



SOVEREIGN

DIAMONDS LIMITED

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25th
ANNUAL REPORT
1998-99





SOVEREIGN DIAMONDS LIMITED

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TWENTY FIFTH ANNUAL GENERAL MEETING

on 28th September 1999

at 11-A Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.
Time : 12.30 P.M.

BOARD OF DIRECTORS:

Mr. Ramesh Hotchand Gehani	-Managing Director
Mr. R. C. Sheopuri	
Mr. Vijay G. Kalantri	
Mr. Ajay R. Gehani	-Wholetime Director
Mr. Sanjay R. Gehani	

BANKERS :

State Bank of India
Corporation Bank

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REGISTERED OFFICE :

117, Jolly Maker Chambers No. 2,
Nariman Point,
Mumbai - 400 021.

STATUTORY AUDITORS :

M/s. J. D. Zatakia & Co.
109, Vyapar Bhavan,
P. D'Mello Road,
Mumbai - 400 009.

NOTE: *As a measure of economy the shareholders attending the Annual General Meeting are requested to bring alongwith them this copy of the Annual Report.*

Sovereign Diamonds Limited



NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of SOVEREIGN DIAMONDS LTD. will be held on 28th September, 1999 at 12.30 p.m. at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai 400 093 to transact the following business.

ORDINARY BUSINESS :

- 1 To receive and adopt the audited Balance Sheet as at 31st March 1999, the Profit and Loss Account for the Year ended on that date together with the reports of Directors' and Auditor's thereon.
- 2 To appoint a Director in place of Shri. Vijay Kalantri who retire by rotation and being eligible offers himself for reappointment.
- 3 To appoint a Director in place of Shri. Sanjay R. Gehani, who retires by rotation and being eligible offers himself for reappointment.
- 4 To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution :

"RESOLVED pursuant to the provisions of The Securities Contracts (Regulation) Act, 1956; The Companies Act, 1956; Listing Agreement with the Stock Exchanges, and subject to such other permissions as may be applicable under the provisions of statutes, in force for the time being THAT, the consent of the Company be and is hereby granted to the Board of Directors of the Company to make applications to :

- 1) The New Delhi Stock Exchange Association Limited,
- 2) The Stock Exchange Ahmedabad

for the purpose of De-listing/removal of name of the Company from their list of official quotations and dealings with respect to the listing of existing 59,90,000 Equity Shares of Rs. 10/- each and accept the Delisting of the said shares with effect from such date and subject to such conditions as the said Stock Exchanges may convey in writing, which the Board of Directors is hereby authorised to accept wholly or in part or with such modifications and/or alterations as may be deemed fit by it."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to forward the applications for and on behalf of the Company in a manner so required together with such Documents, information etc. as to the Company as may be necessary and deemed expedient in the matter."

"RESOLVED FURTHER THAT the Board of Directors is also hereby further authorised to execute such papers, declarations undertakings, etc. in such manner and do all such acts, deeds, things, matters and other things as may be required or are necessary for the purpose of De-listing of Shares."

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution :

RESOLVED THAT pursuant to the provision of the Companies Act 1956, and also in accordance with Articles of Association of the Company, a final notice in writing and by registered post be served to the members of the equity shares on which the allotment money is not paid so far.

RESOLVED FURTHER THAT the such members be given a time of not more than 21 days from the date of aforesaid notice to pay up the allotment money due, with / without interest there on or else such shares be forfeited on expiry of the said notice period of 21 days without any further communication.

RESOLVED FURTHER THAT Mr. Ramesh Hotchand Gehani, Mr. Ajay Ramesh Gehani and Mr. Sanjay Ramesh Gehani be and are hereby individually authorised to do all such acts, things and deeds as may be required in the aforesaid matters".

Dated : 16th August 1999.

By order of the Board

Registered Office :

117, Jolly Maker Chambers No.2,
Nariman Point,
Mumbai- 400 021.

Ramesh.H.Gehani
Managing Director

**NOTES :**

- 1 The Relative explanatory statements pursuant to section 173 (2) of the Companies Act, 1956 in respect of special resolutions in the Notice is annexed hereto.
- 2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself and a proxy need not be a member. A proxy in order to be valid has to be submitted, to the Company atleast 48 hours before the meeting.
- 3 The Register of Members and Share Transfer Books of the Company will be closed on 28/09/99 & 29/09/99
- 4 Members are requested to notify the change in address, if any, immediately to the company quoting their folio numbers.

Explanatory Statement U/S 173 (2) of the Companies Act, 1956 in respect of the Special Business.**ITEM NO.5 :**

As the Members are aware the existing Equity Shares of the Company are listed on Premier Stock Exchange in India, namely, The Stock Exchange, Mumbai. In addition, the said shares are also listed on the Stock Exchanges at New Delhi and Ahmedabad.

With the advent of screen based trading through BOLT and other systems in The Stock Exchange, Mumbai. It has been considered that, the listing on this exchange would be sufficient to facilitate the liquidity and share transactions. Further the number of transactions / shares traded on stock exchanges at New Delhi and Ahmedabad in the past 4 years, since the Company went public, is rather negligible. The Company, in tune with its policy of cutting down the costs in all possible ways has, subject to the consent of Members and such other approvals as may be required, considered to apply to the exchanges at New Delhi and Ahmedabad for de-listing of its shares on those Exchanges. The Company does not anticipate much of difficulties to the shareholders/Investors of the Company to deal in the shares of the Company, on account of the proposed Delisting.

The Directors therefore place before the Members the proposal and recommend the passing of resolution.

None of the Directors of the Company is interested in this resolution except to the extent of his share holding in the Company.

ITEM NO.6 :

The Company made public issue of equity shares which opened for subscription on 12/3/93, the applicants were required to pay 50% of the face value of the equity shares i.e. Rs. 5/- per share and the balance amount of Rs. 5/- per share was to be paid on allotment.

Many members holding equity shares till date have not paid allotment money due on the shares held by them. It is now been decided to forfeit such equity shares on which allotment money is not paid. Such forfeiture of equity share is in accordance with the Articles of Association of the Company, the prospectus and also Companies Act 1956 and enactments made there to.

The Directors recommend the resolution for members approval.

None of the Directors of the Company is interested in this resolution except to the extent of his share holding in the Company.

Dated : 16th August 1999.

By order of the Board

Registered Office :

117, Jolly Maker Chambers No.2,
Nariman Point,
Mumbai- 400 021.

Ramesh.H.Gehani
Managing Director

A. FINANCIAL RESULTS :

	Amount (in Rs.)	Previous Year (in Rs.)
Net Profit (Loss)	35,87,017	22,87,361
Before Taxation		
(After providing depreciation of Rs.20,47,531 P.Y. Rs. 22,22,426)		
Less: Provision of Taxes	—	
PROFIT/(LOSS) AFTER TAX	35,87,017	22,87,361
a) Prior Years Income Tax.	—	(1,07,084)
b) Balance brought forward from last year	(1,09,44,557)	(1,31,24,834)
c) Balance carried over to Balance Sheet	(73,57,540)	(1,09,44,557)

In view of carried over losses, Your Directors regret their inability to declare any dividend.

Your Directors are hopeful to present better results during their current year as evident from the sales turnover of Rs.219.86 lacs for the quarter ended 30th June 1999.

Mr. Vijay Kalantri & Mr. Sanjay R. Gehani, directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

CONSERVATION OF ENERGY :

The activity of the Company does not require large scale consumption of energy & the Company is not covered in the list of Industries required to furnish information in Form A relating to conservation of Energy.

Research and Development : The Company carries out general Research and Development in the manufacture of Jewellery as per international standards, in developing new range of products, manufacturing process etc.

This has helped in better quality output, with improved productivity.

Technology Absorption, Adaptation & Innovation : The Company has not imported any technology.

(Rs. IN LACS)

	1998-99	1997-98
A. Earnings (FOB value)	820.04	594.60
B. Outgo Imports (CIF)	104.43	14.79
Travelling	32.16	32.86

The management has taken adequate steps to ensure that systems are Y2k compliant. The proper backup facility is also developed to minimise the risk of disruption. The cost to the Company on this account does not have material financial impact.

**F. INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.**

Information in accordance with the section 217(2A) of the Companies Act, 1956 read with the Companies (disclosure of particulars in report of Board of Directors) Rules, 1988 and forming parts of the Directors' Report for the year ended 31st March, 1999 is given in an Annexure of this Report.

G. AUDITORS :

Members are requested to appoint Auditors for the current year and to fix their remuneration. Messers J.D. ZATAKIA & Co. Chartered Accountants, the retiring auditors have under Section 224 (1) of the Companies Act, 1956 indicated their eligibility of their re-appointment.

Dated : 16th August 1999.

By order of the Board

Registered Office:

117, Jolly Maker Chambers No.2,
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Mumbai- 400 021.

Ramesh.H.Gehani
Managing Director

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 1999.

Sr. No.	Name	Designation	Remuneration Received Gross	Qualification & Experience (Yrs.)	Age (Yrs.)	Date of Commencement	Previous Employment of
1.	Shri Ramesh H. Gehani	Managing Director	Rs. 5,52,550	First Year Arts (30)	66	05/06/1974	-
2.	Shri Ajay R. Gehani	Wholetime Director	Rs. 4,65,500	B. Com Graduate Gemologist from USA (14)	33	24/11/1984	-

Notes :

1. Gross remuneration comprises Salary, Allowances and Value of Perquisites.
2. Nature of employment is contractual.
3. Shri Ajay R. Gehani is related to Shri Ramesh H. Gehani as a son.

Dated : 16th August, 1999

For and on behalf of the
Board of Directors

Registered Office :

117, Jolly Maker Chambers No. 2,
Nariman Point,
Mumbai - 400 021.

Ramesh H. Gehani
Managing Director