

PC JEWELLER LIMITED - TRANSCRIPTION OF 19TH ANNUAL GENERAL MEETING HELD ON SEPTEMBER 30, 2024

Moderator: Good morning. It's 11:00 o'clock and we have the requisite quorum available. Thank you.

Shri Vijay Panwar: Thank you. Respected Directors and dear members. A very good morning to all of you and welcome to the 19th Annual General Meeting of the Company.

With me present here are Shri Balram Garg, Managing Director, next to him Shri Ramesh Kumar Sharma, Executive Director, and next to him Smt. Sannovanda Machaiah Swathi, Independent Director and Chairperson of Stakeholders Relationship Committee. To my left 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.

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. 09/2023 dated September 25, 2023 in continuation to the earlier circulars issued in this regard permitted holding of the annual general meeting through video conferencing or other audio visual means up to September 30, 2024, without the physical presence of members at a common venue. Further, Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CFD-POD-2/P/CIR/2023/167 dated October 7, 2023 in continuation to the earlier circulars issued in this regard has also extended the relaxations to the listed entities in respect of holding general meetings through video conferencing / other audio visual means till September 30, 2024. Accordingly, in compliance with the provisions of the Companies Act, 2013, the Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015 and aforesaid SEBI and MCA circulars, this annual general meeting of the Company is being held through Video Conferencing / Other Audio Visual Means. The deemed venue of this meeting is the registered office of the Company.

In accordance with aforesaid MCA circulars, facility of joining annual general meeting through VC / OAVM 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 meeting is being held through VC / OAVM, hence, requirement of appointing proxies is not applicable.

All members who have joined the 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 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 19th Annual General Meeting. 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 19th Annual General Meeting of the Company.

The requisite quorum is present, hence, I call the meeting to order. Statutory and Secretarial Auditors have joined the meeting. The certificate from 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, the Company's annual report for the financial year 2023-24 including AGM notice has already been circulated and I am sure that everyone has already gone through the same. With your permission I take them as read.

I take this occasion to share with you the happy news that all the 14 consortium member banks of the Company have approved its proposal for one time settlement. The Company was already interested in finding an amicable and mutually acceptable solution to its legal issues outside the court room and hence had submitted its one time settlement proposal to its lenders in December 2023. Now that all of its lenders have accepted the same, the Company and its management is free to concentrate its attention back on growth and development.

The Company is already preparing itself to take full advantage of the coming festival and then wedding season. The Company had utilized its past 2 years to identify and shut down its poor performing stores. It is now revamping and renovating its stores, hiring new staff wherever required and building up its advertising campaigns to bring in customer recall and putting its brand back in the public eyes. The Company continues to enjoy good customer loyalty even today and I am confident that all of our stores will be back to achieving their past performances in a very short period of time.

You are all aware of the strong performance put up by the Company in the Q1 of the current FY and I am sure that our performance will continue to improve in the coming quarters as well.

The Company is already in the process of fund raising via preferential issue of fully convertible warrants. The Company has received very good response for its proposed issue with the participation of a large number of investors for the same. The Company will be utilizing these funds towards repayment of its liabilities as well as for the future growth and development.

I am grateful to all shareholders who have kept their faith and belief in the Company and continued to extend their support during its difficult years. I want to assure them that their faith and patience will prove to be very rewarding. I wish you all the best for the oncoming puja and Navratras. May the Goddess Durga continue to shower her blessings to all of us.

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

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 has 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 19th Annual General Meeting through VC / OAVM, facility for remote e-voting and e-voting at the AGM. Remote e-voting commenced at 9:00 A.M. (IST) on September 27, 2024 and ended at 5:00 P.M. (IST) on September 29, 2024.

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, 2024.

Shri Randhir Singh Sharma, Practicing Company Secretary has been appointed as the scrutinizer to scrutinize remote e-voting and e-voting at the 19th Annual General Meeting in a fair and transparent manner.

The dispatch of Annual Report 2023-24 comprising of notice of the 19th 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 08, 2024. Since Annual Report 2023-24 comprising of notice of the 19th 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 qualifications, reservations, observations etc. made in their reports and the Board of Directors' explanations or comments on them.

Now, I am reading out the qualifications, reservations etc. 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 4 (i) of independent auditors' report regarding providing of discounts of ₹ 513.65 crore to export customers during the financial year ended March 31, 2019

The management had extended the discounts as on March 31, 2019 to its overseas buyers in view of the genuine business problems and the operational issues being faced by them. 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 had 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 4 (ii) of independent auditors' report regarding adequacy of the provision of expected credit loss relating to overdue overseas trade receivables and its consequential impact and adjustments on the standalone financial statements

The Company has computed and applied cumulative expected credit loss on the outstanding export receivables of ₹ 263.68 crore as on March 31, 2024 and the same is in accordance with the laid down accounting norms. The Company is exploring various options for recovery of its overseas trade receivables and is confident of the recovery of the same.

3) Para 4 (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 stayed the ex-parte order of seizing the inventory passed by Debt Recovery Tribunal, Delhi ("DRT"). However, the inventory lying at few locations of the Company is still under the custody of DRT and the matter is sub-judice. But given the nature of the Company's inventory, it does not envisage any adverse impact of the on-going litigations on the net realizable value of the inventory.

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

The Company is optimistic about resolving pending legal issues with its lenders amicably soon and believe that its status as a going concern remains intact.

5) Para ii (a) of Annexure - A to independent auditors' report regarding physical verification of inventory lying at few 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 returns or 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 variances in the value of inventory are almost negligible and have arisen only due to minor corrections during finalization of the financial statements.

Statements for the quarter ended March 2024 were submitted by the Company after issue of independent auditors' report on the standalone financial statements.

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, but the loan is to be repaid 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 loans 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.

8) Para vii (b) of Annexure - A to independent auditors' report regarding arrear of undisputed statutory dues outstanding for a period of more than six months as on March 31, 2024

The liquidity constraints being faced by the Company have delayed the payment. However, as on date the same stands adjusted against the income tax refunds for the assessment years 2015-16 and 2016-17.

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 "default" in various legal fora and this matter is currently sub-judice. However, the Company has taken proactive action in resolving the legal cases by approaching its lenders to resolve the issue of unpaid debt with a one time settlement ("OTS") proposal.

As on date, the internal / competent authorities of 12 banks out of 14 consortium members' banks have given their acceptances / approval to the Company's OTS proposal.

This status is as on the date of the Director's Report. Today all 14 banks have granted their consents.

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

The cash losses are the result of proportionately greater decrease in revenue as compared to the expenses incurred during the year.

11) 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 financial years 2020-21 and 2021-22 but its banking transactions got highly restricted during financial year 21-22 causing further liquidity constraints for the Company. Further, the Company's lenders had 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 observations 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 the financial years 2020-21 and 2021-22 pursuant to ongoing project(s) are not transferred to special account

Please refer to point no. 11 of the explanations or comments of the Board on the qualification etc. in statutory auditors' report.

3) Regarding non-disclosures / delayed disclosures of certain events pursuant to the provisions of Regulations 4, 30 and Part A of Schedule iii of LODR Regulations and SEBI circular dated November 21, 2019

The Company has been disclosing the required / relevant information in its quarterly results as well as results presentations. However, to settle the matter amicably relating to the alleged non-compliances, the Company submitted a settlement application with the SEBI under the Sebi (Settlement Proceedings) Regulations, 2018 and subsequently also filed relevant pending disclosures with the exchanges.

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, 2024, 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, 2024 and the report of statutory auditor thereon.

Item No. 2:

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.

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 the meeting may now please cast their votes through e-voting.

Members, who have registered as speakers, are now invited to express 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 in 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 19 members, who have registered as speaker for the 19th AGM, 7 speaker members namely Shri Praveen Kumar, Shri Ashok Kumar Jain, Smt. Celestine Elizabeth Mascarenhas, Shri Aloysius Peter Mascarenhas, Shri Santosh Bhutani, Shri Jasmeet Singh and Smt. Poonam Bala spoke at the meeting. Some of them expressed their views about the Company including appreciating the Company for its performance, providing opportunity as a speaker, providing annual report 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 queries related to employees, dividend, number of stores, job work, competitors and revenue 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 2 working days of conclusion of this 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 of the meeting to the Chairman for his concluding remarks.

Shri Balram Garg: Thank you all for attending the 19th Annual General Meeting of the Company and I hereby declare the proceedings of the meeting as closed. Thank you very much.

Shri Vijay Panwar: Thank you.