8.43	-	-	**8.43**
Forward contracts	-	13.49	-	**13.49**
Total financial assets	**17.83**	**13.49**	**-**	**31.32**
As at 31 March 2016				
Financial assets				
Investments at fair value through profit and loss				
Mutual funds	8.10	-	-	**8.10**
Derivative instruments				
Option to fix prices of gold in purchase contracts	2.00	-	-	**2.00**
Forward contracts	-	18.42	-	**18.42**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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	Level 1	Level 2	Level 3	Total
Total financial assets	**10.10**	**18.42**	**-**	**28.52**
As at 1 April 2015				
Financial assets				
Investments at fair value through profit and loss				
Mutual funds	15.07	-	-	**15.07**
Derivative instruments				
Option to fix prices of gold in purchase contracts	2.63	-	-	**2.63**
Forward contracts	-	2.41	-	**2.41**
Total financial assets	**17.70**	**2.41**	**-**	**20.11**

(ii) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) The use of quoted market prices for investments in mutual funds.

(b) 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 2017**		**31 March 2016**		**1 April 2015**	
	FVTPL	**Amortised cost**	**FVTPL**	**Amortised cost**	**FVTPL**	**Amortised cost**
Financial assets						
Investments - mutual funds	9.40	-	8.10	-	15.07	-
Loans - to body corporates	-	9.31	-	9.01	-	8.99
Trade receivables	-	1,538.04	-	976.00	-	780.43
Security deposits	-	31.14	-	24.81	-	18.52
Cash and cash equivalents	-	411.26	-	99.52	-	92.18
Other receivables	-	3.37	-	2.12	-	1.31
Derivative financial asset	13.49	-	18.42	-	2.41	-
Bank deposits	-	784.43	-	247.26	-	200.21
Total	**22.89**	**2,777.55**	**26.52**	**1,358.72**	**17.48**	**1,101.64**
Financial liabilities						
Borrowings	-	691.70	-	940.15	-	681.40
Trade payables*	-	2,997.06	-	2,175.39	-	1,814.19
Other financial liabilities	-	141.46	-	49.45	-	21.49
Total	**-**	**3,830.22**	**-**	**3,164.99**	**-**	**2,517.08**

* Trade payables include value of the option to fix prices on gold purchases (embedded derivative) that is carried at fair value through profit and loss. The value of such embedded derivative which is financial asset of ₹ 8.43 crores as at 31 March 2017 (31 March 2016: ₹ 2.00 crores; 1 April 2015: ₹ 2.63 crores) is offset against the value of the trade payables (as discussed further below).

(a) 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, is considered to be a reasonable approximation of fair value.

(b) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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The following table presents the option to fix prices on gold purchases that are offset with trade payables, as at 31 March 2017, 31 March 2016 and 1 April 2015.

Particulars	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
31 March 2017	3,005.49	(8.43)	2,997.06
31 March 2016	2,177.39	(2.00)	2,175.39
1 April 2015	1,816.82	(2.63)	1,814.19

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 equity securities	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 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.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The Group has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, mutual funds, bank deposits, loans and derivative financial instruments is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Group provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

Detail of trade receivables that are past due is given below:

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not due	1,278.27	946.27	778.39
0-30 days past due	117.26	28.87	0.48
31-60 days past due	105.21	0.01	-
61-90 days past due	0.65	0.08	-
More than 90 days past due	36.65	0.77	1.56
	1,538.04	**976.00**	**780.43**

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 2017	As at 31 March 2016	As at 1 April 2015
Expiring within one year (bank overdraft and other facilities)	318.98	373.01	483.39
Expiring beyond one year (bank loan)	-	-	-
	318.98	**373.01**	**483.39**

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.

(₹ in crores)

31 March 2017	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	439.78	329.51	35.69	19.66	10.95	**835.59**
Trade payables	-	2,997.06	-	-	-	**2,997.06**
Other financial liabilities	-	21.73	-	-	-	**21.73**
Total	**439.78**	**3,348.30**	**35.69**	**19.66**	**10.95**	**3,854.38**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(₹ in crores)

31 March 2016	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	785.27	134.80	15.99	18.30	29.15	983.51
Trade payables	-	2,175.39	-	-	-	2,175.39
Other financial liabilities	-	16.73	-	-	-	16.73
Total	**785.27**	**2,326.92**	**15.99**	**18.30**	**29.15**	**3,175.63**

(₹ in crores)

1 April 2015	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	631.00	52.69	0.41	0.02	-	684.12
Trade payables	-	1,814.19	-	-	-	1,814.19
Other financial liabilities	-	18.97	-	-	-	18.97
Total	**631.00**	**1,885.85**	**0.41**	**0.02**	**-**	**2,517.28**

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 and 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 +/-5%) at the reporting date, keeping all other variables constant, there would have been an impact on profits of ₹ 27.50 crores (previous year ₹ 59.97 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 2017, 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 2017	31 March 2016	1 April 2015
Variable rate borrowing	379.75	735.61	531.74
Fixed rate borrowing	423.05	234.80	150.14
Total borrowings	**802.80**	**970.41**	**681.88**

Sensitivity

The sensitivity to profit and 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 ₹ 1.24 crores (previous year ₹ 2.41 crores).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

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 ₹ 0.31 crores (previous year ₹ 0.26 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 2017	31 March 2016	1 April 2015
	Net debts	401.19	873.44	591.84
	Total equity	3,351.91	2,409.14	2,071.55
	Gearing ratio	**11.97%**	**36.26%**	**28.57%**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

(b) **Dividends** **(₹ in crores)**

Particulars	31 March 2017	31 March 2016
(i) Equity shares		
Final dividend for the year ended 31 March 2015 of ₹ 3.20 per share (excluding dividend distribution tax)	-	57.31
Final dividend for the year ended 31 March 2016 of ₹ 3.35 per share (excluding dividend distribution tax)	60.00	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, the Board of Directors have recommended a dividend of ₹ 1 (previous year ₹ 3.35) per fully paid equity share. This proposed dividend is subject to approval of shareholders at the ensuing Annual General Meeting.	17.91	60.00

Note 43: First time adoption of Ind AS

These consolidated financial statements, for the year ended 31 March 2017, are the first financial statements prepared by the Group in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening Ind AS balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its previous consolidated GAAP financial statements, including the balance sheet as at 1 April 2015 and the consolidated financial statements as at and for the year ended 31 March 2016.

The Group has applied Ind AS 101 in preparing these first consolidated financial statements. The effect of transition to Ind AS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the notes accompanying the tables.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

A.1 Ind AS optional exemptions:

A1.1 Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible aseets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

A.2 Ind AS mandatory exceptions:

A2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP.

A2.2 Classification and measurement of financial assets

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money, i.e., the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

a) The effects of the retrospective application are not determinable;

b) The retrospective application requires assumptions about what management's intent would have been in that period;

c) The retrospective application requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

A2.3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

B. Reconciliation between Previous GAAP and Ind AS

Ind AS 101, first time adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and reported cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

B.1 Effect of Ind AS adoption on the balance sheet as at 1 April 2015

(₹ in crores)

	Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
A	**Assets**				
1	**Non-current assets**				
	a) Property, plant and equipment		89.63	-	89.63
	b) Financial assets				
	i) Loans	5	48.26	(21.20)	27.06
	ii) Other financial assets	5	4.70	(0.50)	4.20
	c) Deferred tax assets, net	8	12.57	(6.03)	6.54
	d) Other non-current assets	5	24.14	18.24	42.38
	Total non-current assets		**179.30**	**(9.49)**	**169.81**
2	**Current assets:**				
	a) Inventories	3	3,229.85	(1.55)	3,228.30
	b) Financial assets				
	i) Investments	4	13.12	1.95	15.07
	ii) Trade receivables		780.43	-	780.43
	iii) Cash and cash equivalents		92.18	-	92.18
	iv) Bank balance other than (iii) above		196.89	-	196.89
	v) Loans		0.45	-	0.45
	vi) Other financial assets	6	3.11	(0.26)	2.85
	c) Other current assets	5	228.65	2.95	231.60
	Total current assets		**4,544.68**	**3.09**	**4,547.77**
	Total assets		**4,723.99**	**(6.40)**	**4,717.58**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
B Equity and Liabilities				
1 Equity				
a) Equity share capital		179.10	-	179.10
b) Other equity	B.4	1,811.45	81.00	1,892.45
Total equity		**1,990.55**	**81.00**	**2,071.55**
2 Non-current liabilities				
a) Financial liabilities				
i) Borrowings		0.41	-	0.41
b) Provisions		2.87	-	2.87
Total non-current liabilities		**3.28**	-	**3.28**
3 Current liabilities				
a) Financial liabilities				
i) Borrowings		680.99	-	680.99
ii) Trade payables	3, 5	1,821.55	(7.36)	1,814.19
iii) Other financial liabilities		21.49	-	21.49
b) Other current liabilities	2	28.19	(10.74)	17.45
c) Provisions	1	69.48	(69.30)	0.18
d) Current tax liabilities (net)		108.45	-	108.45
Total current liabilities		**2,730.15**	**(87.40)**	**2,642.75**
Total liabilities		**2,733.43**	**(87.40)**	**2,646.03**
Total equity and liabilities		**4,723.99**	**(6.40)**	**4,717.58**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

B.2 Effect of Ind AS adoption on the balance sheet as at 31 March 2016

(₹ in crores)

Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
A Assets				
1 Non-current assets				
a) Property, plant and equipment		90.12	-	90.12
b) Intangible assets		1.08	-	1.08
c) Financial assets				
i) Loans	5	59.21	(25.87)	33.34
ii) Other financial assets		6.09	-	6.09
d) Deferred tax assets, net	8	17.54	(5.59)	11.95
e) Other non-current assets	5	3.25	20.84	24.09
Total non-current assets		**177.29**	**(10.62)**	**166.67**
2 Current assets:				
a) Inventories	3	3,872.19	(5.02)	3,867.17
b) Financial assets				
i) Investments	4	7.38	0.72	8.10
ii) Trade receivables		976.00	-	976.00
iii) Cash and cash equivalents		99.52	-	99.52
iv) Bank balance other than (iii) above		242.07	-	242.07
v) Loans		0.48	-	0.48
vi) Other financial assets	6	19.76	(0.12)	19.64
c) Other current assets	5	367.63	3.66	371.29
Total current assets		**5,585.03**	**(0.76)**	**5,584.27**
Total assets		**5,762.32**	**(11.38)**	**5,750.94**

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for the year ended 31 March 2017

Particulars		Notes	Previous GAAP*	Adjustments	Amount under Ind AS
B	**Equity and Liabilities**				
1	**Equity**				
	a) Equity share capital		179.10	-	179.10
	b) Other equity	B.4	2,147.27	82.77	2,230.04
	Total equity		**2,326.37**	**82.77**	**2,409.14**
2	**Non-current liabilities**				
	a) Financial liabilities				
	i) Borrowings		58.23	-	58.23
	b) Provisions		4.34	-	4.34
	Total non-current liabilities		**62.57**	**-**	**62.57**
3	**Current liabilities**				
	a) Financial liabilities				
	i) Borrowings		881.92	-	881.92
	ii) Trade payables	3, 5	2,184.47	(9.08)	2,175.39
	iii) Other financial liabilities		49.45	-	49.45
	b) Other current liabilities	2	62.80	(12.86)	49.94
	c) Provisions	1	72.72	(72.21)	0.51
	d) Current tax liabilities (net)		122.02	-	122.02
	Total current liabilities		**3,373.38**	**(94.15)**	**3,279.23**
	Total liabilities		**3,435.95**	**(94.15)**	**3,341.80**
	Total equity and liabilities		**5,762.32**	**(11.38)**	**5,750.94**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

B.3 Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ in crores)

Particulars		Notes	Previous GAAP*	Adjustments	Amount under Ind AS
1	Revenue from operations	9	7,330.18	(26.96)	7,303.22
2	Other income	3, 4, 5, 6	48.68	1.26	49.94
3	Total income (1+2)		**7,378.86**	**(25.70)**	**7,353.16**
4	Expenses				
	a) Cost of materials consumed	3	6,724.59	(31.72)	6,692.86
	b) Purchases of stock-in-trade		(5.69)	-	(5.69)
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	3	(406.54)	3.44	(403.10)
	d) Excise duty		-	-	-
	e) Employee benefits expense	7, 8	72.12	0.53	72.65
	f) Finance costs	3	214.95	30.00	244.95
	g) Depreciation and amortisation expense		22.66	-	22.66
	h) Other expenses	2, 5, 9	220.25	(25.84)	194.41
	Total expenses		**6,842.34**	**(23.59)**	**6,818.74**
5	Profit before tax (3-4)		**536.52**	**(2.10)**	**534.42**
6	Tax expense				
	a) Current tax		141.83	-	141.83
	b) Deferred tax	8	(4.98)	(0.62)	(5.60)
7	Profit for the year		**399.67**	**(1.48)**	**398.19**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Particulars	Notes	Previous GAAP*	Adjustments	Amount under Ind AS
8 Other comprehensive income:				
a) Items that will not be reclassified to profit or loss:				
(i) Remeasurement of post employment benefit obligations	7	-	0.54	0.54
(ii) Income-tax relating to items that will not be reclassified to profit or loss		-	(0.19)	(0.19)
Other comprehensive income for the year, net of tax		-	0.35	0.35
9 Total comprehensive income for the year (7+8)		**399.67**	**(1.13)**	**398.54**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

B.4 Reconciliation in equity between Ind AS and Previous GAAP:

	Notes	31 March 2016	1 April 2015
Equity as per Previous GAAP		**2,326.36**	**1,990.55**
Ind AS: Adjustments increase/(decrease):			
Proposed dividend and related distribution tax	1	72.21	69.30
Accounting of operating lease incentives	2	12.86	10.74
Option to fix prices of gold purchases, and hedge accounting	3	4.07	5.79
Financial assets at fair value through profit and loss	4	0.72	1.95
Financial assets and liabilities at amortised cost	5	(1.37)	(0.50)
Foreign exchange derivatives at fair value	6	(0.12)	(0.26)
Deferred tax on the above mentioned adjustments	8	(5.59)	(6.02)
Equity as per Ind AS		**2,409.14**	**2,071.55**

B.5 There is no impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016.

Note-1 Proposed dividend

Under Previous GAAP, proposed dividend is recognised as liability in the period to which they relate irrespective of the approval of shareholders.

Under Ind AS, proposed dividend is recognised as liability in the period in which it is declared (approval of shareholders in general meeting) or paid.

Note – 2 Measurement of rental expense

Under Previous GAAP, any escalation in operating lease rentals were straight-lined over the lease term.

Under Ind AS, operating lease rentals are not straight lined over the lease term if the payments to the lessor are structured to increase in line with expected general inflation. Further, under Ind AS rental expense is also attributed to operating lease incentives, like rent free period.

Note – 3 Option to fix prices of gold purchases

Under Previous GAAP, in respect of purchase of goods at prices that are yet to be fixed at the period end, adjustments to the provisional amounts invoiced by the vendor were recognised in the cost of inventory based on the closing gold rate. Further, in respect of purchase of goods whose prices are fixed at forward rates, cost of inventory was measured at such forward rates.

Under Ind AS, in respect of purchase of goods at prices that are fixed subsequent to the date of purchase, the Group has applied hedge accounting wherein the option to fix prices is designated as a hedging instrument and change in fair value of inventory attributable to change in prices between the date of purchase and the date of fixing prices or reporting date (as applicable) is designated as hedged item.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

The hedging relationship is considered a fair value hedge. The gain or loss on the hedging instrument is recognised in statement of profit and loss and the corresponding gain or loss on the hedged item is adjusted in the carrying amount of the hedged item and recognised in statement of profit and loss.

Under Ind AS, financial liabilities in respect of purchase of goods whose prices are fixed at forward rates, are measured at amortised cost, as explained in note 5 below.

Note – 4 Measurement of financial assets at fair value

Under Previous GAAP, current investments were stated at lower of cost and fair value.

Under Ind AS, these financial assets have been classified as Fair Value Through Profit and Loss ('FVTPL') on the date of transition to Ind AS and fair value changes after the date of transition have been recognised in the statement of profit or loss.

Note – 5 Measurement of financial assets and liabilties at amortised cost

Under Previous GAAP, the financial assets and financial liabilities were typically carried at the contractual amount receivable or payable.

Under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost which involves the application of effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

For certain financial assets and financial liabilities, the fair value thereof at the date of transition to Ind AS has been considered as the new amortised cost of that financial asset and financial liability at the date of transition to Ind AS. The application of effective interest method results in adjustment to carrying amount of loans, other financial assets, borrowing and other financial liabilities

Note – 6 Fair valuation of derivatives

Under Previous GAAP, foreign exchange derivatives used for hedging purposes were restated at each balance sheet date and the premium was amortised over the term of the forward contract.

Under Ind AS, all derivatives are measured at FVTPL and mark-to-market gains or losses are recorded in the period when incurred.

Note - 7 Remeasurements of post-employment benefit obligations

Under the Previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss.

Note - 8 Deferred tax

Under Previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/ liability on timing differences between taxable income and accounting income. Under Ind AS, deferred tax is accounted as per the Balance Sheet approach which requires creation of deferred tax asset/ liability on temporary differences between the carrying amount of an asset/ liability in the Balance Sheet and its corresponding tax base. The adjustments in equity and net profit, as discussed above, resulted in additional temporary differences on which deferred taxes are calculated.

Note - 9 Business promotion and discount expenditure

On certain sale transactions, if a particular threshold is met, the Parent Company gives a free gift. Under Previous GAAP, revenue is recorded at the total amount received and the cost of the free gift is recognised as an expense.

Under Ind AS, the value of the free gift is adjusted from revenue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 10: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in statement of profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under Previous GAAP.

Note 44: Disclosure on specified bank notes (SBN)

During the year, the Group had specified bank notes or other denomination notes in entities which are companies in India, as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017, on the details of specified bank notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in crores)

	SBNs	Other denomination notes	Total
Closing cash in hand on 8 November 2016	336.97	0.17	337.14
Add: Permitted receipts	-	22.08	22.08
Less: Permitted payments	-	2.50	2.50
Less: Amount deposited in the banks	336.97	16.64	353.61
Closing cash in hand on 30 December 2016	-	3.11	3.11

The Group does not maintain independent records of denomination of currency in its books of accounts.

Note 45: 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 2017 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	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
(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	-	-	-
Interest due on above	-	-	-
(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	-	-	-
(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	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 46: Contingent liability

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Claims against the Group not acknowledged as debts*#	0.97	0.55	0.55
Demand from the income-tax authorities	6.26	1.01	0.59
Demands from the the sales tax authorities against which appeals have been filed#	8.53	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for	0.64	1.32	1.52

**Excluding interest which is not ascertainable.*

#The Group has furnished bank guarantee amounting to ₹ 7.92crore for ongoing litigations.

Note 47: 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 2017	As at 31 March 2016	As at 1 April 2015
Upto one year	46.39	37.78	33.85
Two to five years	151.11	139.13	139.09
More than five years	38.39	46.73	59.87
	235.89	**223.64**	**232.81**
Lease payments under operating leases are disclosed as 'rent' in the statement of profit and loss	56.81	44.77	

Note 48: Corporate social responsibility

As per Section 135 of the Companies Act 2013, a company which is incorporated in India, meeting the eligibility criteria, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Parent Company's CSR programs/projects focuses on sectors and issues as mentioned in Schedule VII read with Section 135 of the Act. A 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 ₹ 10.32 crores (previous year ₹ 9.48 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	5.00	-	5.00

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 49: Group information:

Consolidated financial statements as at 31 March 2017 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 2017	% equity Interest as at		
				31 March 2017	31 March 2016	31 March 2015
A Indian subsidiaries:						
PC Universal Private Limited	Jewellery manufacturing and export	India	Audited	100	100	100
Transforming Retail Private Limited	Online retail trading in jewellery	India	Audited	100	100	100
Luxury Products Trendsetter Private Limited	Jewellery manufacturing and trading	India	Audited	100	100	N/A
B Foreign subsidiary:						
PC Jeweller Global DMCC	Jewellery trading	Dubai	Audited	100	N/A	N/A

Notes:

1 The Parent Company has incorporated PC Jeweller Global DMCC as a wholly owned subsidiary in Dubai which commenced its business w.e.f 28 June 2016.

Note: 50 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
Parent:								
PC Jeweller Limited	87.67	2,938.54	94.57	398.16	1.97	(0.09)	95.56	398.09
Subsidiaries:								
Indian:								
PC Universal Private Limited	7.90	265.12	4.69	19.75	-	-	4.74	19.75
Transforming Retail Private Limited	0.04	1.23	1.54	6.50	(0.15)	0.01	1.56	6.50
Luxury Products Trendsetter Private Limited	0.46	15.37	(1.31)	(5.54)	-	-	(1.33)	(5.54)
Foreign:								-
PC Jeweller Global DMCC	3.93	131.65	0.51	2.14	98.18	(4.34)	(0.53)	(2.20)
Grand total	**100.00**	**3,351.91**	**100.00**	**421.01**	**100.00**	**(4.42)**	**100.00**	**416.60**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2017

Note 51: Post reporting date events

No adjusting or significant non-adjusting events have occurred between 31 March 2017 and the date of authorisation of the Group's consolidated financial statements. However, the Board of Directors have recommended a dividend of ₹ 1.30 (previous year nil) on preference shares of ₹ 10 each for the period 02 September 2016 to 31 March 2017, subject to approval of shareholders at the ensuing Annual General Meeting. Also, the Board of Directors have recommended a final dividend of 10%, i.e., ₹1 (previous year ₹3.35) on equity shares of ₹ 10 each for the year ended 31 March 2017, subject to approval of shareholders at the ensuing annual general meeting.

Note 52: Authorisation of financial statements

The consolidated financial statements for the year ended 31 March 2017 (including comparative information) were approved by the Board of Directors on 25 May 2017.

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Panwar	**Sanjeev Bhatia**	**Padam Chand Gupta**	**Balram Garg**
Company Secretary	Chief Financial Officer	Chairman	Managing Director
Membership No. A19063		DIN-00032794	DIN-00032083

For Sharad Jain Associates
Chartered Accountants

Sd/-
per Sharad Jain
Partner

For Walker Chandiok & Co LLP
Chartered Accountants

Sd/-
per Anupam Kumar
Partner

Place: New Delhi
Date: 25 May 2017

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
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2016 to March 31, 2017	April 1, 2016 to March 31, 2017	April 1, 2016 to March 31, 2017	June 28, 2016 to March 31, 2017*
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 = 17.6533 INR
3	Share capital	5.00	1.00	1.00	13,385.51
4	Reserves & surplus	(423.13)	(311.08)	(532.23)	(220.52)
5	Total assets	45,619.02	209.19	1,647.12	13,314.55
6	Total Liabilities	46,037.15	519.27	2,178.35	149.56
7	Investments	0.00	0.00	0.00	0.00
8	Turnover	30,196.41	965.64	1,519.69	5,810.09
9	Profit before taxation	(527.74)	(229.04)	(681.30)	213.75
10	Provision for taxation	7.80	(72.64)	(206.79)	0.00
11	Profit after taxation	(535.54)	(156.40)	(474.51)	213.75
12	Proposed Dividend	0.00	0.00	0.00	0.00
13	% of shareholding	100.00	100.00	100.00	100.00

* The Company was incorporated on June 8, 2016 and commenced its business w.e.f. June 28, 2016.

1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

Part "B": Associates & Joint Ventures

1. Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: N.A.
2. Names of associates or joint ventures which are yet to commence operations: N.A.
3. Names of associates or joint ventures which have been liquidated or sold during the year: N.A.

For and on behalf of the Board of Directors

Sd/-
Vijay Panwar
Company Secretary
Membership No.A19063

Sd/-
Sanjeev Bhatia
Chief Financial Officer

Sd/-
Balram Garg
Managing Director
DIN: 00032083

Sd/-
Padam Chand Gupta
Chairman
DIN: 00032794

NOTICE

Notice is hereby given that the **12th Annual General Meeting** of Members of **PC Jeweller Limited** will be held on **Friday, the 8th day of September, 2017, at 3:30 P.M.**, at Air Force Auditorium, Subroto Park, New Delhi – 110010, 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, 2017 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, 2017 and the report of Statutory Auditors thereon.

2. To declare dividend on equity shares for the financial year 2016-17.

3. To declare dividend on compulsorily convertible preference shares for the period from September 2, 2016 to March 31, 2017.

4. 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.

5. To ratify the appointment of Statutory Auditors and fix their remuneration and to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of The Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory amendments thereto or re-enactments thereof for the time being in force), the appointment of Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No.001076N/N500013) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 13th Annual General Meeting of the Company, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors plus service tax and reimbursement of out-of-pocket expenses, be and is hereby ratified."

By order of the Board of Directors
For **PC Jeweller Limited**

Sd/-
(VIJAY PANWAR)
Company Secretary

Place: New Delhi
Date: August 1, 2017

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of person seeking re-appointment as Director under Item No. 4 of this Notice, are 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 Share Transfer Agent – Karvy Computershare 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 the 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 4, 2017. 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 the Register of Members / List of beneficial owners as on **Friday, September 1, 2017 ("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 Register of Members and Share Transfer Books of the Company were closed from June 23, 2017 to June 27, 2017 (both days inclusive) for the purpose of determining the names of Members eligible for dividend on equity shares, if declared at the AGM.

7. The dividend, as recommended by the Board of Directors of the Company (Rs.1/- per equity share for the financial year 2016-17), if declared at the AGM, will be paid on or before the 30th day from the date of declaration to:

a) all those beneficial owners holding shares in electronic form, as per the beneficial ownership data as furnished by NSDL and CDSL as of the close of business hours on Thursday, June 22, 2017; and

b) all those Members holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company / Karvy on or before the closing hours on Thursday, June 22, 2017.

8. 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.

9. 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 amount lying with the Company as on September 19, 2016 (i.e. date of last AGM) on the website of the Company and also with the Ministry of Corporate Affairs. Dividend amount remaining unclaimed / unpaid for a period of 7 years from the date of transfer to Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund.

10. 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, 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**.

11. The Company shall also provide facility for voting through physical ballot paper at the AGM and Members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right to vote at the AGM.

12. Members can opt for only one mode of voting i.e. either by physical ballot paper or by remote e-voting. However, if Members cast their vote through both mode of voting, then the voting through remote e-voting shall prevail.

13. The remote e-voting facility shall be available during the following period:

Commencement of remote e-voting	**: From 9:00 A.M. on Tuesday, September 5, 2017**
End of remote e-voting	**: Up to 5:00 P.M. on Thursday, September 7, 2017**

The remote e-voting shall not be allowed beyond the aforesaid time and date and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.

14. 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.

15. 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 1, 2017, may obtain the login ID and Password in the manner mentioned below:

(a) If the mobile number of the Member is registered against Folio No. / DP ID-Client ID, the 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 the Member is registered against Folio No. / DP ID-Client ID, then on the home page of https://evoting.karvy.com, the 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.

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.

16. The Members, who have cast their votes by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.

17. The Board of Directors has appointed Shri Randhir Singh Sharma, Practicing Company Secretary (C.P. No.: 3872) and Proprietor R S Sharma & Associates, Company Secretaries as the Scrutinizer to scrutinize the remote e-voting and physical voting process at the AGM in a fair and transparent manner.

18. 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 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 or in his absence by the Company Secretary within 48 hours from the conclusion of the AGM at the Registered Office of the Company.

19. The result declared along with the Scrutinizer's Report will be displayed on the notice board of the Company at its Registered Office and shall also be placed on the Company's website www.pcjeweller.com and also 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.

20. 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 8, 2017.

21. 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 1, 2017 (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 resolution, 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 with copy to 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 Sai Sanjeev Patnaik, Manager at Karvy at e-mail id: sai.patnaik@karvy.com, contact no.: 040-67171776 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.

22. 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.

23. 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 Registrar and Share Transfer Agent of the Company i.e. Karvy.

24. Members holding shares in physical form and 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 Karvy. Blank forms will be provided by the Company on request.

25. Securities and Exchange Board of India ("**SEBI**") has mandated the submission of Permanent Account Number ("**PAN"**) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their respective Depository Participants. Members holding shares in physical form can submit their PAN to Karvy / Company.

26. Members are requested to participate in the 'Green Initiative in Corporate Governance'. Members, who have not registered their e-mail ID's so far, are requested to register their e-mail ID's for receiving all communications including Annual Report, Notices etc. from the Company electronically.

27. Members / Proxies should bring the Attendance Slip duly filled in for attending the AGM. They are also requested to bring their Annual Report along with them.

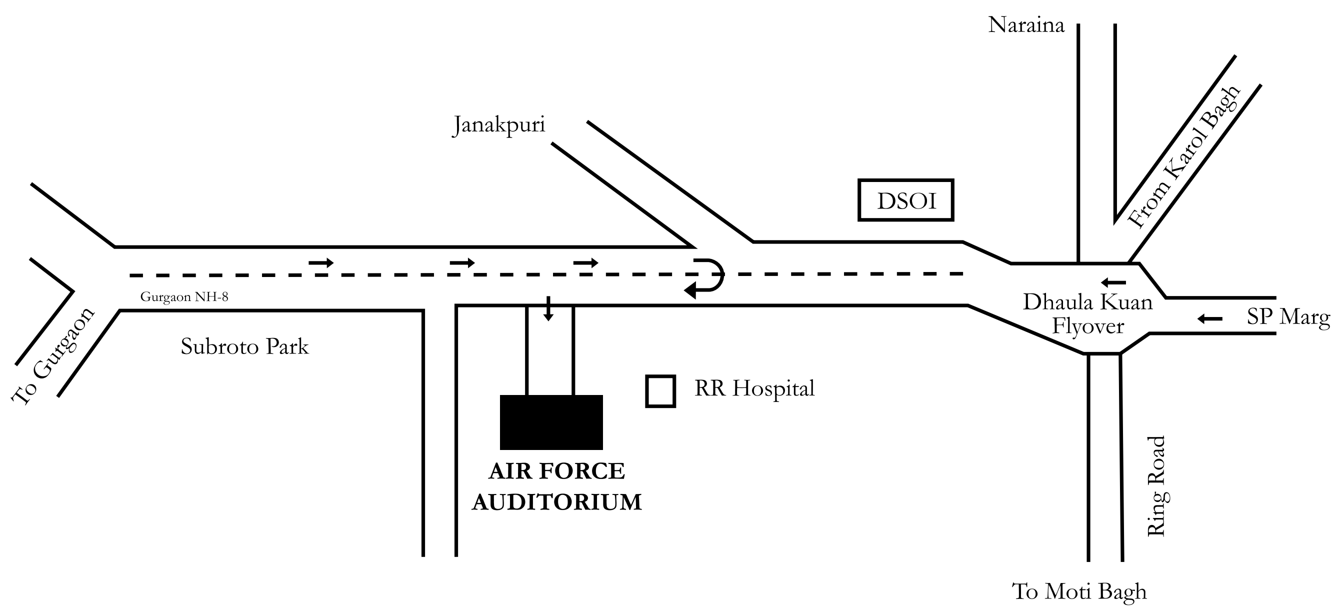
28. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name	**Shri Ramesh Kumar Sharma**
Date of Birth	September 27, 1957
Qualifications	Certified Associate of Indian Institute of Bankers, B. Com. & M. Com. from University of Rajasthan, Jaipur
Expertise in specific functional areas	Foreign Exchange, Credit and Administrationw
Date of first appointment on the Board	February 7, 2014
No. of meetings of the Board attended	8 out of 10 Board meetings held during the financial year 2016-17
Relationships between directors inter-se	None
Directorships held in other Indian entities	None
Membership / Chairmanship of committees of the Board in other entities	None
Shareholding in the Company	47,800

ROUTE MAP FOR AGM VENUE



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

PCJ
Jeweller for generations
PC Jeweller

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 the **12th Annual General Meeting** of the Company, to be held on **Friday, September 8, 2017** at **3:30 P.M.** at **Air Force Auditorium, Subroto Park, New Delhi - 110010** 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, 2017 together with the reports of the Board of Directors and Statutory Auditors thereon.
2. Declaration of dividend on equity shares for the financial year 2016-17.
3. Declaration of dividend on compulsorily convertible preference shares for the period from September 2, 2016 to March 31, 2017.
4. Re-appointment of Shri Ramesh Kumar Sharma (DIN: 01980542) as a Director liable to retire by rotation.
5. Ratification of appointment of Walker Chandiok & Co LLP, Chartered Accountants as Statutory Auditors and fixing their remuneration.

Signed this .... day of .... 2017.

Signature of Member .... | Affix Rs.1 Revenue Stamp | 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.

PCJ

Jeweller for generations

PC Jeweller Limited

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

www.pcjeweller.com