



Sovereign®

Diamonds Ltd. Since 1974



41st
ANNUAL REPORT
2014 - 2015

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Sovereign Diamonds Limited

BOARD OF DIRECTORS

Mr. Ramesh H. Gehani	:	Executive Chairman
Mr. Ajay R. Gehani	:	Managing Director
Mr. Mohanram Pai	:	Independent Director
*Mrs. Deepika A. Gehani	:	Executive Director
Mr. Rajesh Arora	:	Independent Director

*Appointed from 30th May, 2015

AUDIT COMMITTEE

Mr. Mohanram Pai
Mr. Rajesh Arora
Mr. Ajay Gehani

NOMINATION & REMUNERATION COMMITTEE

Mr. Mohanram Pai
Mr. Rajesh Arora
Mr. Ajay Gehani

STAKEHOLDERS RELATIONSHIP

Mr. Ajay Gehani
Mr. Rajesh Arora

BANKERS

Corporation Bank

STATUTORY AUDITORS

M/s. J. D. Zatakia & Co.
306, Rupa Plaza, Jawahar Road,
Ghatkopar (E), Mumbai- 400077.

REGISTERED OFFICE

Sovereign House,
11-A, Mahal Industrial Estate,
Mahakali Caves Road, Andheri (East)
Mumbai: 400 093
Ph No: 022 66923871
Fax No: 022 66923880

REGISTRAR & TRANSFER AGENTS

M/s. Universal Capital Securities Private Limited
Address: 21, Shakil Niwas, Opp. Satya Saibaba Temple,
Mahakali Caves Road, Mumbai – 400 093.
Tel. No. 022 2820 7201 / 03 / 04 / 05
Fax No. . 022 2820 7207

As a measure of economy the shareholders attending the Annual General Meeting are requested to bring along with them this copy of the Annual Report.

**NOTICE**

NOTICE is hereby given that the Forty First Annual General Meeting of the members of **Sovereign Diamonds Limited** will be held on Friday, 7th day, August, 2015 at 10.30 A.M. at Utsav 2, Sai Palace Hotel, Mahakali Caves Road, Chakala, Andheri (East), Mumbai – 400093, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ajay Gehani, who retires by rotation and being eligible, offers himself for re-appointment.
3. Appointment of Statutory Auditors

To consider and, if thought fit, to pass with or without modification(s), 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 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. J. D. Zatakia & Co., Chartered Accountants, Mumbai having ICAI Firm Registration No.111777W, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company for the Company's financial year 2015-16, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and re-imburement of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company.”

SPECIAL BUSINESS

4. To appoint Mrs. Deepika Ajay Gehani (DIN: 00974033) as a Woman Director and in this regard, to consider, and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Deepika Ajay Gehani (DIN: 00974033), who was appointed as an Additional Director and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Woman Director of the Company, liable to retire by rotation.”

5. To re-appoint Mr. Ramesh Gehani (DIN: 00062969) as Executive Chairman and in this regard to consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, and other applicable provisions, if any, of the Companies Act, 2013 including Schedule V of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment and payment of remuneration and perquisites to Mr. Ramesh Gehani as the Executive Chairman of the Company for a period of five years with effect from 1st September, 2015 to 31st August, 2020.



RESOLVED FURTHER THAT Mr. Ramesh Gehani shall be paid remuneration of Rs. 1,75,000/- per month including the perquisites as permissible under Schedule V of the Companies Act, 2013 and shall be eligible for increments as may be decided by the Board of Directors from time to time annually, if permissible as per the provisions of the Act.

RESOLVED FURTHER THAT the terms and conditions of the letter of re-appointment which is placed before the meeting and signed by Mr. Ajay Gehani, Managing Director of the company for the purpose of identification is approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration to the extent the Board of Directors may consider appropriate and as may be authorized in accordance with any provision under the Act for the time being in force provided, however, that the remuneration and perquisites payable to Mr. Ramesh Gehani shall be within the limits set out in the said Act including the said Schedule V to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed there under provided that the terms of the letter of re-appointment between the company and Mr. Ramesh Gehani shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Ramesh Gehani as Executive Chairman of the Company, the remuneration and perquisites set out in the aforesaid letter of re-appointment be paid or granted to Mr. Ramesh Gehani as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Part II (A) of Schedule V to the said Act or such other amount and perquisites as may be provided in the said Schedule V whether or not amended from time to time or any equivalent statutory re-enactment(s) thereof."

6. To appoint Mrs. Deepika Ajay Gehani (DIN: 00974033) as a Chief Financial Officer and in this regard, to consider, and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the said Act) including Schedule V of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the appointment and payment of remuneration and perquisites to Mrs. Deepika A Gehani as Chief Financial Officer (CFO) of the Company for a period of five years with effect from 1st June, 2015 to 30th May, 2020.

RESOLVED FURTHER THAT Mrs. Deepika A Gehani shall be paid remuneration of Rs. 50,000/- per month and perquisites as permissible under Schedule V of the Companies Act, 2013 and shall be eligible for increments as may be decided by the Board of Directors from time to time annually, if permissible as per the provisions of the Act.

RESOLVED FURTHER THAT the terms and conditions of the letter of appointment which is placed before the meeting and signed by Mr. Ajay Gehani, Managing Director of the company for the purpose of identification is approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration to the extent the Board of Directors may consider appropriate and as may be authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration and perquisites payable to Mrs. Deepika A Gehani shall be within the limits set out in the said Act including the said Schedule V to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed there under provided that the terms of the letter of appointment between the company and Mrs. Deepika A Gehani shall be suitably modified to give effect to such variation or increase as the case may be.



RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mrs. Deepika A Gehani as Woman Director designated as Chief Financial Officer (CFO) of the Company, the remuneration and perquisites set out in the aforesaid letter of appointment be paid or granted to Mrs. Deepika A Gehani as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Part II (A) of Schedule V to the said Act or such other amount and perquisites as may be provided in the said Schedule V whether or not amended from time to time or any equivalent statutory re-enactment(s) thereof."

NOTES:

1. The relative Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 4, 5 & 6 of the accompanying Notice are annexed hereto.
2. A statement giving the relevant details of the Directors seeking re-appointment under Item No. 2 of the accompanying Notice, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange is annexed herewith.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING i.e. 5th AUGUST, 2015

4. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
5. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
9. The Register of Members and Share Transfer Books of the Company shall remain closed from 1st August, 2015 to 6th August, 2015 (both days inclusive).
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
11. Members desiring any relevant information on the Accounts at the Annual General Meetings are requested to write to the Company at least seven days in advance, so as to



enable the company to keep the information ready. Members can also email their queries at the email address of the Managing Director, Mr. Ajay Gehani (sovereigndiamonds@gmail.com)

12. Members holding shares in single name and in physical form are advised to make a nomination in respect of their shareholding in the Company and those Members who hold shares singly in dematerialized form are advised to make a nomination through their Depository Participants.
13. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically
14. Information required under Clause 49 of the Listing Agreement relating to Corporate Governance with respect to the Director being appointed and Directors retiring by rotation and being eligible, seeking re-appointment is as under:

Particulars	Mr. Ajay Gehani
Director Identification Number(DIN)	00062989
Date of Birth	18/05/1966
Nationality	Indian
Date of Appointment on Board	24/11/1984
Qualifications	B.com
Shareholding in Sovereign Diamonds Limited	8,77,800 shares
Expertise in specific functional areas	Jewellery designing and manufacturing of diamond jewellery, marketing of jewellery.
Directorships in other Public Limited Companies*	Universal Jewellery Limited
Memberships of Committees in other Public Limited Companies* (includes only Audit & Shareholders / Investors Grievances Committee)	Nil

Particulars	Mrs. Deepika Ajay Gehani
Director Identification Number(DIN)	00974033
Date of Birth	24/02/1966
Nationality	Indian
Date of Appointment on Board	30 th May, 2015
Qualifications	B.com
Shareholding in Sovereign Diamonds Limited	1,01,400 shares
Expertise in specific functional areas	Jewellery designing and manufacturing of diamond jewellery, marketing of jewellery.
Directorships in other Public Limited Companies*	Nil
Memberships of Committees in other Public Limited Companies* (includes only Audit & Shareholders / Investors Grievances Committee)	Nil



PROCESS FOR MEMBERS OPTING FOR E-VOTING

Voting through electronic means.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 4th August, 2015 at 9.00 a.m. and ends on 6th August, 2015 at 5.00 p.m. During these period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (Record Date) of 31st July, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Enter User ID:
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (as printed under electronic voting particulars on proxy / attendance slip page) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to



vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for **Sovereign Diamonds Limited**.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the existing password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions.
- ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

1. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
2. The voting rights of Members shall be in proportion to the shares held by them on the paid up equity share capital of the Company as on and as per the Register of Members of the Company.



3. M/s P. P. Shah & Co., Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
4. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and make out a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
5. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, as provided in clauses (a) to (h) of sub-rule (1) of rule 21 of the Companies (Management and Administration) Rules, 2014, as applicable, with the assistance of scrutinizer, by use of postal ballot or polling paper for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.
6. A Member can opt for only one mode of voting i.e. either through e-voting or in physical form. If a Member casts his / her vote by both modes, then voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid.
7. The results declared along with the Scrutinizer's Report shall be placed on the BSE's website and on the website of CDSL www.evotingindia.com within two days of the passing of the Resolutions at the 41st AGM of the Company and communicated to BSE Limited, where the shares of the Company are listed.

By order of the Board
For **Sovereign Diamonds Limited**

Place: Mumbai
Dated: 30th May, 2015

Sd/-
(Ajay Gehani)
Managing Director

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item No. 4, 5 and 6 of the accompanying Notice dated 30th May, 2015.

ITEM NO. 4 – Appointment of Mrs. Deepika Gehani as Woman Director

Mrs. Deepika Gehani was appointed as a Woman Director of the Company at the Board meeting held on 30th May, 2015.

In terms of provisions of Section 161(1) of the Act, Mrs. Deepika Gehani would hold office up to the date of the ensuing Annual General Meeting. The Company has received notices in writing from members along with a deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Deepika Gehani for the office of Directors of the Company.

It is proposed to appoint Mrs. Deepika Gehani as a Woman Director under Section 149 of the Act and Clause 49 of the Listing Agreement, liable to retire by rotation.

Mrs. Deepika Gehani is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given her consent to act as Director.

Brief resume of Mrs. Deepika Gehani, nature of her expertise in specific functional areas and names of companies in which she hold directorships and memberships / chairmanships of Board, Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the notice of the Annual General Meeting and Corporate Governance Report forming part of the



Annual Report.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange. Mrs. Deepika Gehani, Mr. Ajay Gehani and Mr. Ramesh Gehani are interested in the resolution set out at Item No. 4 of the Notice with regard to her appointment.

The relatives of Mrs. Deepika Gehani may be deemed to be interested in the resolutions set out respectively at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors of the Company / her relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Resolutions set out at Item No. 4 of the Notice for approval by the shareholders.

ITEM NO. 5 – Re-appointment of Mr. Ramesh Gehani as Executive Chairman

The Nomination and Remuneration Committee has recommended the re-appointment of Mr. Ramesh Gehani as Executive Chairman of the Company. Accordingly the Board of Directors at its meeting held on 30th May, 2015 has considered the re-appointment of Mr. Ramesh Gehani, as Executive Chairman of the Company for the period of 5 years w.e.f. 1st September, 2015. The terms and conditions of his re-appointment is given below:

Sr. No.	Name of Director	Designation	Responsibility
1.	Mr. Ramesh Gehani	Executive Chairman	The overall management and finance of the Company

As per the Section II Sub-clause A (iv) of Schedule V, the company is required to furnish the following information in the Explanatory Statement;

I. GENERAL INFORMATION:

Sr. No	PARTICULARS	INFORMATION	
1.	Nature of Industry	Diamond	
2.	Date or expected date of commencement of Commercial Production.	Company is already in Commercial Production	
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable	
4.	Financial performance based on given indications. Sales (Net of Excise) Net Profit before Tax Net Profit After Tax	31-3-2015 (Rs. in lacs) 6013.81 279.33 184.96	31-3-2014 (Rs. in lacs) 4000.48 156.84 101.73
5.	Foreign investments or collaborators, if any.	NIL	

II. INFORMATION ABOUT THE APPOINTEE:

No.	PARTICULARS	INFORMATION
1.	Background Details	Mr. Ramesh Gehani has vast experience in Diamonds and Jewellery since last 50 years
2.	Past Remuneration / Perquisites	Rs.1,24,950/- per month including perquisites
3.	Recognition or Awards	NIL
4.	Job Profile and His Suitability	Assisting the Managing Director in Marketing of Jewellery, Handling the Bank finance and looking after day-to-day administration.