

**PC JEWELLER LIMITED - TRANSCRIPTION OF 18TH ANNUAL GENERAL MEETING
HELD ON SEPTEMBER 30, 2023**

Shri Vijay Panwar: Respected Directors and dear members. A very good morning to all of you and welcome to the 18th Annual General Meeting of the Company.

With me present here are to my left Shri Balram Garg, Managing Director, next to him Shri Ramesh Kumar Sharma, Executive Director and to his next is Shri Sanjeev Bhatia, Chief Financial Officer and myself Vijay Panwar, Company Secretary of the Company. We are attending this meeting from the office of the Company at Delhi. Now, I would like to introduce the other directors, who are attending this meeting through video conferencing / other audio visual means, from their respective locations. Dr. Manohar Lal Singla, Independent Director and Chairman of Audit Committee

Dr. Manohar Lal Singla: Very Good Morning. I am Dr. Manohar Lal Singla. I am attending this meeting from my residence in Delhi University, Delhi and I am alone in this room. Thank you.

Shri Vijay Panwar: Shri Krishan Kumar Khurana, Independent Director and Chairman of Stakeholders Relationship Committee as well as Nomination and Remuneration Committee

Shri Vijay Panwar: Next is Smt. Sannovanda Swathi, Independent Director. Ma'am please introduce yourself.

Smt. Sannovanda Machaiah Swathi: Hello, I am Mrs. Sannovanda Swathi Machaiah attending this AGM from my residence in Kurg and I have received the report everything and things are fine.

Shri Vijay Panwar: In accordance with Article 66 of Articles of Association of the Company, with the consent of the Directors present, Shri Balram Garg will chair the meeting.

Ministry of Corporate Affairs vide General Circular No. 10/2022 dated December 28, 2022 in continuation to the circulars issued earlier in this regard permitted holding of the annual general meeting through video conferencing or other audio visual means up to September 30, 2023, without the physical presence of members at a common venue. Accordingly, in compliance with the provisions of the Companies Act, 2013, the Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015 and aforesaid MCA circulars, the 18th Annual General Meeting of the Company is being held through Video Conferencing / Other Audio Visual Means. The deemed venue of the AGM is the registered office of the Company.

In accordance with aforesaid MCA circulars, facility of joining annual general meeting through Video Conferencing / Other Audio Visual Means is made available for 1,000 members on first come first serve basis. However, the participation of members holding 2% or more shares, promoters, institutional investors, directors, key managerial personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee as well as Nomination and Remuneration Committee and auditors are not restricted on first come first serve basis. Since this Annual General Meeting is being held through Video Conferencing / Other Audio Visual Means, hence, requirement of appointing proxies is not applicable.

All members who have joined this meeting have been kept by default on mute mode to avoid any disturbances caused by the external noises to ensure smooth conduct of the meeting. Once the question answer session starts, the moderator will announce one by one the names of members, who have registered themselves as a speaker for this Annual General Meeting. Speaker member will then be unmuted by the moderator. It may kindly be noted that the Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time and to ensure the smooth conduct of the meeting.

For any technical assistance members can contact KFin Technologies Limited / National Securities Depository Limited / Central Depository Services (India) Limited at the numbers mentioned in the notice of the 18th Annual General Meeting of the Company. Now, I handover the proceedings of the meeting to Shri Balram Garg, Chairman of the meeting.

Shri Balram Garg: Good morning all the Board members and dear shareholders, I welcome you all at the 18th Annual General Meeting of the Company.

As the requisite quorum is present, I call the meeting to order. Statutory and Secretarial Auditors have joined the meeting. The certificate from the Secretarial Auditor in terms of the Sebi (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and requisite statutory registers are open for inspection during the meeting and are available on the website of the Company.

Dear shareholders, financial year 2022-23 had started on an optimistic note as the lenders had accepted the company's request for resolution of its account under the laid down norms. After acceptance of the company's request for resolution, the lenders had permitted regular transactions in the company's account in the month of May 2023, which permitted the company and its management to concentrate on rebuilding its business. This started getting reflected in the company's performance, which showed a turnover of ₹ 2,186.22 crore for the 9 months ending December 2022 as against a turnover of ₹ 1,405.06 crore for the corresponding period ending December 2021.

The resolution process as laid down by the Reserve Bank of India involves several steps including independent credit evaluation of the resolution proposal by two rating agencies appointed by the lenders. Unfortunately, one of the two rating agencies appointed did not give the requisite RP4 rating to the company's resolution proposal, which meant that the same could not be proceed further. Though the company took immediate steps to further improve its proposal, the lenders thought otherwise and went to the legal recourse for the recovery of their dues. The lenders have also placed restrictions on the normal banking transactions of the company thus depriving it to the necessary liquidity to run the operations. The company believes that its lenders have not followed the principles of natural justice in its case as they took the legal route arbitrarily and without giving it a fair hearing. It has therefore sought justice against the arbitrary actions of its lenders in various legal fora.

Obviously, dealing with a number of litigations along with the restrictions placed on the transactions have affected the company's operations very adversely. However, the company continues to remain an operating entity in spite of the on-going litigations. There have not been any adverse judgement against the company till date and all the cases continue to be sub-judice. At the same time the company continues to remain open to an out of court amicable settlement and is engaging with its lenders for the same.

In view of the present situation and the strong defence being put up by the company's counsels in the court rooms, it does not anticipate any adverse decision and hence remains confident and positive about its going concern status remaining intact. The company also continues to follow its core principles of trust and purity as well as no compromise on the quality of its product.

I am thankful to all our shareholders, employees, management as well as my board colleagues who continue to depict their strong resolve and commitment towards the company through these testing times. I am also thankful to all our customers and business partners for their continuous support.

Now, I request the Company Secretary to kindly continue with the proceedings of the meeting.

Shri Vijay Panwar: In compliance with the requirements of the Companies Act, 2013, rules made thereunder and the Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company had provided to its members the facility to exercise their right to vote by electronic means. The Company has engaged the services of KFin Technologies Limited, as the Agency, for participation of members in the 18th Annual General Meeting through Video Conferencing / Other Audio Visual Means, facility for remote e-voting and e-voting at the Annual General Meeting. Remote e-voting commenced at 9:00 A.M. (IST) on September 27, 2023 and ended at 5:00 P.M. (IST) on September 29, 2023.

The Company has also provided e-voting facility at this meeting and those members who have not already casted their votes through remote e-voting and joined the meeting, may cast their votes through e-voting at this meeting. The voting rights of members are in proportion to their share in the paid-up equity share capital of the Company as on the Cut-Off date i.e. September 23, 2023.

Shri Randhir Singh Sharma, Practicing Company Secretary has been appointed as the scrutinizer to scrutinize remote e-voting and e-voting at the 18th Annual General Meeting in a fair and transparent manner.

Dispatch of Annual Report 2022-23 comprising of notice of the 18th Annual General Meeting, Directors' Report, Statutory Auditor's Reports and financial statements etc., to members of the Company was completed through e-mail on September 8, 2023. Since Annual Report 2022-23 comprising of notice of the 18th Annual General Meeting, Directors' Report, etc. is already circulated to the members, hence, the same is taken as read. Statutory as well as Secretarial Auditors reports are also taken as read except for the qualification, reservation or adverse remark or disclaimer made in their reports and the Board's explanations or comments on them.

Now, I am reading out the qualification, reservation or adverse remark or disclaimer made in statutory auditor's report as well as the Board's explanations or comments on them as provided in the Director's report:

1) Para 3 (i) of independent auditors' report regarding providing of discounts to export customers during the financial year ended March 31, 2019

The management had extended the discounts as on March 31, 2019 in view of the genuine business problems and operational issues being faced by its overseas buyers. The discount extended amounted to one-time discount of 25% of the export value of outstanding receivables as on March 31, 2019. The discount extended was in accordance with the FED Master Direction No. 16/2015-16 dated January 1, 2016 issued by the Reserve Bank of India. Subsequently, the company has obtained approvals from authorized dealer banks for reduction in the receivables corresponding to discounts amounting to ₹ 330.49 crore and approval for the balance amount i.e. ₹ 183.16 crore is under process. The discount extended was in accordance with the aforesaid master direction and the management does not expect any material penalty to be levied and therefore, no provision for the same has been recognized in the financial statements.

2) Para 3 (ii) of independent auditors' report regarding adequacy of the provision for expected credit loss / impairment and its consequential impact and adjustments on the standalone financial statements

The company has made a provision for expected credit loss as on March 31, 2023 based on revised payment schedule as provided by its overseas buyers and the same is in accordance with the laid down accounting norms. The company is exploring various options, including legal recourse for recovery of its overseas trade receivables and is confident of the recovery of the same.

3) Para 3 (iii) of independent auditors' report regarding inventory value and its consequential impact and adjustments on the standalone financial statements

Debt Recovery Appellate Tribunal, Delhi has already stayed the ex-parte order of seizing the inventory passed by Debt Recovery Tribunal, Delhi and the matter is sub-judice. Given the nature of the company's inventory, it does not envisage any adverse impact of the on-going legal process on the net realizable value of the inventory. Inventory with the karigars is a part of the routine business operations since long and the company does not envisage any losses on account of a portion of its inventory lying with the karigars.

4) Para 5 of independent auditors' report regarding material uncertainty related to going concern

During the year under review, State Bank of India ("SBI") moved Debt Recovery Tribunal, Delhi ("DRT") for recovery of its outstanding dues. In response, the company filed an appeal with Debt Recovery Appellate Tribunal, Delhi for relief and the matter is currently sub-judice. Subsequently, Union Bank of India (with seven other banks) as well as Indian Bank also separately moved DRT and their matters are also currently sub-judice.

The company in addition to replying suitably to the banks, has also approached the High Court of Delhi against SBI stating that that there is a non-compliance of the principle of natural justice in as much as the company was not given any opportunity to explain its case after January 2, 2023 and unilateral decision has been taken by SBI. The hon'ble court has accepted the company's prayer and issued a notice to SBI, which

has been accepted by their learned counsel. The company has also filed counter claims for ₹ 10,034 crores, ₹ 16,759 crores and ₹ 2,956 crores against SBI, Union Bank (and seven other banks) and against Indian Bank respectively, before DRT and these matters are also currently sub-judice.

Although there is no certainty either on the time frame or the end result of these ongoing legal proceedings, yet the company continues to remain confident about a positive outcome of the same and is taking appropriate steps to ensure that its status as a going concern remains intact in spite of the current adversities. The management is confident that it will be able to realize its assets and meet its liabilities and commitments in the normal course of business considering the net assets position of the company irrespective of the final conclusion of decision in the ongoing legal process. Hence, the current position of the events does not raise any concern on its going concern status. In view of the above the management is confident that the company will continue as a going concern.

5) Para ii (a) of Annexure - A to independent auditors' report regarding physical verification of inventory lying at some locations

The auditor's observation is a statement of fact and the management does not have anything further to comment on the same.

6) Para ii (b) of Annexure - A to independent auditors' report regarding variances in quarterly statements filed with the banks with the books of accounts of the company

As compared to the total value of the company's inventory, the variance in the value of inventory for the quarters ended June 2022 and September 2022 are almost negligible and have arisen only due to minor corrections during finalization of the financial results. The variances in the values of sundry receivables for the quarters ended June 2022 and September 2022 are on account of foreign exchange restatement and expected credit loss provisions at the end of the financial year.

Statements for the quarters ended December 2022 and March 2023 were not submitted by the company on account of initiation of legal action by its lenders. Currently all the legal proceedings are sub-judice, Hence, submission of any information by the company, which was being done in a routine manner earlier, is now subject to court orders.

7) Para iii (c), (d) and (e) of Annexure - A to independent auditors' report regarding loans / advances granted by the company

The company has in earlier years granted loans for business purposes to its two subsidiaries as they do not enjoy any credit facility from any bank / financial institution. However, during the year, the company has not granted any fresh loans to them. Also there is a reduction in the quantum of these loans during the year. Although there is no specific schedule of repayment, yet loan is to be repaid by them within specified period from the date of the receipt of each tranche of loan and also carries agreed rate of interest. The provision for impairment of loan to subsidiaries has been made in accordance with the laid down accounting norms.

The staff advances have been extended to permanent employees of the company in the normal course for their personal requirements. The staff advances amounting to ₹ 2.12 crore have been written off during the year in view of the fact that those employees stood by the company in its difficult times and instead of expecting any increments since long time or other benefits some of them actually taken a cut in their salary. Hence, to reward their loyalty and devotion to duty their advances have been written off after taking approvals from Audit Committee and the Board of the company.

8) Para vii (a) of Annexure - A to independent auditors' report regarding arrears of undisputed statutory dues outstanding for more than six months at the year end

The liquidity constraints being faced by the company have delayed the payment. However, the company has already received some refunds which have reduced its liability and as on date has filed appeals with the authorities which may result in a refund of an amount which is more than the liability of outstanding statutory dues.

9) Para ix (a) of Annexure - A to independent auditors' report regarding default in repayment of loans (including interest) to bankers

The company is contesting the matter of so called "default" in various legal fora and this matter is currently sub-judice.

10) Para xvii of Annexure - A to independent auditors' report regarding cash losses incurred

The cash losses are the result of less revenue as compared to the expenses incurred during the year.

11) Para xix of Annexure - A to independent auditors' report regarding company's capacity of meeting its liabilities existing as on balance sheet date

the management is confident that it will be able to realize its assets and meet its liabilities and commitments in the normal course of business considering the net assets position of the company irrespective of the final conclusion of decision in the ongoing legal process.

12) Para xx (b) of Annexure - A to independent auditors' report regarding unspent CSR amount pursuant to ongoing project not yet transferred to special account

The company's liquidity position had become very constrained after March 2020 on account of lockdowns and frequent disruptions in business due to spread of Covid-19 pandemic. Although, the company had identified an ongoing project for making requisite CSR expenditure during FY 2020-21 and 2021-22 but its banking transactions got highly restricted during 2021-22 causing further liquidity constraints for the company. Further, the company's lenders have frozen its bank accounts and have started legal proceedings for recovery of their dues during the year. Hence, the company could neither spend nor transfer the unspent amount to unspent CSR account. However, the company is committed to meet its CSR obligations after resolution of the banking issues and improvement in the liquidity position.

Now, I am reading out the qualification, reservation or adverse remark or disclaimer made in secretarial auditor's report as well as the Board's explanations or comments on them as provided in the Director's report:

1) Regarding the composition of the Board did not have sufficient number of directors liable to retire by rotation

The company will do the needful to ensure necessary compliance in due course.

2) Regarding unspent CSR amounts for financial year 2020-21 and 2021-22 pursuant to ongoing project(s) are not transferred to special account

Please refer to point no. 12 of the explanations or comments of the Board on the qualification etc. in statutory auditors' report.

Now, we come to the Notice items:

Item No. 1:

To receive, consider and adopt the audited standalone financial statements of the company for the financial year ended March 31, 2023, the reports of the Board of Directors and statutory auditor thereon and the audited consolidated financial statements of the company for the financial year ended March 31, 2023 and the report of statutory auditor thereon.

Item No. 2:

To appoint a director in place of Shri Ramesh Kumar Sharma, who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 3:

To appoint statutory auditor and fix their remuneration.

Now, I handover the proceedings of the meeting back to the Chairman.

Shri Balram Garg: Members who have not already casted their votes through remote e-voting and joined this meeting may now cast their votes through e-voting.

Members, who have registered as speakers, are now invited for expressing their views and raise queries, if any, on the notice items. We would like to request speaker members to kindly limit their speech or queries to 2 minutes so that opportunity can be provided to maximum number of speakers. Moderator please remind the speaker, if he or she exceed permitted time limit. To avoid repetition, response to all the queries will be provided at the end. Now, I request the moderator to announce the name of the speaker members one by one.

Moderator: Announced the names of speaker members one by one.

Out of total 22 members, who have registered as speaker for the 18th Annual General Meeting, 9 speaker members namely Shri Ashok Kumar Jain, Shri Ajay Kumar Jain, Shri Atanu Saha, Shri Manjit Singh, Smt. Celestine Elizabeth Mascarenhas, Shri Pradeep Sood, Shri Aloysius Peter Mascarenhas, Shri Mahender Pal Bhutani (also on behalf of Smt. Santosh Bhutani and Shri Suresh Bhutani, who have registered as speakers) and Shri NCH Ranga Krishna spoke at the meeting.

Some of them expressed their views about the Company including appreciating the Company for its working, providing them opportunity as a speaker, notice in time etc. and also wished for the Company's better future. Some of them also raised certain queries / sought clarifications on miscellaneous issues like the future policy of the Company, road map for next 24 months, competitors, Company's market share, capex / retail expansion plan, any fund raising plan, about bank loans, pending export receivables, inventory, writing of advances recoverable from staff and auditor resignation etc.

Shri Balram Garg: Responded to the queries / clarifications of speaker members.

Shri Vijay Panwar: Members may note that the voting on KFin Technologies Limited's platform will continue to be available for 15 minutes after conclusion of this meeting. Results of voting will be announced within 48 hours from the conclusion of this Annual General Meeting and will be placed on the Company's website as well as KFin Technologies Limited's website and shall also be submitted with BSE Limited and National Stock Exchange of India Limited, where the Company's shares are listed.

Now, I once again hand over the proceedings to the Chairman for his concluding remarks.

Shri Balram Garg: Thank you all for attending the 18th Annual General Meeting and I hereby declare the proceedings of the meeting as closed. Thank you very much.