



Sovereign®

Diamonds Ltd. Since 1974



46th
ANNUAL REPORT
2019 - 2020

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2019 - 2020

Sovereign Diamonds Limited

BOARD OF DIRECTORS

Mr. Ajay R. Gehani : Chairman & Managing Director
Mrs. Arundhati Mali : Director & CFO
Mr. Mohanram Pai : Independent Director
Mr. Rajesh Arora : Independent Director

AUDIT COMMITTEE

Mr. Mohanram Pai, *Chairman*
Mr. Rajesh Arora
Mr. Ajay Gehani

NOMINATION & REMUNERATION COMMITTEE

Mr. Mohanram Pai, *Chairman*
Mr. Rajesh Arora
Mr. Ajay Gehani

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Mohanram Pai, *Chairman*
Mr. Rajesh Arora
Mr. Ajay Gehani

BANKERS

HDFC Bank

AUDITORS:

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

46TH ANNUAL GENERAL MEETING

On Thursday, 29th October, 2020
at 11.00 a.m. through video conferencing



NOTICE

NOTICE is hereby given that the Forty – Sixth Annual General Meeting of the members of **SOVEREIGN DIAMONDS LIMITED** will be held on Thursday, 29th October, 2020 at 11.00 a.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Annual Financial Statements of the Company for the financial year ended 31st March, 2020 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.

NOTES:

General Instructions for Accessing and participating in the 46th e-AGM through VC / OAVM Facility and Voting through Electronic means including Remote E- Voting.

1. The Company's Statutory Auditors, 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 on the remuneration to be determined by the Board of Directors. Pursuant to the amendment made by the Companies (Amendment) Act, 2017, effective from 07th May, 2018, it is no longer necessary to seek the ratification of the shareholders for continuance of the above appointment. Hence, the Company is not seeking the ratification of the shareholders for the appointment of the Statutory Auditors.
2. Since, there is no special business to be transacted at the Annual General Meeting (the AGM or Meeting), the relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 is not annexed to the Notice.
3. In view of the prevailing lockdown situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing, Ministry of Corporate Affairs, (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 5, 2020, has permitted Companies to hold their Annual General Meeting (AGM) through Video Conferencing (VC) / Other Audio Visual Means (OAVM) for the calendar year 2020. In compliance with the applicable provisions of the Companies Act, 2013 (Act) read with aforesaid MCA circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) the AGM of the Company is being conducted through Video Conferencing (VC) hereinafter called as "e-AGM".
4. E-AGM shall be conducted through VC / OAVM without the physical presence of the members at a common venue. Members can attend and participate at the ensuing AGM through VC / OAVM only. The venue of the e-AGM shall be deemed to be the registered office of the Company at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai: 400 093.
5. **ONLY A MEMBER IS ENTITLED TO ATTEND AND VOTE AT THE AGM THROUGH VC / OAVM.** 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. Since, this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.



6. The Company has appointed M/s. Central Depository Services (India) Limited to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM. The proceedings of the e-AGM will be web-casted live for all the members who hold shares as on cut-off date i.e. Thursday, 22nd October, 2020. The shareholders can visit <https://www.evotingindia.com> and login through user id and password to watch the live proceedings of the e-AGM on Thursday, 29th October, 2020 from 11.00 a.m. onwards.
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 e-AGM.
8. 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 Thursday, 22nd October, 2020 to Thursday, 29th October, 2020 (both days inclusive).
9. The members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the e-AGM by following the procedure mentioned in this Notice. The facility to join the e-AGM will be made available for 1,000 members on first come first served basis. This will not include Large Shareholders (holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the e-AGM without restriction on account of first come first served basis.
10. The attendance of the Members attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. The scanned copies of Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the members during the e-AGM.
12. Relevant documents referred to in the accompanying Notice are open for inspection by the Members through electronic mode, basis on the request being sent at agehani66@gmail.com.
13. Members desiring any relevant information about the financial statements and/or operations of the Company 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 Mr. Ajay Gehani, Chairman and Managing Director at agehani66@gmail.com.
14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / RTA / Depositories. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Notice calling the e-AGM has been uploaded on the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com or will be made available if a request is sent to the Company at agehani66@gmail.com.
15. Members can register their email with the Company / Registrar and Share Transfer Agent (RTA) by following the steps as mentioned below at instructions for Members for remote e-voting & voting at E-AGM.
16. 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 Registrar and Share Transfer Agent of the Company i.e. M/s. Universal Capital Securities Private Limited.



Members may please note that SEBI has also made it mandatory for submission of PAN in the following cases, viz. (i) Deletion of name of the deceased shareholder(s), (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

17. As per Regulation 40 of the SEBI (LODR) Regulations, 2015, as amended, securities of listed companies can only be transferred in demat form with effect from 01st April, 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form. Members can contact the Company or its RTA.
18. 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 RRA.
19. 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 RRA of the Company, in the prescribed Form SH – 13 for this purpose.
20. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's RTA 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.
21. 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
Director Identification Number(DIN)	00062989
Date of Birth	18/05/1966
Nationality	Indian
Date of Appointment on Board	24/11/1984
Qualifications	B. Com, G.G.(GIA)
Shareholding in Sovereign Diamonds Limited	34,76,275 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

22. Route Map showing directions to reach to the venue of the 46th AGM is given at the end of this Notice as per the requirement of the Secretarial Standards 2 on General Meetings.



INSTRUCTIONS FOR MEMBERS OPTING FOR REMOTE E-VOTING

In case of members receiving e-mail:

- (i) The remote e-voting period begins on Monday, 26th October, 2020 at 9.00 a.m. and ends on Wednesday, 28th October, 2020 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 Thursday, 22nd October, 2020, 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.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.
- (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	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	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. <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 “**SOVEREIGN DIAMONDS LIMITED**” on which you choose to vote.
- (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 votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If 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”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of member, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**

INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.



4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **2 days prior to meeting** i.e. before 27th October, 2020 mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The members who do not wish to speak during the AGM but have queries may send their queries in advance atleast **2 days prior to meeting** i.e. before 27th October, 2020 mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the members through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Members who have voted through Remote e-Voting will also be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the 'Corporate' module.
- 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 under Section 113 of the Companies Act, 2013 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.



- Alternatively Non Individual members are required to send the relevant Board Resolution under Section 113 of the Companies Act, 2013 / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz: agehani66@gmail.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xx) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

(xxi) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

(xxii) 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 Wednesday, October 14, 2020 and as per the Register of Members of the Company.
3. The Board of Directors has appointed Mr. Pradip Shah, Partner, failing him, Mr. Punit Shah, Partner of M/s P. P. Shah & Co., Practicing Company Secretaries as a Scrutinizer to scrutinize the voting process in a fair and transparent manner.
4. The Scrutinizer shall, after the conclusion of e-Voting at the e-AGM, first download the votes cast at the e-AGM and then unblock the votes cast through remote e-Voting and shall make, a consolidated Scrutinizer's Report. The results of the e-Voting will be declared by the Chairman or a person authorised by him in writing within 48 hours from the conclusion of the e-AGM.
5. The results shall be declared not later than 48 hours from conclusion of the AGM and the resolutions will be deemed to be passed on the e-AGM date subject to receipt of the requisite number of votes in favor of the Resolutions. The results declared along with the Scrutinizer's Report will be placed on the website of CDSL at www.evotingindia.com within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to BSE Limited, where the Equity Shares of the Company are listed and shall be displayed at the Registered Office of the Company.

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

Sd/-

Ajay Gehani

Chairman & Managing Director

DIN: 00062989

Place: Mumbai

Date: 5th September, 2020



BOARD'S REPORT

TO THE MEMBERS OF
SOVEREIGN DIAMONDS LIMITED

The Directors take pleasure in presenting the Forty – Sixth Annual Report together with the Audited Financial Statements for the year ended 31st March, 2020. The Management Discussion and Analysis has also been incorporated into this report.

1. FINANCIAL RESULTS

Key highlights of financial results for Sovereign Diamonds Limited for the financial year 2019 – 20 are tabulated below:

(Rs. in Lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Income from Operations	3243.68	4025.38
Other Income	47.95	0.11
Total Income	3291.63	4025.49
Expenditure	3118.78	3776.77
Interest	119.53	158.04
Depreciation	45.92	50.28
Total Expenditure	3284.22	3985.09
Net Profit Before Tax	7.40	40.40
Provision for Taxation	2.96	14.37
(Add) / Less : Deferred Tax	0.87	(1.76)
Short / (Excess) Provision of earlier Years	0.00	0.00
Net Profit After Tax	3.57	27.79
Other Comprehensive Income	0.48	(1.90)
Total Comprehensive Income	4.05	25.89
Balance brought forward from last year	747.63	721.74
Transfer to General Reserve	0.00	0.00
Balance carried forward to the Balance Sheet	751.69	747.63

There was no revision in the Financial Statements.

2. HIGHLIGHTS OF PERFORMANCE

- Total net sales for the year were Rs. 3243.68 Lakhs as compared to Rs. 4,025.38 Lakhs in 2018-19.
- Total profit before tax for the year was Rs. 7.40 Lakhs as compared to Rs. 40.40 Lakhs in 2018-19.

3. TRANSFER TO RESERVES

The Board of Directors has not recommended transfer of any amount to reserves.

4. DIVIDEND

Your Directors do not recommend any dividend for the year as the profits earned need to be ploughed back into the operations of your company and will be used for working requirements of your Company.

5. BUSINESS OPERATIONS

Your Company has reduced its bank limits to 12.00 Crores with HDFC Bank. This was done mainly due to availing Gold loan facilities at much lower interest rates. This will bring down the finance cost considerably.

Your Company has leased out the Ground Floor and First Floor of the Building for 5 years. This will also add rental income into the company and help in liquidity.