



Sovereign®

Diamonds Ltd. Since 1974



45th
ANNUAL REPORT
2018 - 2019

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2018 - 2019

Sovereign Diamonds Limited

BOARD OF DIRECTORS

Mr. Ajay R. Gehani : Chairman & Managing Director

*Mrs. Deepika Gehani : Whole-Time Director & CFO

§Mrs. Arundhati Mali : Additional Director & CFO

Mr. Mohanram Pai : Independent Director

Mr. Rajesh Arora : Independent Director

**Resigned as a Director & CFO w.e.f. 08th February, 2019*

§Appointed as Woman Director & CFO w.e.f. 08th February, 2019

AUDIT COMMITTEE

Mr. Mohanram Pai, *Chairman*

Mr. Rajesh Arora

Mr. Ajay R. Gehani

NOMINATION &

REMUNERATION COMMITTEE

Mr. Mohanram Pai, *Chairman*

Mr. Rajesh Arora

Mr. Ajay R. Gehani

BANKERS

Corporation Bank

STATUTORY AUDITORS

M/s. Pulindra Patel & Co.

Chartered Accountants, Mumbai

SECRETARIAL AUDITORS

M/s. P. P. Shah & Co.

Practicing Company Secretaries, Mumbai

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REGISTERED OFFICE

Sovereign House,
11-A, Mahal Industrial Estate,
Mahakali Caves Road, Andheri (East)
Mumbai: 400 093
Ph No: 022 6692 3871
Fax No: 022 6692 3880

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

45TH ANNUAL GENERAL MEETING

On Friday, 16th August, 2019 at
04.30 p.m. at The Paradise by Tunga,
Elite Hall, 6th Floor,
Hegde Hotels (India) Pvt. Ltd.,
MIDC, Central Road, Andheri (E),
Mumbai – 400 093.

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 – Fifth Annual General Meeting of the members of **SOVEREIGN DIAMONDS LIMITED** will be held on Friday, 16th August, 2019 at 04.30 p.m. at The Paradise by Tunga, Elite Hall, 6th Floor, Hegde Hotels (India) Pvt. Ltd., MIDC, Central Road, Andheri (E), Mumbai – 400 093, 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, 2019 and the Reports of the Board of Directors and the Auditors' thereon.
2. To appoint a Director in place of Mr. Ajay Gehani (DIN No.: 00062989), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To appoint Mrs. Arundhati Mali (DIN: 08353618) as a Director and in this regard, 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 Section 152 and all other applicable provisions of the Companies Act, 2013 ("the Act") 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), Mrs. Arundhati Mali (DIN: 08353618), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 08th February, 2019 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office up to the date of 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 his candidature for the office of Director, be and is hereby appointed as a Woman Director of the Company, liable to retire by rotation."

4. To appoint Mrs. Arundhati Mali (DIN: 08353618) as a Chief Financial Officer and in this regard, 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 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. Arundhati Mali as Chief Financial Officer (CFO) of the Company for a period of five years with effect from 08th February, 2019 to 07th February, 2024.

RESOLVED FURTHER THAT Mrs. Arundhati Mali shall be paid professional fees of Rs. 25,000/- per month and sitting fees for attending Board, Committee and General Meetings of the Company 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 be and is hereby authorized to do all such acts, deeds and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company."



5. To re-appoint Mr. Mohanram Pai (DIN: 00007198) as an Independent Director for a second consecutive term of 5 years and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), Mr. Mohanram Pai (DIN: 00007198) whose term as an Independent Director of the Company expires on 31st March, 2019, and who meets the criteria prescribed for Independent Directors under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible to be re-appointed as an Independent Director of the Company, be and is hereby re-appointed for a second consecutive term of 5 years with effect from 01st April, 2019 up to 31st March, 2024 and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company.”

6. To re-appoint Mr. Rajesh Arora (DIN: 03605776) as an Independent Director for a second consecutive term of 5 years and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), Mr. Rajesh Arora (DIN: 03605776) whose term as an Independent Director of the Company expires on 31st March, 2019, and who meets the criteria prescribed for Independent Directors under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible to be re-appointed as an Independent Director of the Company, be and is hereby re-appointed for a second consecutive term of 5 years with effect from 01st April, 2019 up to 31st March, 2024 and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company.”

NOTES:

1. M/s. Pulindra Patel & Co, Chartered Accountants were appointed as Statutory Auditors of the Company for a period of 5 (Five) years from 2017-18 to 2021-22 at the 43rd Annual General Meeting held on 29th July, 2017. In view of the amendment to Section 139 of the Companies Act, 2013, the Company is not required to ratify the re-appointment of the Statutory Auditor at every Annual General Meeting. Hence, the item of ratification of re-appointment of Statutory Auditor is not considered in this Annual General Meeting.
2. The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Annual General Meeting (the AGM or Meeting) is annexed hereto.



3. In terms of provisions of Section 105 of the Companies Act, 2013, A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member of the company. The instrument appointing a proxy, in order to be effective, should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting i.e. by 04.30 p.m. on Wednesday, 14th August, 2019. As per Secretarial Standard 2 on General Meeting, the proxy should carry a valid photo-id card to the venue to tender vote.
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. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company shall remain closed on all days from Friday, 09th August, 2019 to Friday, 16th August, 2019 (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 Meeting 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 (agehani66@gmail.com)
12. Members holding shares in electronic form are requested to intimate immediately, any change in their address or bank mandates to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its Registrar and Share Transfer Agent, Universal Capital Securities Private Limited.
13. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH – 13 for this purpose.



14. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's Registrar and Transfer Agents for receiving communication from the Company in electronic form. Members of the Company, who have registered their e-mail ID, are entitled to receive such communications in physical form upon request.
15. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s), unless the Members have registered their request for a physical copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
16. Information required under Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 on General Meeting relating to Documents & Information to the Shareholders with respect to the Director re-appointed and Director retiring by rotation and being eligible, seeking re-appointment is as under:

Name	Mr. Ajay R. Gehani	Mrs. Arundhati Mali	Mr. Mohanram Pai	Mr. Rajesh Arora
Director Identification Number(DIN)	00062989	08353618	00007198	03605776
Date of Birth	18/05/1966	11/02/1975	14/02/1937	20/11/1965
Nationality	Indian	Indian	Indian	Indian
Date of Appointment on Board	24/11/1984	08/02/2019	08/08/2005	13/08/2011
Qualifications	B. Com	B. Com	B. Com	B. Com
Shareholding in Sovereign Diamonds Limited	13,29,516 shares	Nil	Nil	Nil
Expertise in specific functional areas	Jewellery designing and manufacturing of diamond jewellery, marketing of jewellery	Finance, Accounts, Direct and Indirect Taxes	Banking and Finance	Accounts & Finance
Directorships in other Public Limited Companies	Universal Jewellery Limited	Nil	Asian Star Company Limited	Nil
Memberships of Committees in other Public Limited Companies (includes only Audit & Shareholders / Investors Grievances Committee)	Nil	Nil	2	Nil

17. Route Map showing directions to reach to the venue of the 45th AGM is given at the end of this Notice as per the requirement of the Secretarial Standards 2 on General Meetings.



PROCESS FOR MEMBERS OPTING FOR E-VOTING

Voting through electronic means

In case of members receiving e-mail:

- (i) The voting period begins on Tuesday, 13th August, 2019 at 9.00 a.m. and ends on Thursday, 15th August, 2019 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (Record Date) of Friday, 09th August, 2019, 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) Now enter your User ID:
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next 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 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.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both 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 the relevant **SOVEREIGN DIAMONDS LIMITED** on which you choose to vote.
- (xi) 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 votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login 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) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **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 linked in the login should be emailed 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.
- (xx) 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 Friday, 09th August, 2019 and as per the Register of Members of the Company.
3. M/s. P. P. Shah & Co., Practicing Company Secretaries, 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 45th AGM of the Company and communicated to BSE Limited, Mumbai where the shares of the Company are listed.

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

**Place: Mumbai
Date: 28th May, 2019**

**Sd/-
Ajay Gehani
Managing Director**



**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENTS**

PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3 – REGULARIZATION OF APPOINTMENT OF MRS. ARUNDHATI MALI AS A DIRECTOR OF THE COMPANY

Mrs. Arundhati Mali was appointed as an Additional Director (Woman Director) of the Company at the Board meeting held on 08th February, 2019.

In terms of provisions of Section 161(1) of the Act, Mrs. Arundhati Mali would hold office up to the date of the ensuing Annual General Meeting. The Company has received notices in writing from members under Section 160 of the Act proposing the candidature of Mrs. Arundhati Mali for the office of Directors of the Company.

It is proposed to appoint Mrs. Arundhati Mali as a Woman Director under Section 149(1) read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, liable to retire by rotation.

The details of Mrs. Arundhati Mali as per requirements of Secretarial Standard ('SS-2') and Regulation 36(3) of the SEBI (LODR) Regulations 2015 are already provided at Note No. 16 of this Notice.

Except Mrs. Arundhati Mali and her relatives, none of the Directors / Key Managerial Personnel of the Company are in any way, concerned or interested, directly or indirectly, financially or otherwise, in the Special Resolution set out at Item No. 3 of the Notice, except to the extent of shareholding in the Company, if any

The Board commends the Ordinary Resolution set out at item No. 3 of the Notice for approval by the shareholders.

ITEM NO. 4 – APPOINTMENT OF MRS. ARUNDHATI MALI AS A CHIEF FINANCIAL OFFICER OF THE COMPANY

The Nomination and Remuneration Committee has recommended the appointment of Mrs. Arundhati Mali, Woman Director as Chief Financial Officer of the Company. Accordingly, the Board of Directors at its meeting held on 08th February, 2019 based on the recommendation of Nomination and Remuneration Committee and subject to approval of members, have approved appointment of Mrs. Arundhati Mali, Woman Director as Chief Financial Officer of the Company for the period of 5 (Five) years from 08th February, 2019 to 07th February, 2024.

Mrs. Arundhati Mali shall be responsible to perform the functions of Chief Financial Officer of the Company and authorized to represent the Company as Woman Director designated as CFO before various statutory authorities as may be required from time to time and accordingly, authorized to make submissions, written or oral, sign documents, forms, etc as may be required.

The appointment of Mrs. Arundhati Mali, Woman Director as Chief Financial Officer of the Company shall require the approval of the members by way of passing of Ordinary Resolution.

The Letter of Appointment containing terms and conditions of appointment of Mrs. Arundhati Mali shall be open for inspection on all working days at the Registered Office of the Company, except Sundays and Public Holidays, between 11.00 a.m. and 1.00 p.m. till the date of AGM.

The details of Mrs. Arundhati Mali as per requirements of Secretarial Standard ('SS-2') and Regulation 36(3) of the SEBI (LODR) Regulations 2015 are already provided at Note No. 16 of this Notice.

Except Mrs. Arundhati Mali and her relatives, none of the Directors / Key Managerial Personnel of the Company are in any way, concerned or interested, directly or indirectly, financially or otherwise, in the Special Resolution set out at Item No. 4 of the Notice, except to the extent of shareholding in the Company, if any