



# *Sovereign*®

Diamonds Ltd. Since 1974



47<sup>th</sup>  
ANNUAL REPORT  
2020 - 2021

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2020 - 2021

## 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

### COMPANY SECRETARY

Mr. Akshay Jain

### 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  
C 101, 247 Park, L B S Marg,  
Vikhroli West, Mumbai – 400 083.  
Tel. No. – 022 4918 6000  
Fax No. – 022 4918 6060

### 47<sup>TH</sup> ANNUAL GENERAL MEETING

On Saturday, 4<sup>th</sup> September, 2021 at  
11.00 a.m. through video conferencing

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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 – Seventh Annual General Meeting of the members of **SOVEREIGN DIAMONDS LIMITED** will be held on Saturday, 4<sup>th</sup> September, 2021 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 31<sup>st</sup> March, 2021 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 change the place of keeping of Register of Members, etc 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 Section 94 of the Companies Act, 2013 (the Act) and other provisions of the Act as applicable, the Company hereby approves that the Register of Members, Index of Members, share certificates and such other documents related to members be kept at the premises of Universal Capital Securities Private Limited, the Company's Registrar and Share Transfer Agents situated at C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083.”

### **NOTES:**

#### **General Instructions for Accessing and participating in the 47<sup>th</sup> 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 43<sup>rd</sup> Annual General Meeting held on 29<sup>th</sup> 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 07<sup>th</sup> 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. 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 is annexed hereto.
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, MCA (Ministry of Corporate Affairs) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020 read with Circular No. 02/2021 dated January 13, 2021, has permitted Companies to hold their Annual General Meeting (AGM) through Video Conferencing (VC) / Other Audio Visual Means (OAVM) for the calendar year 2020 and 2021. 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 AGM shall be deemed to be the registered



office of the Company situated at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheric(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. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. The Company has appointed M/s. Central Depository Services (India) Limited (CDSL) 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 shareholders who hold shares as on cut-off date i.e. Saturday, 28<sup>th</sup> August, 2021. 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 Saturday, 4<sup>th</sup> September, 2021 from 11.00 a.m. onwards. Further, the Company has also appointed CDSL as an authorized e-voting agency for facilitating members to vote on all the resolutions proposed in the Notice of AGM through electronic means. Members will have the option to cast their votes either 3 days prior to the date of AGM (Remote E-Voting) or during the AGM (E-Voting). The instructions to vote by remote e-voting and e-voting has been provided below.
7. 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.
8. 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.
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 Saturday, 28<sup>th</sup> August, 2021 to Saturday, 4<sup>th</sup> September, 2021 (both days inclusive).
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, based on the request being sent at [agehani66@gmail.com](mailto: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 2020-21 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](http://www.bseindia.com) or will be made available if a request is sent to the Company at [agehani66@gmail.com](mailto:agehani66@gmail.com). The Notice of AGM is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
15. Members holding shares in physical form can register their email with the Company / RTA by following the steps as mentioned below at instructions for Members for remote e-voting & voting at E-AGM. Members holding shares in demat form can register their email address with their Depository Participants.
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 01<sup>st</sup> 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 Registrar and Share Transfer Agent.
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 Registrar and Share Transfer Agent.
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 Registrar and Transfer Agents 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 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.
21. Information about additional details of the Directors along with their brief profile who are seeking re-appointment as set out at Item Nos. 2 of the Notice dated 26<sup>th</sup> June, 2021 as required under Regulation 36 of the Listing Regulations, as amended and the Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India ('ICSI') is given below:



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
Relationships with other Director / Key Managerial Personnel	Not related
Number of meetings of the board attended during the financial year (2020-21)	4
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. As the 47<sup>th</sup> AGM is being held through VC, Route Map is not annexed to the notice.

**INSTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- i) The voting period begins on Wednesday, 1<sup>st</sup> September, 2021 at 9.00 AM and ends on Friday, 3<sup>rd</sup> September, 2021 at 5.00 PM. 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 Saturday, 28<sup>th</sup> August, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings, both, applicable for **Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL / KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>



Type of shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	1) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk. <a href="mailto:evoting@cdslindia.com">evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders & shareholders holding shares in physical form.**
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Click on Shareholders.
  - Now enter your User ID:
    - For CDSL: 16 digits beneficiary ID,
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
    - Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - Next enter the Image Verification as displayed and Click on Login.
  - If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.





- f) If you are a first time user follow the steps given below:

<b>PAN</b>	<p><b>For Shareholders holding shares in Demat Form other than individual shareholders and shareholders holding shares in physical form</b></p> <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"> <li>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.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	<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"> <li>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 (v).</li> </ul>

- g) After entering these details appropriately, click on “SUBMIT” tab.
- h) Shareholders 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.
- i) For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j) Click on the EVSN for the “**SOVEREIGN DIAMONDS LIMITED**” on which you choose to vote.
- k) 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.
- l) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- m) 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.
- n) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- o) You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.
- p) 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.
- vi) **Facility for Non – Individual Shareholders and Custodians –Remote E-Voting**
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://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](mailto: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](mailto: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 shareholders 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 at [shahpradipcs@gmail.com](mailto:shahpradipcs@gmail.com) and to the Company at the email address viz; [agehani66@gmail.com](mailto: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.

**COMMON INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Only those shareholders, 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.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **2 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [agehani66@gmail.com](mailto:agehani66@gmail.com). The members who do not wish to speak during the AGM but have queries may send their queries in advance at least **2 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [agehani66@gmail.com](mailto:agehani66@gmail.com). These queries will be replied to by the company suitably by email.
8. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. If any Votes are cast by the shareholders 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.

10. Shareholders 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.

**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 shareholder, 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**.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43

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, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**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 Saturday, 28<sup>th</sup> August, 2021 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 authorized 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 the CDSL at [www.evotingindia.com](http://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: 26<sup>th</sup> June, 2021**



**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT**

**PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 3 – Change the place of keeping of register of members, etc:**

Pursuant to the provisions of Section 94 of the Companies Act, 2013 (the Act) certain documents such as the Register of Members, Index of Members, Register and Index of Debenture-holders, etc. are required to be kept at the registered office of the Company. However, the said Section further provides that such registers, indexes, documents and records can be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the company.

Universal Capital Securities Private Limited, (Universal) Registrar and Share Transfer Agent of the Company, has informed the Company about change in their registered office address from 21, Shakil Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (E), Mumbai - 400 093 to C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083.

Universal being the Company's Registrar and Share Transfer Agent of the Company maintains the Register of Members, Index of Members, share certificates and such other documents related to members of the Company at its registered office. Owing to change in the address of the registered office of Universal, the place of keeping the register of members and other documents will also change.

In view of change in the place of keeping the Register of Members, Index of Members, share certificates and such other documents related to members of the Company, it is necessary to seek approval of the Members by special resolution.

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 of Directors recommends the special resolution set out at Item No. 3 for your approval.

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

**Place: Mumbai  
Date: 26<sup>th</sup> June, 2021**

**Sd/-  
Ajay Gehani  
Chairman & Managing Director  
DIN: 00062989**



## BOARD'S REPORT

TO THE MEMBERS OF  
SOVEREIGN DIAMONDS LIMITED

The Directors present the Forty – Seventh Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2021. 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 2020 – 21 are tabulated below:

(Rs. in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2021	Year Ended 31 <sup>st</sup> March, 2020
Income from Operations	1496.65	3243.68
Other Income	63.02	47.95
<b>Total Income</b>	<b>1559.67</b>	<b>3291.63</b>
Expenditure	1564.32	3118.78
Interest	96.48	119.53
Depreciation	45.14	45.92
<b>Total Expenditure</b>	<b>1705.94</b>	<b>3284.22</b>
<b>Net Profit Before Tax</b>	<b>(146.27)</b>	<b>7.40</b>
Provision for Taxation	0.00	2.96
(Add) / Less : Deferred Tax	2.60	0.87
Short / (Excess) Provision of earlier Years	0.00	0.00
<b>Net Profit After Tax</b>	<b>(148.87)</b>	<b>3.57</b>
Other Comprehensive Income	1.41	0.48
<b>Total Comprehensive Income</b>	<b>(147.46)</b>	<b>4.05</b>
Balance brought forward from last year	751.69	747.63
Transfer to General Reserve	0.00	0.00
<b>Balance carried forward to the Balance Sheet</b>	<b>604.22</b>	<b>751.69</b>

There was no revision in the Financial Statements.

### 2. HIGHLIGHTS OF PERFORMANCE

- Total net sales for the year were Rs. 1496.64 Lakhs as compared to Rs. 3243.68 Lakhs in 2019-20.
- Total Profit / Loss before tax for the year was Rs. (148.87) Lakhs as compared to Rs. 7.40 Lakhs in 2019-20.
- Company has suffered Loss towards Return of Finished Goods from Retailers.
- Company has availed Credit facilities for Rs. 2.30 Crores under GECL.
- Company has reduced its Employee Strength from 52 employees to 32 employees.
- The Sundry Creditors has been reduced from 6.51 Crores to 1.34 Crores.

Operation of your Company was affected due to Lockdown and Covid 19. The operation of your Company during first two Quarters of the Current Year is affected due to second wave of Covid 19 and Lockdown. During the period of Lockdown the Retail Sales was drastically reduced.

### 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

Due to COVID 19, the liquidity crisis was very high due to lower sales and high operating expenses and the working capital cycle was badly effected. The strength of the balance sheet is due to reduction in sundry creditors, sundry debtors and less borrowing from the bank. The Retail market was badly affected due to Covid 19 and closer of Retail stores but Export market was good.

Operation of the Company was affected due to lock down and COVID 19. The operations of the Company during 1<sup>st</sup> quarter and 2<sup>nd</sup> quarter of the current year are affected due to 2<sup>nd</sup> wave of COVID 19 and lockdown. During the period of lockdown the retails sales have drastically reduced.

#### 6. DISCLOSURES UNDER SECTION 134 (3) (I) OF THE COMPANIES ACT, 2013

No material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year of your Company i.e. 31<sup>st</sup> March, 2021 and date of this report i.e. 26<sup>th</sup> June, 2021.

#### 7. SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2021 was Rs. 578.80 Lakhs. During the year under review, your Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. There was no change in your Company's share capital during the year under review. The Promoter and Promoter Group are holding 37,62,744 shares equivalent to 65.01% of the total Issued and Paid-up Share Capital.

#### 8. DIRECTORS

##### 8.1 Retirement by Rotation

Pursuant to Section 152 (6) of the Companies Act, 2013 and in terms of the Articles of Association of your Company, Mr. Ajay Gehani (DIN: 00062989), Chairman and Managing Director, retires by rotation at the forthcoming Annual General Meeting. Being eligible, he offers himself for re-appointment.

##### 8.2 Declaration by Independent Directors

Your Company has received declarations from all the Independent Directors of your Company confirming that they meet with the criteria of independence as prescribed both, under Sub-Section 6 of Section 149 of the Companies Act, 2013 and under Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015 and pursuant to Regulation 25 of the said Regulations that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, people management, strategy, auditing, tax advisory services and they hold highest standards of integrity.

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose. In



terms of Section 150 of the Act read with Rule 6 (4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, all the Directors of the Company are exempted from undertaking online proficiency self-assessment test conducted by the IICA.

### 8.3 Annual Board Evaluation

The annual performance evaluation of the Independent Directors and Board Committees i.e. Audit, Stakeholders Relationship and Nomination & Remuneration Committees was carried by the entire Board and the annual performance evaluation of the Chairman, Board as a whole, Non – Independent Directors was carried out by the Independent Directors.

The annual performance evaluation was carried out in accordance with the criteria laid down in the Nomination and Remuneration Policy of your Company and as mandated under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, as amended from time to time.

### 8.4 Key Managerial Personnel

The following persons have been designated as Key Managerial Personnel of your Company pursuant to Section 2 (51) and Section 203 of the Act, read with Rule 8 (5) (iii) of the Companies (Accounts) Rules, 2014 framed thereunder:

1. Mr. Ajay Geheni, Managing Director
2. Mrs. Arundhati Mali, Director – CFO
3. Mr. Akshay Jain, Company Secretary and Compliance Officer\*

*\*Appointed w.e.f. 04<sup>th</sup> May, 2021*

None of the Key Managerial Personnel have resigned during the year under review.

None of the Directors have attained the age of 75 years except Mr. Kundapur Mohanram Pai. In terms of Regulation 17 (1) (c) of SEBI (LODR) Regulations, 2015, the approval of the members for his re-appointment by way of special resolution has been taken at the 45<sup>th</sup> Annual General Meeting of the Company held on 16<sup>th</sup> August, 2019.

### 8.5 Remuneration Policy

The Board has in accordance with the provisions of Section 178 (3) of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management Employees.

### 8.6 Board Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year your Company has held 5 (Five) Board Meetings which were held on 08<sup>th</sup> June, 2020; 27<sup>th</sup> June, 2020; 05<sup>th</sup> September, 2020; 07<sup>th</sup> November, 2020 and 06<sup>th</sup> February, 2021. The maximum interval between any two meetings exceeded 120 days on account of COVID 19. However, the said requirement was relaxed by the Ministry of Corporate Affairs and Securities and Exchange Board of India for the financial year 2020 – 21. As per Section 167 (1) (b), all the directors have attended atleast one Board Meeting held during the financial year.

## 9. PARTICULARS OF EMPLOYEES

During the year, there was no employee in receipt of remuneration in excess of limit as prescribed in the Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The prescribed Particulars of Employees as required under Section 197 (12) of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "Annexure A" and form part of this Report.



## 10. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Note 4 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March, 2021 and of the loss of your Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) that the Annual Financial Statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 11. INTERNAL CONTROL SYSTEMS

Your Company maintains an adequate and effective Internal Control System commensurate with its size and complexity. We believe that these internal control systems provide, among other things, a reasonable assurance that transactions are executed with Management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safeguarded against significant misuse or loss.

## 12. COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

There are no companies which have become or ceased to be its Subsidiaries, Joint Venture or Associate Companies during the financial year 2020 – 21.

## 13. DEPOSITS

Your Company has not accepted deposit from the public and shareholders falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement for furnishing details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

## 14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the Financial Statements.

## 15. RELATED PARTY TRANSACTIONS

A Related Party Policy has been adopted by the Board of Directors at its meeting held on 13<sup>th</sup> August, 2014 for determining the materiality of transactions with related parties and dealings with them. All transactions with related parties are placed before the Audit Committee for approval.





Further, the members may note that your Company has not entered into the following kinds of related party transactions:

- Contracts / arrangement / transactions which are not at arms' length basis
- Any Material contracts / arrangement / transactions [as per Regulation 23 of the SEBI (LODR) Regulations, 2015]

## **16. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The criteria prescribed for the applicability of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 is not applicable to your Company.

## **17. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure B".

## **18. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY**

The nature of business is manufacturing of Jewellery. The inheritant risks to the business of your Company are as follows:

- a. Foreign Exchange Risk
- b. Gold Price Risk
- c. Stiff Competition
- d. Government Policy on import of gold
- e. Risk elements in business transactions
- f. Labour Risk

The prices of Jewellery consist of Gold, Diamonds & Labour, out of this three, Gold and diamonds consist of 90% of the price of Jewellery. Your Company has no control on the price of Gold and Diamonds and the same is available through Exchanges, Market and Banks. The said risk shall results in favourable / unfavourable to your Company. The nature of risk is dynamic of business and entrepreneurship.

Your Company has not formed Risk Management Committee as it is not applicable under Regulation 21 of the SEBI (LODR) Regulations, 2015.

## **19. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Your Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. In accordance with the Regulation 22 of the SEBI (LODR) Regulations and pursuant to Section 177 (9) read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013, your company has adopted a Whistle Blower Policy. Your Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. As per the Whistle Blower Policy, the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate superior. The confidentiality of those reporting / violations is maintained and they are not subjected to any discriminatory practice.

## **20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of your Company and its future operations.



## 21. AUDITORS

### 21.1 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 43<sup>rd</sup> Annual General Meeting held on 29<sup>th</sup> 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.

The Auditors have furnished a declaration confirming their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder to continue to act as statutory auditors and confirming their independence as well as their arm's length relationship with your Company as well as declaring that they have not taken up any prohibited non-audit assignments for your Company. The Audit Committee reviews the independence of the Auditors and the effectiveness of the Audit process. The Auditors attend the Annual General Meeting of your Company.

### 21.2 Statutory Auditors' Observations

The Report given by the Auditors on the financial statements of your Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

### 21.3 Secretarial Audit

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. P. P. Shah & Co., Practicing Company Secretaries as Secretarial Auditors for conducting Secretarial Audit of your Company for the financial year ended 31<sup>st</sup> March, 2021.

The report of the Secretarial Auditor is attached as “**Annexure C**”. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark except provided at point 21.4 below.

### 21.4 Qualifications in Secretarial Audit Report

#### A. Appointment of Company Secretary:

As per Section 203(1)(ii), the Company is required to appoint Company Secretary. Further, as per Regulation 6 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to appoint a Company Secretary as its Compliance Officer. *The Company has not appointed Company Secretary during the financial year ended 31<sup>st</sup> March, 2021. Consequently, the Audited Annual Financial Statements for the financial year ended 31<sup>st</sup> March, 2020 were not signed by Company Secretary as required under Section 134 of the Companies Act, 2013.*

*The Company had received notices from BSE Limited imposing fine in respect of non appointment of Company Secretary as Compliance Officer during the financial year ended 31<sup>st</sup> March, 2021 in terms of Regulation 6 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

In this regard the management of the Company has provided the following reply:

- (i) The Company has appointed Mr. Ajay Gehani, Managing Director as Compliance Officer of the Company who looks after the compliance of the Companies Act, 2013 and the SEBI Act and rules made thereunder.



- (ii) The Company has availed the services of Practicing Company Secretary for advising on compliance of the Companies Act, 2013 and the SEBI Act and rules made thereunder.
- (iii) The Volume and Scope of work for the Company Secretary is less and it is not a full time work and the job of Company Secretary is not attractive commensurate with the scope of work and salary.
- (iv) The Company had replied to BSE Limited to waive the fine imposed by them in respect of non-appointment of Company Secretary. The matter is pending with BSE Limited.
- (v) The Company has regularized the compliance by appointing Mr. Akshay Jain, as Company Secretary and Compliance Officer of the Company w.e.f. 4<sup>th</sup> May, 2021.

#### **B. Website Posting:**

As per the various sections of the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and Secretarial Standard – 2, the Company is required to post various information / policies on the website of the Company. *The Company has not posted any information / policies on the website of the Company.* In this regard the management of the Company has provided the following reply:

- (i) The Company is filing regularly all the information with BSE Limited and all the information is available on the website of BSE Limited.

#### **C. Composition of Nomination and Remuneration Committee:**

In respect of the composition of the Nomination and Remuneration Committee, we observe as follows:

As per Section 178 of the Companies Act, 2013, the composition of Nomination and Remuneration Committee shall be as follows:

178 (1): "The Board of the Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one half shall be independent directors:

**Provided** that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee."

*The Nomination and Remuneration Committee of the Company comprises of two Independent Directors and one Executive Director.* In this regard, the Management has given the following reply:

- "The Company has four Directors, out of them two are Executive and two are Independent Directors. Accordingly, the composition of the Board is such that the Nomination and Remuneration Committee cannot comprise of three Non-Executive Directors. Hence, Mr. Ajay Gehani, Executive Director is one of the member of the Committee.
- Mr. Mohanram Pai, Independent Director acts as the Chairman of the Nomination and Remuneration Committee. The Company does not convene the meeting of Nomination and Remuneration Committee unless Mr. Mohanram Pai and Mr. Rajesh Arora, Independent Directors of the Company and members of Nomination and Remuneration Committee are present in the said meeting. This ensures that the Chairmanship and majority decision making vests with the Independent Directors.



- Further, the role of Mr. Ajay Gehani as a member of the Committee is very limited. He is only filling up the requirement of 3<sup>rd</sup> member as required under Section 178 of the Companies Act, 2013 as there is no option. He does not participate in the affairs of the Committee which are related to remuneration, performance evaluation of Executive Directors and other such matters.
- As the Committee does not meet without the presence of 2 Independent Directors and since the Chairman is also an Independent Director, hence the voting and governance of the Committee remains independent. Accordingly, with the present composition of Nomination and Remuneration Committee, it has been ensured that majority remains with Independent Directors and accordingly, the spirit of Corporate Governance is achieved.”

#### **D. Appointment of Internal Auditor:**

As per Section 138 of the Act, the Company is required to appoint an Internal Auditor. *The Company has not appointed Internal Auditor.* In this regard the management of the Company has provided the following reply:

- (i) The size of operation of the Company is very small, accordingly, it is not viable to appoint Internal Auditor but the Company has established the internal control system.

#### **E. Non Payment of Listing Fees:**

As per Section 14 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listed entity shall pay all such fees or charges, as applicable, to the recognised stock exchange(s), in the manner specified by the Board or the recognised stock exchange(s). Accordingly, the Company is required to pay annual listing fees to BSE Limited where the shares of the Company are listed on an annual basis. *The Company has not paid annual listing fees to BSE Limited for the financial year 2020 – 21.*

The Company has received notices from BSE Limited for non-payment of listing fees. In this regard the management of the Company has provided the following reply:

- (i) The Company could not pay the listing fees due to COVID-19 effect and severe financial crisis.
- (ii) The jewellery factory of the Company was closed for 4 months in the beginning of 2020 – 21. The sales have been impacted and so does the recovery cycle and payment cycle.
- (iii) In the last 6 months, there was a good improvement in business environment and the liquidity is also improving. In the circumstances, the Company has requested them to provide some more time to pay the same.

## **22. REPORTING OF FRAUDS BY AUDITORS**

During the financial year 2019 – 20, the statutory auditors have reported to the Audit Committee of the Board, under Section 143 (12) of the Act, the following instance of fraud committed against your Company by one of its employee, the details of which are given below:

“While verifying the physical stock on 5<sup>th</sup> July, 2019 the management realized shortage of Gold as compared to stock as per books. The management suspected an old employee of the Company who misappropriated certain quantity of stock. An old employee also confessed before management his misappropriation of Gold. The management lodged police complaint against old employee.



The loss arising on account of this misappropriation is estimated at 900 gms of gold value about Rs.30,00,000/-. The same has been charged to Profit and Loss Account during the year. The Case is Before Honorable Metropolitan Magistrate Court No. 22 at Andheri - Compliant No. 131/2019.”

### **23. COST RECORDS**

The provisions of Section 148 of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014 (hereinafter referred to as 'Rules') in respect of maintenance an audit of cost records are not applicable to Company.

### **24. COMPLIANCE OF SECRETARIAL STANDARDS**

The Board of Directors affirms that your Company has complied with the applicable Secretarial Standards (SS) issued by the Institute of Companies Secretaries of India (SS1 and SS2), respectively relating to Meetings of the Board, its Committees and General Meeting, which have mandatory application during the year under review.

### **25. EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 92 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT – 9 of your Company for the financial year ended 31<sup>st</sup> March, 2021 is annexed herewith as “**Annexure D**”.

### **26. HUMAN RESOURCES**

The relations of the employees of your Company have been cordial during the year. Employees are considered to be team members being one of the most critical resources in the business which maximize the effectiveness of the Organization. Human resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening your Company's Polices and Systems. Your Company maintains healthy, cordial and harmonious relations with all personnel and thereby enhancing the contributory value of the Human Resources.

### **27. ENVIRONMENT AND SAFETY**

Your Company is conscious of the importance of environmentally clean and safe operations. Your Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

### **28. ENHANCING SHAREHOLDERS VALUE**

Your Company believes that its Members are among its most important stakeholders. Accordingly, your Company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

### **29. GREEN INITIATIVES**

In view of Covid 19 pandemic, the Ministry of Corporate Affairs vide its circular no. 17 / 2020 dated 13<sup>th</sup> April, 2020, circular no. 20 / 2020 dated 5<sup>th</sup> May, 2020 and circular No. 02/2021 dated 13<sup>th</sup> January, 2021 and SEBI vide its circular bearing reference no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 and no. SEBI/HO/CFD/CMD2/CIRIP/2021 /11 dated 15<sup>th</sup> January, 2021 has dispensed with the requirement of sending hard copy of full annual report to the shareholders.



Electronic copies of the Annual Report 2020-21 and Notice of the 47<sup>th</sup> Annual General Meeting are sent to all members whose email addresses are registered with your Company / Depository Participant(s). Members who have not registered their email address can do so by following the steps as mentioned in the notes of notice of 47<sup>th</sup> Annual General Meeting. Alternatively, they are requested to download the copy of the Annual Report from the website of BSE Limited i.e. [www.bseindia.com](http://www.bseindia.com) or write to the Company at [agehani66@gmail.com](mailto:agehani66@gmail.com).

Your Company provides e-voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to the Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.

### **30. MANAGEMENT DISCUSSION AND ANALYSIS**

As required under the Schedule V (B) of the SEBI (LODR) Regulations, 2015, report on "Management Discussion and Analysis" is attached and forms part of this Annual Report.

### **31. CORPORATE GOVERNANCE**

As per Regulation 15(2) of the SEBI (LODR) Regulations, 2015, the provisions of Corporate Governance are non-mandatory to the following class of Companies:

- a. Companies having Paid-up Equity Share Capital not exceeding Rs. 10 Crore and Net worth not exceeding Rs. 25 Crore, as on the last day of the previous financial year;

Provided that where the provisions of Regulation 27 becomes applicable to a company at a later date, such company shall comply with the requirements of Regulation 27 within six months from the date on which the provisions became applicable to the company.

- b. Companies whose equity share capital is listed exclusively on the SME and SME-ITP Platforms.

The Paid-up Share Capital of your Company is Rs. 5.79 Crores as on 31<sup>st</sup> March, 2021. The Reserve and Surplus is Rs. 7.00 Crores. Accordingly, the Paid-up Capital and Net Worth is below the prescribed limit for mandatory applicability of Corporate Governance clause as per Regulation 15(2)(a) of the SEBI (LODR) Regulations, 2015. Your Company has decided not to opt for compliance of Regulation 27 for the time being. The letter for the same has been filed with BSE on 26<sup>th</sup> June, 2021.

### **32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company firmly believes in providing a safe, supportive and friendly workplace environment – a workplace where our values come to life through the supporting behaviors. Positive workplace environment and a great employee experience are integral part of our culture. Your Company believes in providing and ensuring a workplace free from discrimination and harassment based on gender.

Your Company educates its employees as to what may constitute sexual harassment and in the event of any occurrence of an incident constituting sexual harassment, your Company provides the mechanism to seek recourse and redressal to the concerned individual subjected to sexual harassment.

Your Company has a Sexual Harassment Prevention and Grievance Handling Policy in place to provide clarity around the process to raise such a grievance and how the grievance will be investigated and resolved. An Internal Complaints Committee has been constituted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.



No complaint was raised and pending as on 01<sup>st</sup> April, 2020 and no complaint has been raised during the financial year ended 31<sup>st</sup> March, 2021.

### **33. MD AND CFO CERTIFICATION**

Certificate from Mr. Ajay R. Gehani, Chairman and Managing Director and Mrs. Arundhati R. Mali, Director and CFO, pursuant to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year under review was placed before the Board of Directors of your Company at its meeting held on 26<sup>th</sup> June, 2021. The certificate is attached and form part of this Report.

### **34. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE**

Mr. Pradip Shah of M/s. P. P. Shah & Co., Practicing Company Secretaries, has issued a certificate as required under the SEBI (LODR) Regulations, 2015, confirming that none of the Directors on the Board of your Company have been debarred or disqualified from being appointed or continuing as Director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory Authority. The certificate is attached and form part of this Report.

### **35. ANNUAL SECRETARIAL COMPLIANCE REPORT**

Your Company has availed the exemption for compliance of Corporate Governance clause as per Regulation 15(2)(a) of the SEBI (LODR) Regulations, 2015. As per Regulation 24A, your Company requires to take Annual Secretarial Compliance Report from Practicing Company Secretary which shall cover a broad check on compliance with applicable SEBI Regulations and circulars/ guidelines issued thereunder on annual basis.

Exemption as per Regulation 15 (2) (a) includes Regulation 24A. Hence, obtaining Annual Secretarial Compliance Report from Practicing Company Secretary is not applicable to your Company.

### **36. INDIAN ACCOUNTING STANDARDS (IND-AS)**

Your Company has followed the relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing its Standalone Financial Statements.

### **37. CAPITAL EXPENDITURE**

Capital Expenditure during the year, towards Tangible & Intangible Assets, amounted to Rs. 102.81 Lakhs which was spent on Plant & Machinery, Furniture and Fixture, Office Equipment, Vehicle and Computers.

### **38. FEES PAID TO STATUTORY AUDITORS**

During the year ended 31<sup>st</sup> March, 2021, your Company has paid a sum of Rs. 2.07 Lakhs to the Statutory Auditor.

### **39. INSOLVENCY AND BANKRUPTCY CODE**

No application has ever been filed against the Company under the Insolvency and Bankruptcy Code, 2016.

### **40. ONE TIME SETTLEMENT WITH BANKS**

The Company has not made any settlement with banks or financial institutions.

### **41. PLEDGE OF SHARES**

None of the equity shares of the Directors / Promoters of your Company are pledged with any banks or financial institutions.



#### 42. LISTING WITH STOCK EXCHANGES

Your Company is listed with BSE Limited and your Company has duly paid the listing fees to the Exchange.

#### 43. ACKNOWLEDGEMENTS

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of your Company viz. customers, members, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of your Company for their unstinted commitment and continued contribution to your Company.

#### 44. CAUTIONARY STATEMENT

Statements in the Board's Report describing your Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement.

**For and on behalf of the Board of Directors  
For Sovereign Diamonds Limited**

**Place: Mumbai**

**Date: 26<sup>th</sup> June, 2021**

**Sd/-**

**Ajay Gehani**

**Chairman & Managing Director**

**DIN: 00062989**

**Sd/-**

**Arundhati Mali**

**Director & CFO**

**DIN: 08353618**





## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Indian Economy:

The world economy and Indian economy has suffered very badly due to COVID 19 during the entire financial year 2020 – 21.

### Gems and Jewellery Industry review:

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 7% of the country's GDP and 15% to India's total merchandise exports. It also employs over 4.64 Million workers and is expected to employ 8.23 Million by 2022. One of the fastest growing sectors, it is extremely export oriented and labour intensive.

Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 75% of the world's polished diamonds, as per statistics from the Gems and Jewellery Export promotion Council (GJEPC). India's Gems and Jewellery sector has been contributing in a big way to the Country's Foreign Exchange Earnings (FEEs). The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100% Foreign Direct Investment (FDI) in the sector through the automatic route.

### Domestic Jewellery Industry updates demand:

#### Market Size

India's gems and jewellery exports stood at US\$ 30.12 Billion between April 2019 – March 2020. During the same period, exports of cut and polished diamonds stood at US\$ 21.95 Billion, thereby contributing about 76.96% of the total gems and jewellery exports in value terms.

The gems and jewellery market in India is home to more than 300,000 players, with the majority being small players. Its market size is about US\$ 75 Billion as of 2017 and is expected to reach US\$ 100 Billion by 2025. It contributes 29% to the global jewellery consumption.

Gems and Jewellery comprises of the following sub-sectors:

- Diamonds
- Gemstones
- Pearl
- Gold, Silver and Platinum Jewellery

India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the Country. The Goods and Services Tax (GST) and monsoon will steer India's gold demand going forward.

### Industry Trend – Diamond Jewellery:

- Increasing demand for precious gem stones: Changing preferences of young people from gold to coloured gemstone, platinum and palladium jewellery
- Multiple occasions for purchase: Women are buying diamond jewellery for occasions other than marriage
- Focus on technology: Emergence of new manufacturing techniques



- Changing demographics impacting demand: Social media is impacting buying preferences too much. Instagram, Facebook etc are influencing the younger generations tastes
- Growth of lab created diamonds: Also known as synthetic diamonds, artificial diamonds, cultivated diamonds or cultured diamonds
- Focus on Quality: Introduction of cumulative FDI (in \$) in diamond and gold ornaments between April stricter quality norms and hallmarking

### **Opportunities and Threats:**

#### **Opportunities**

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organized market and are opening opportunities to grow. Increasing penetration of organized players provides variety in terms of products and designs. Online sales are expected to account for 1% - 2% of the fine jewellery segment by 2022-23. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low cost gold metal loans and likely stabilization of gold prices at lower levels is expected to drive volume growth for jewellers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

#### **Threats**

##### **Fast-changing Fashion Trends**

Jewellery being a vital fashion and lifestyle statement, demands the players to be more agile, and responsive to the constantly evolving trends and consumer preferences.

##### **Regulatory Framework**

Changes in regulation and stringent compliance may cause temporary blip in sales during the transition period.

##### **C.V.D. Diamonds**

There has been an influx of C.V.D. Diamonds in all the major markets. In the recent past few cases of undisclosed mixing of C.V.D. Diamonds with natural diamonds have been reported. With improvement in technologies year over year, it is getting increasingly difficult to differentiate between the natural and artificial diamonds. The situation is evolving into a major challenge as Consumer confidence has taken a serious blow. Various initiatives are being undertaken by major diamond producers, trade bodies and retailers to increase the awareness about C.V.D. Diamonds and its proper disclosure to boost the consumer confidence. The Gems and Jewellery Export Promotion Council has set up a Natural Diamond Monitoring Committee (NDMC) consisting of representatives from various trade bodies to address this issue. Proper disclosure of C.V.D. Diamonds has been encouraged at all the levels in the value chain. Use of technically advanced equipment for the detection of undisclosed C.V.D. Diamonds has also been increased.

##### **Liquidity Crisis**

Due to COVID 19, the liquidity crisis was very high due to lower sales and high operating expenses and the working capital cycle was badly effected. The strength of the balance sheet is due to reduction in sundry creditors, sundry debtors and less borrowing from the bank.

##### **Highlights of Performance:**

- Total net sales for the year were Rs. 1496.64 Lakhs as compared to Rs. 3,243.67 Lakhs in 2019-20.



- Total Profit / Loss before tax for the year was Rs. (146.27) Lakhs as compared to Profit Rs. 7.40 Lakhs in 2019-20.
- The Company has suffered loss due to return of finished goods from retailers.
- The Company has availed credit facilities of Rs. 2.30 crores under GECL.
- The Company has reduced its employee strength from 52 employees to 32 employees.
- The sundry creditors have been reduced from Rs. 651 lakhs to Rs. 131 lakhs.
- The Company has reduced its bank borrowing.
- Operation of the Company was affected due to lock down and COVID 19. The operations of the Company during 1<sup>st</sup> quarter and 2<sup>nd</sup> quarter of the current year are affected due to 2<sup>nd</sup> wave of COVID 19 and lockdown. During the period of lockdown the retails sales have drastically reduced.

### Key Financial Ratios:

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to give details of significant changes (changes of 25% or more as compared to the immediately previous financial year) in key sector-specific financial ratios.

The Company has identified the following ratios as key financial ratios:

Sr. No.	Ratios	FY 2020-21	FY 2019-20
1.	Debtors Turnover Ratio	2.17	3.61
2.	Inventory Turnover Ratio (on Cost of Goods Sold)	1.23	2.77
3.	Interest Coverage Ratio	(0.52)	1.06
4.	Current Ratio	1.98	1.59
5.	Debt Equity Ratio	0.98	0.87
6.	Operating Margin Ratio	(0.08)	0.02
7.	Net Profit Margin	(9.77)	0.23
8.	Return on Net Worth (RONW)	1.21	1.46

Note: The net profit ratio reduced from 0.23% to (9.77) due to increase in operating and other expenses.

**For and on behalf of the Board of Directors  
of Sovereign Diamonds Limited**

Place: Mumbai  
Date: 26<sup>th</sup> June, 2021

Sd/-  
Ajay Gehani  
Chairman & Managing Director  
DIN: 00062989



## ANNEXURE 'A' TO BOARD'S REPORT

### DISCLOSURES PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

#### PARTICULARS OF EMPLOYEES

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197 (12) of the Companies Act, 2013 read with Rule (5)(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Details
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Nil
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Key Managerial Personnel Mr. Ajay Geheni – Managing Director – Nil Mrs. Arundhati Mali – Director – CFO – Nil
3.	The percentage increase in the median remuneration of employees in the financial year	Nil
4.	The number of permanent employees on the rolls of company as on 31 <sup>st</sup> March, 2021	28 Employees
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Nil
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year ended 31 <sup>st</sup> March, 2021 is as per the Remuneration Policy of the Company



**ANNEXURE 'B' TO BOARD'S REPORT**  
**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND**  
**FOREIGN EXCHANGE EARNINGS AND OUTGO**

*[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]*

**A. Conservation of Energy:**

The activity of the Company does not require large scale consumption of energy. Hence, the Company has not taken any energy conservation measures. There are no additional investments and proposals, for reduction of consumption of energy. The Company does not fall within the category of list of industries mentioned in Schedule forming part of the rules. Hence, no disclosures are required to be given in Form A as annexed to the rules.

**B. Technology Absorption:**

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. The disclosures required to be given in Form B as annexed to the rules are as follows:

Form for Disclosure of Particulars with respect to absorption Research & Development (R & D):

Specific Areas in which R & D carried out by the Company	Manufacture of Jewellery
Benefits derived as a result of the above R & D	Helped in better quality output, with improved productivity
Future Plan of Action	Development of new designs in Jewellery
Expenditure on R & D	The Company carries out the R & D work in-house
(a) Capital	Nil
(b) Recurring	Nil
(c) Total	Nil
(d) Total R & D expenditure as a percentage of Total Turnover	Nil

Technology absorption, adaptation and innovation:

Efforts, in brief, made towards technology absorption, adaptation & innovation	We use the latest laser technology and all automatic casting machines in order to achieve a very high level of finish and setting quality. This combined with mirror polish in our jewellery makes it one of the finest collections in the country
Benefits derived as a result of above efforts	Due to this finish we are able to work with the leading retailers and wholesalers in India and Europe and they have achieved tremendous success with our product line
Imported Technology	The Company has not imported any technology

**C. Foreign Exchange Earning and Outgo:**

(Rs. In Lakhs)

Foreign Exchange Earnings/Outgo	2020-2021	2019-2020
Foreign Exchange Earned	457.79	97.20
Foreign Exchange Outgo		
Travelling / Exhibition Charges	0.00	45.80



**ANNEXURE 'C' TO BOARD'S REPORT  
SECRETARIAL AUDIT REPORT  
FORM NO. MR-3**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

Sovereign Diamonds Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sovereign Diamonds Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder;
2. The Securities Contracts ('Regulation') Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not Applicable to the Company during audit period**).
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (**Not Applicable to the Company during audit period**).
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008. (**Not Applicable to the Company during audit period**).



- f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agent), Regulations, 1993 regarding the Companies Act, 2013 and dealing with the clients.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares), Regulations, 2009. **(Not Applicable to the Company during audit period).**
  - h) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018. **(Not Applicable to the Company during audit period).**
6. There are no other laws specifically applicable to the industry to which the Company belongs as identified by the management.

We have also examined compliance with the applicable clauses of the following:

- 1) Secretarial Standards issued by the Institute of Company Secretaries of India i.e. Secretarial Standards – 1 for Board Meetings and Secretarial Standards – 2 for General Meetings.
- 2) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. [except those as prescribed under Regulation 15 (2) read with Regulation 15 (3)].

\*As per Regulation 15 (2) to the SEBI (LODR) Regulations, 2015, the provisions of Regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V shall not apply in respect of a listed entity whose Paid-Up Equity Share Capital does not exceed Rs. 10 Crores and Net Worth does not exceed Rs. 25 Crores as on 31<sup>st</sup> March, 2020 to the extent that they are addition to the requirements specified under the Companies Act, 2013.

Accordingly the Company has availed the exemption provided in the above Regulations. The Company has not prepared Corporate Governance Report as a part of Annual Report. The Company has decided not to opt for compliance of Regulation 27 for the time being.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following qualifications / observation:

#### **A. Appointment of Company Secretary:**

As per Section 203(1)(ii), the Company is required to appoint Company Secretary. Further, as per Regulation 6 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to appoint a Company Secretary as its Compliance Officer. *The Company has not appointed Company Secretary during the financial year ended 31<sup>st</sup> March, 2021. Consequently, the Audited Annual Financial Statements for the financial year ended 31<sup>st</sup> March, 2020 were not signed by Company Secretary as required under Section 134 of the Companies Act, 2013.*

*The Company had received notices from BSE Limited imposing fine in respect of non appointment of Company Secretary as Compliance Officer during the financial year ended 31<sup>st</sup> March, 2021 in terms of Regulation 6 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

In this regard the management of the Company has provided the following reply:

- (i) The Company has appointed Mr. Ajay Gehani, Managing Director as Compliance Officer of the Company who looks after the compliance of the Companies Act, 2013 and the SEBI Act and rules made thereunder.



- (ii) The Company has availed the services of Practicing Company Secretary for advising on compliance of the Companies Act, 2013 and the SEBI Act and rules made thereunder.
- (iii) The Volume and Scope of work for the Company Secretary is less and it is not a full time work and the job of Company Secretary is not attractive commensurate with the scope of work and salary.
- (iv) The Company had replied to BSE Limited to waive the fine imposed by them in respect of non-appointment of Company Secretary. The matter is pending with BSE Limited.
- (v) The Company has regularized the compliance by appointing Mr. Akshay Jain, as Company Secretary and Compliance Officer of the Company w.e.f. 4<sup>th</sup> May, 2021.

#### **B. Website Posting:**

As per the various sections of the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and Secretarial Standard – 2, the Company is required to post various information / policies on the website of the Company. *The Company has not posted any information / policies on the website of the Company.* In this regard the management of the Company has provided the following reply:

- (i) The Company is filing regularly all the information with BSE Limited and all the information is available on the website of BSE Limited.

#### **C. Composition of Nomination and Remuneration Committee:**

In respect of the composition of the Nomination and Remuneration Committee, we observe as follows:

As per Section 178 of the Companies Act, 2013, the composition of Nomination and Remuneration Committee shall be as follows:

178 (1): "The Board of the Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one half shall be independent directors:

**Provided** that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee."

*The Nomination and Remuneration Committee of the Company comprises of two Independent Directors and one Executive Director.* In this regard, the Management has given the following reply:

- "The Company has four Directors, out of them two are Executive and two are Independent Directors. Accordingly, the composition of the Board is such that the Nomination and Remuneration Committee cannot comprise of three Non-Executive Directors. Hence, Mr. Ajay Gehani, Executive Director is one of the member of the Committee.
- Mr. Mohanram Pai, Independent Director acts as the Chairman of the Nomination and Remuneration Committee. The Company does not convene the meeting of Nomination and Remuneration Committee unless Mr. Mohanram Pai and Mr. Rajesh Arora, Independent Directors of the Company and members of Nomination and Remuneration Committee are present in the said meeting. This ensures that the Chairmanship and majority decision making vests with the Independent Directors.





- Further, the role of Mr. Ajay Gehani as a member of the Committee is very limited. He is only filling up the requirement of 3<sup>rd</sup> member as required under Section 178 of the Companies Act, 2013 as there is no option. He does not participate in the affairs of the Committee which are related to remuneration, performance evaluation of Executive Directors and other such matters.
- As the Committee does not meet without the presence of 2 Independent Directors and since the Chairman is also an Independent Director, hence the voting and governance of the Committee remains independent. Accordingly, with the present composition of Nomination and Remuneration Committee, it has been ensured that majority remains with Independent Directors and accordingly, the spirit of Corporate Governance is achieved.”

#### **D. Appointment of Internal Auditor:**

As per Section 138 of the Act, the Company is required to appoint an Internal Auditor. *The Company has not appointed Internal Auditor.* In this regard the management of the Company has provided the following reply:

- (i) The size of operation of the Company is very small, accordingly, it is not viable to appoint Internal Auditor but the Company has established the internal control system.

#### **E. Non Payment of Listing Fees:**

As per Section 14 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listed entity shall pay all such fees or charges, as applicable, to the recognised stock exchange(s), in the manner specified by the Board or the recognised stock exchange(s). Accordingly, the Company is required to pay annual listing fees to BSE Limited where the shares of the Company are listed on an annual basis. *The Company has not paid annual listing fees to BSE Limited for the financial year 2020 – 21.*

The Company has received notices from BSE Limited for non-payment of listing fees. In this regard the management of the Company has provided the following reply:

- (i) The Company could not pay the listing fees due to COVID-19 effect and severe financial crisis.
- (ii) The jewellery factory of the Company was closed for 4 months in the beginning of 2020 – 21. The sales have been impacted and so does the recovery cycle and payment cycle.
- (iii) In the last 6 months, there was a good improvement in business environment and the liquidity is also improving. In the circumstances, the Company has requested them to provide some more time to pay the same.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, subject to observation in respect of composition of the Nomination and Remuneration Committee as explained above. There were no changes in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no instances of:

1. Public/Right/Preferential issue of shares / Debentures /Sweat Equity, etc.
2. Redemption / Buy-Back of Securities
3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
4. Merger / Amalgamation / Reconstruction, etc.
5. Foreign Technical Collaborations

**For P. P. Shah & Co.,  
Company Secretaries**  
Unique ICSI ID No.: P2009MH018300

**Sd/-  
Pradip Shah  
Partner**

FCS No: 1483, COP No: 436  
UDIN: F001483C000519101  
Peer Review: 666/2020

Date: 26<sup>th</sup> June, 2021  
Place: Mumbai



**ANNEXURE TO SECRETARIAL AUDIT REPORT**

To,  
The Members,  
Sovereign Diamonds Limited

**Sub: Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For P. P. Shah & Co.,  
Company Secretaries**

Unique ICSI ID No.: P2009MH018300

**Sd/-  
Pradip Shah  
Partner**

FCS No: 1483, COP No: 436

UDIN: F001483C000519101

Peer Review: 666/2020

Date: 26<sup>th</sup> June, 2021

Place: Mumbai



**ANNEXURE 'C' TO BOARD'S REPORT  
FORM NO. MGT – 9  
EXTRACT OF ANNUAL RETURN**

**As on the financial year ended 31.03.2021**

*[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS**

<b>CIN</b>	L36912MH1974PLC017505
<b>Registration Date</b>	31 <sup>st</sup> May, 1974
<b>Name of the Company</b>	SOVEREIGN DIAMONDS LIMITED
<b>Category of the Company</b>	Company Limited by Shares
<b>Sub-Category of the Company</b>	Indian Non – Government Company
<b>Address of the Registered Office and contact details</b>	11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (E), Mumbai – 400 093 Tel. No. – 022 66923871 Fax No. – 022 66923880 Email – agehani66@gmail.com
<b>Whether listed company</b>	Yes. Listed on BSE Limited
<b>Name, address and contact details of Registrar and Transfer Agent, if any</b>	Universal Capital Securities Private Limited. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083. Tel. No. – 022 – 4918 6000 Email – info@unisecon.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Jewellery	32111	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Nil	Nil	Nil	Nil	Nil

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2020)				No. of Shares held at the end of the year (As on 31.03.2021)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	3762744	0	3762744	65.01	3762744	0	3762744	65.01	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total(A) (1):</b>	<b>3762744</b>	<b>0</b>	<b>3762744</b>	<b>65.01</b>	<b>3762744</b>	<b>0</b>	<b>3762744</b>	<b>65.01</b>	<b>0.00</b>



Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2020)				No. of Shares held at the end of the year (As on 31.03.2021)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub- Total (A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>3762744</b>	<b>0</b>	<b>3762744</b>	<b>65.01</b>	<b>3762744</b>	<b>0</b>	<b>3762744</b>	<b>65.01</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2)Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	171128	106778	277906	4.80	171862	106778	278640	4.81	+0.01
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to Rs. 2 Lakhs	763685	531055	1294740	22.37	752139	530855	1282994	22.17	-0.20
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	382514	0	382514	6.61	383789	0	383789	6.63	+0.02
<b>c) Others (specify)</b>									
i) NRI / OCBs	10765	0	10765	0.19	10765	0	10765	0.19	0.00
ii) Clearing Members/ Clearing House	0	0	0	0.00	0	0	0	0.00	-0.01
iii) HUF	59333	0	59333	1.02	69070	0	69070	1.19	+0.17
<b>Sub-Total (B)(2):</b>	<b>1387425</b>	<b>637833</b>	<b>2025258</b>	<b>34.99</b>	<b>1387625</b>	<b>637633</b>	<b>2025258</b>	<b>34.99</b>	<b>0.00</b>
<b>Total Public Shareholding Public Group (B)= (B)(1)+(B)(2)</b>	<b>1387425</b>	<b>637833</b>	<b>2025258</b>	<b>34.99</b>	<b>1387625</b>	<b>637633</b>	<b>2025258</b>	<b>34.99</b>	<b>0.00</b>
<b>Total (A) + (B)</b>	<b>5150169</b>	<b>637833</b>	<b>5788002</b>	<b>100.00</b>	<b>5150369</b>	<b>637633</b>	<b>5788002</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>5150169</b>	<b>637833</b>	<b>5788002</b>	<b>100.00</b>	<b>5150369</b>	<b>637633</b>	<b>5788002</b>	<b>100.00</b>	<b>0.00</b>



## ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2020)			Shareholding at the end of the year (As on 31.03.2021)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Ajay Gehani	34,76,275	60.06	0.00	34,76,275	60.06	0.00	0.00
2.	Sumer Gehani	2,86,469	4.95	0.00	2,86,469	4.95	0.00	0.00
	<b>Total</b>	<b>37,62,744</b>	<b>65.01</b>	<b>0.00</b>	<b>37,62,744</b>	<b>65.01</b>	<b>0.00</b>	<b>0.00</b>

## iii) Change in Promoters' Shareholding (Please specify, if there is no change)

	Shareholding at the beginning of the year (As on 01.04.2020)		Cumulative Shareholding during the year (As on 31.03.2021)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	No change during the year			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change during the year			
At the end of the year	No change during the year			

## iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2020)		Shareholding at the end of the year (As on 31.03.2021)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Vipul R. Gandhi	125000	2.16	125000	2.16
2.	Merrygold Investments Ltd.	119995	2.07	119995	2.07
3.	Nagarjuna Finance Ltd.	91325	1.58	91325	1.58
4.	Sanjay Mundada	90538	1.56	90538	1.56
5.	Sanjay Bansidhar Nagpal	55100	0.95	55100	0.95
6.	Mansukh Madhabhai Patel	31755	0.55	31755	0.55
7.	Girish Himatlal Vora	28534	0.49	28534	0.49
8.	Mahesh Jobanputra	26897	0.46	26897	0.46
9.	Chandubhai Bhandas Hariyani	24690	0.43	24690	0.43
10.	Rajiv R Jagdale	23996	0.41	23996	0.41



## v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors	Shareholding at the beginning of the year (As on 01.04.2020)		Cumulative Shareholding during the year (As on 31.03.2021)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>A. DIRECTORS</b>				
At the beginning of the year	Promoter Directors' shareholding and their changes has already been given in earlier table. Mr. Mohanram Pai & Mr. Rajesh Arora (Independent Directors) do not hold any shares in the Company at the beginning of the year and at the end of the year.			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.)				
At the end of the year				
<b>B. KEY MANAGERIAL PERSONNEL</b>				
At the beginning of the year	Mrs. Arundhati Mali, Director and Chief Financial Officer do not hold any shares in the Company at the beginning of the year and at the end of the year.			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.)				
At the end of the year				

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs. in Lakhs)
<b>Indebtedness at the beginning of the financial year (01.04.2020)</b>				
i) Principal Amount	1198.39	0.00	0.00	1198.39
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>1198.39</b>	<b>0.00</b>	<b>0.00</b>	<b>1198.39</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	275.00	0.00	0.00	275.00
Reduction	265.31	0.00	0.00	265.31
<b>Net Change</b>	<b>9.69</b>	<b>0.00</b>	<b>0.00</b>	<b>9.69</b>
<b>Indebtedness at the end of the financial year (31.03.2021)</b>				
i) Principal Amount	1208.08	0.00	0.00	1208.08
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>1208.08</b>	<b>0.00</b>	<b>0.00</b>	<b>1208.08</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. in Lakhs)
		Ajay Gehani MD	Arundhati Mali Director & CFO	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	33.35	2.65	36.00
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Options	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	<b>TOTAL (A)</b>	<b>33.35</b>	<b>2.65</b>	<b>36.00</b>
	<b>Ceiling As Per The Act</b>	<b>Minimum Remuneration upto Rs. 7 Lakhs per month</b>	<b>Minimum Remuneration upto Rs. 7 Lakhs per month</b>	<b>--</b>

### B. Remuneration to other Directors

#### 1. Independent Directors

Particulars of Remuneration	Mohanram Pai	Rajesh Arora	Total Amount (Rs. in Lakhs)
- Fee for attending Board / Committee Meetings	0.37	0.37	0.74
- Commission	0.00	0.00	0.00
- Others, please specify	0.00	0.00	0.00
<b>Total (B)(1)</b>			

#### 2. Other Non Executive Directors

Particulars of Remuneration	Name of Director		Total Amount (Rs. in Lakhs)
	--		
- Fee for attending Board / Committee Meetings	0.00		0.00
- Commission	0.00		0.00
- Others, please specify	0.00		0.00
<b>Total (B)(2)</b>			<b>0.00</b>
<b>Total (B)= (B)(1)+(B)(2)</b>			<b>0.74</b>
<b>Overall Ceiling as per the Act</b>			<b>Upto Rs. 1 Lakh per meeting</b>




**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs. in Lakhs)
		Chief Executive Officer	Chief Financial Officer*	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.00	0.00	0.00
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	0.00	0.00	0.00
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Options	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	<b>TOTAL (C)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

\*Remuneration of Mrs. Arundhati Mali, Director and CFO, updated in above table

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Sections of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					



## MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

### *Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Sovereign Diamonds Limited ("the Company") to the best of our knowledge and belief certify that:

- A. We have reviewed Financial Statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2021 and that to the best of our knowledge and belief, we state that:
1. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Business Conduct as adopted by the Company.
- D. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- E. We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
1. significant changes, if any, in internal control over financial reporting during the year;
  2. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the Financial Statements and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Yours Sincerely,

Sd/-  
Ajay Gehani

Chairman & Managing Director  
DIN: 00062989

Sd/-  
Arundhati Mali

Chief Financial Officer  
DIN: 08353618

Place: Mumbai  
Date: 26<sup>th</sup> June, 2021



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of  
Sovereign Diamonds Limited  
11-A, Mahal Industrial Estate, Mahakali Caves Road,  
Andheri (E), Mumbai – 400093

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sovereign Diamonds Limited having CIN L36912MH1974PLC017505 and having registered office at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (E), Mumbai – 400093 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Ajay Gehani	00062989	24/11/1984
2.	Kundapur Mohanram Pai	00007198	08/08/2005
3.	Rajesh Sitaram Arora	03605776	13/08/2011
4.	Arundhati Raju Mali	08353618	08/02/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P. P. Shah & Co.,**  
**Company Secretaries**  
Unique ICSI ID No.: P2009MH018300

**Sd/-**  
**Pradip Shah**  
**Partner**

FCS No: 1483, COP No: 436  
UDIN: F001483C000519101  
Peer Review: 666/2020

Date: 22<sup>nd</sup> April, 2021  
Place: Mumbai



## Independent Auditor's Report

To the Members of SOVEREIGN DIAMONDS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of SOVEREIGN DIAMONDS LIMITED ("the Company") which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, (including Other Comprehensive Income), statement of changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS) specified under section 133 of the Act, of the state of affairs of the Company as at March 31, 2021, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

#### Key Audit matter :

We have determined that there are no key audit matters to communicate in our report.

#### Other Information :

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Report on Corporate Governance, Business Responsibility Report and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements, and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Management's and Board of Directors' Responsibility for the Standalone Financial Statements :**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("The Act") with respect to the preparation of these Ind AS standalone financial statements that give a true and fair view of the financial position, financial performance, (including Other Comprehensive Income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified in the companies ( Indian Accounting Standard) rules 2015 ( as amended ) under section 133 of the Companies Act, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (i) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls



- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management.
- (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. In accordance with the requirements of SA 701, the auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c. The Balance Sheet, the Statement of Profit and Loss, (including other comprehensive income) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended,  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2021 on its financial position in its Ind AS financial position in its standalone financial statements – refer Note No. 24 to the Ind AS financial statements.
  - ii) The Company did not have any long term contracts including derivate contracts as at 31<sup>st</sup> March, 2021.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection fund by the company during the year ended 31<sup>st</sup> March, 2021.

**For Pulindra Patel & Co.**

Chartered Accountants  
Firm Registration No.115187W

**Sd/-**

**Pulindra Patel**

**Proprietor**

Place : Mumbai  
Date : 26th June, 2021

Membership No. 048991  
UDIN. : 21048991AAAAIP3245



## Annexure (A) to the independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of SOVEREIGN DIAMONDS LIMITED on the standalone financial statements for the year ended 31<sup>st</sup> March, 2021]

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) All fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.  
(c) As per the information and explanations given to us, the immovable properties owned by the company are held in the name of the company. In respect of immovable property disclosed as fixed assets in financial statements, the title deed is in the name of the Company.
2. The Inventories have been physically verified during the year by the management. In our opinion, frequency of verification of inventory is reasonable. There are no material discrepancies noticed by the management.
3. According to the information and explanations given to us, the company has not granted any loans secured or unsecured to companies, firms Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clause 3(iii) (a), (b,) and (c) of the Order are not applicable to the Company and hence not commented upon.
4. As per the information and explanations provided to us, there is no loans, investments, guarantees and securities given by the company, In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under.
6. The maintenance of cost records has not been prescribed by the Central Government under section 148 (1) of the Companies Act 2013.
7. (a) According to the information and explanations given to us and on the basis of the examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Good and Service tax, Service tax, Value Added Tax Customs Duty, Excise Duty, and other statutory dues applicable to it with the appropriate authorities.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Goods and Service tax , Customs Duty, Excise Duty and other undisputed statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.





8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of loans or borrowings to banks. The Company does not have any borrowings by way of debentures.
9. The Company has not raised money by way of initial public offer including debt instruments during the year and did not have any term loans outstanding during the year.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given by the management, we report that no fraud by the Company but fraud on the Company by its officers or employees has been noticed or reported during the course of our audit and the same is reported in Note No. 34 to the notes to accounts to Standalone Financial Statement.
11. As per the information and explanations given to us the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Companies Act, 2013.
12. As per the information and explanations given to us the company is not a Nidhi Company.
13. As per the information and explanations given to us the company all transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and details have been disclosed in the Financial Statements, etc., as required by the applicable accounting standards.
14. As per the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year review.
15. As per the information and explanations given to us, the company has not entered into any non- cash transactions with the directors or persons connected with him.
16. As per the information and explanations given to us, the company is not required to get it registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Pulindra Patel & Co.**

Chartered Accountants  
Firm Registration No.115187W

**Sd/-  
Pulindra Patel  
Proprietor**

Place : Mumbai  
Date : 26th June, 2021

Membership No. 048991  
UDIN. : 21048991AAAIP3245



## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SOVEREIGN DIAMONDS LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that



- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Pulindra Patel & Co.**

Chartered Accountants  
Firm Registration No.115187W

**Sd/-**

**Pulindra Patel**

**Proprietor**

Place : Mumbai  
Date : 26th June, 2021

Membership No. 048991  
UDIN. : 21048991AAAAIP3245



## BALANCE SHEET AS AT 31ST MARCH, 2021

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
<b>A Assets</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	1	3,64,94,742	3,29,71,909
b) Financial assets			
i) Loans	2	4,06,297	3,68,087
c) Deferred tax assets	3	10,12,473	12,72,984
<b>Total non-current assets</b>		<b>3,79,13,511</b>	<b>3,46,12,980</b>
<b>2 Current assets</b>			
a) Inventories	4	17,53,84,021	19,82,65,554
b) Financial assets			
i) Trade Receivables	5	3,92,39,798	9,88,29,949
ii) Cash and cash equivalents	6	1,28,44,617	1,45,446
c) Other current assets	7	40,58,377	32,64,764
<b>Total current assets</b>		<b>23,15,26,813</b>	<b>30,05,05,713</b>
<b>Total Assets</b>		<b>26,94,40,324</b>	<b>33,51,18,693</b>
<b>B Equity and Liabilities</b>			
<b>1 Equity</b>			
a) Equity Share capital	8	5,78,80,020	5,78,80,020
b) Other Equity	9	7,00,36,899	8,47,83,196
<b>Total Equity</b>		<b>12,79,16,919</b>	<b>14,26,63,216</b>
<b>Liabilities</b>			
<b>2 Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	10	2,05,11,256	-
ii) Other financial liabilities	11	39,66,000	39,66,000
b) Provisions		-	-
<b>Total non-current liabilities</b>		<b>2,44,77,256</b>	<b>39,66,000</b>
<b>3 Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	12	10,02,97,558	11,98,39,216
ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	13	-	39,36,153
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,34,15,920	6,11,45,579
b) Other current liabilities	14	18,75,659	16,39,564
c) Provisions	15	14,57,012	19,28,965
<b>Total current liabilities</b>		<b>11,70,46,149</b>	<b>18,84,89,477</b>
<b>Total Liabilities</b>		<b>26,94,40,324</b>	<b>33,51,18,693</b>

See accompanying Notes to the Financial Statements 1 to 36

This is the balance sheet referred to in our report of even date

For Pulindra Patel & Co.  
Chartered accountants  
ICAI Firm Registration No.115187W

For and on behalf of Board of Directors

Sd/-  
Pulindra Patel  
Proprietor  
Membership No. 048991

Sd/-  
Ajay R. Gehani  
Managing Director  
DIN-00062989

Sd/-  
Arundhati R. Mali  
Chief Financial Officer  
and Director  
DIN-08353618

Place : Mumbai  
Date : 26th June, 2021

Sd/-  
Akshay Jain  
Company Secretary



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2021

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>A Income</b>			
1 <b>Revenue from Operations</b>			
Revenue from operations	16	14,96,64,876	32,43,67,928
2 Other Income	17	63,02,527	47,95,604
3 <b>Total Income</b>		<b>15,59,67,403</b>	<b>32,91,63,532</b>
4 <b>Expenses</b>			
a) Cost of Material Consumed	18	12,20,16,491	32,93,64,226
b) Changes in Inventories of Finished Goods	19	70,15,120	(6,56,85,127)
c) Employee Benefit Expenses	20	1,27,51,743	1,94,09,014
d) Finance Cost	21	96,48,662	1,19,52,631
e) Depreciation and Amortisation Expenses	1	45,14,274	45,92,517
f) Other Expenses	22	1,46,48,582	2,87,89,716
<b>Total Expenses</b>		<b>17,05,94,871</b>	<b>32,84,22,978</b>
5 <b>Profit/(Loss) Before Tax</b>		<b>(1,46,27,468)</b>	<b>7,40,554</b>
6 <b>Tax Expenses</b>			
a) Current Tax	23	-	2,96,102
b) Deferred Tax	23	2,60,511	87,476
Total tax expenses		<b>2,60,511</b>	<b>3,83,578</b>
7 <b>Profit/(Loss) for the year</b>		<b>(1,48,87,979)</b>	<b>3,56,975</b>
8 <b>Other comprehensive income:</b>			
i. Items that will not be reclassified to Profit and Loss		1,41,682	48,614
ii. Income tax relating to items that will not be reclassified to profit of loss		-	-
iii. Items that will be reclassified to profit or loss		-	-
iv. Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Other comprehensive income</b>		<b>1,41,682</b>	<b>48,614</b>
9 <b>Total comprehensive income/(loss) for the year</b>		<b>(1,47,46,297)</b>	<b>4,05,589</b>
10 Earnings per equity shares of face value of ₹10 each			
Basic earnings per share (in ₹)		(2.57)	0.06
Diluted earnings per share (in ₹)		(2.57)	0.06

See accompanying Notes to the Financial Statements 1 to 36

This is the balance sheet referred to in our report of even date

For Pulindra Patel & Co.  
Chartered accountants  
ICAI Firm Registration No.115187W

For and on behalf of Board of Directors

Sd/-  
Pulindra Patel  
Proprietor  
Membership No. 048991

Sd/-  
Ajay R. Gehani  
Managing Director  
DIN-00062989

Sd/-  
Arundhati R. Mali  
Chief Financial Officer  
and Director  
DIN-08353618

Place : Mumbai  
Date : 26th June, 2021

Sd/-  
Akshay Jain  
Company Secretary



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2021

## A. EQUITY SHARE CAPITAL

Particulars	No. of shares	Amount
<b>Issued, subscribed and fully paid up</b>		
Equity shares of ₹ 10 each		
<b>Balance as at 1st April, 2019</b>	<b>57,88,002</b>	<b>5,78,80,020</b>
Changes in equity share capital during the year		
<b>Balance as at 31st March, 2020</b>	<b>57,88,002</b>	<b>5,78,80,020</b>
Changes in equity share capital during the year		
<b>Balance as at 31st March, 2021</b>	<b>57,88,002</b>	<b>5,78,80,020</b>

## B. OTHER EQUITY

Particulars	Reserves and Surplus			Total
	Capital Reserve	General Reserve	Surplus	
<b>Balance as at 1st April, 2019</b>	<b>10,09,990</b>	<b>86,04,077</b>	<b>7,47,63,539</b>	<b>8,43,77,606</b>
Profit for the year	-	-	3,56,975	<b>3,56,975</b>
Other comprehensive income	-	-	48,614	<b>48,614</b>
<b>Total Comprehensive Income</b>	<b>10,09,990</b>	<b>86,04,077</b>	<b>7,51,69,128</b>	<b>8,47,83,195</b>
Transfer to / (from) retained earnings	-	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>10,09,990</b>	<b>86,04,077</b>	<b>7,51,69,128</b>	<b>8,47,83,195</b>
Profit/(Loss) for the year	-	-	(1,48,87,979)	<b>(1,48,87,979)</b>
Other comprehensive income	-	-	1,41,682	<b>1,41,682</b>
<b>Total Comprehensive Income</b>	<b>10,09,990</b>	<b>86,04,077</b>	<b>6,04,22,831</b>	<b>7,00,36,898</b>
Transfer to / (from) retained earnings	-	-	-	-
<b>Balance as at 31st March, 2021</b>	<b>10,09,990</b>	<b>86,04,077</b>	<b>6,04,22,831</b>	<b>7,00,36,898</b>

## C. Nature and purpose of reserves

## a) Capital Reserve

The Company has recognised Capital Reserve on call in arrears of equity shares from its retained earnings. The amount in Capital Reserve is equal to nominal amount of the equity shares.

## b) General Reserve

The Company created general reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to general reserve before declaring dividends. As per the Companies Act 2013, the requirement to transfer profits to general reserve is not mandatory. General reserve is a free reserve available to the Company.

This is the balance sheet referred to in our report of even date

For Pulindra Patel & Co.  
Chartered accountants  
ICAI Firm Registration No.115187W

Sd/-  
Pulindra Patel  
Proprietor  
Membership No. 048991

For and on behalf of Board of Directors

Sd/-  
Ajay R. Gehani  
Managing Director  
DIN-00062989

Sd/-  
Arundhati R. Mali  
Chief Financial Officer  
and Director  
DIN-08353618

Place : Mumbai  
Date : 26th June, 2021

Sd/-  
Akshay Jain  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>A Cash flow from operating activities :</b>		
<b>Profit before tax</b>	(1,46,27,468)	7,40,554
<b>Adjustment for :</b>		
Depreciation and amortization for the year	45,14,274	45,92,517
Actuarial gain/(loss) forming part of OCI	1,41,682	48,614
Net (profit)/loss on disposal of property, plant and equipment	3,53,752	(3,53,907)
Finance cost	96,48,662	1,19,52,631
Interest income	(4,427)	(5,780)
<b>Operating Profit before working capital changes</b>	<b>26,475</b>	<b>1,69,74,628</b>
<b>Operating profit before working capital changes</b>		
<b>Adjustments for:</b>		
Decrease/Increase in inventories	2,28,81,533	(6,15,599)
Decrease/(increase) in non-current financial assets	(38,210)	41,612
Decrease/(increase) in other current assets	5,02,311	1,69,782
Increase in trade receivables	5,95,90,151	(1,81,21,032)
Increase in trade payables	(5,16,65,812)	2,07,01,268
Increase in non-financial liabilities	-	24,66,000
Increase in provisions-current	(4,71,953)	1,15,451
Increase in other current liabilities	2,36,095	(3,37,630)
<b>Cash generated from operating activities</b>	<b>3,10,60,590</b>	<b>2,13,94,478</b>
Direct Taxes (net)	(12,95,920)	(19,48,839)
<b>Net cash generated from operating activities</b>	<b>2,97,64,670</b>	<b>1,94,45,639</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment	(1,02,81,856)	(1,00,59,335)
Proceeds from disposal of property, plant and equipment	18,90,993	11,74,993
Interest received	4,427	5,780
<b>Net cash used in investing activities</b>	<b>(83,86,436)</b>	<b>(88,78,562)</b>
<b>C Cash flow from financing activities:</b>		
(Repayment)/proceeds of non current borrowings, net	2,05,11,256	-
(Repayment)/proceeds of current borrowings, net	(1,95,41,657)	8,70,701
Interest Paid	(96,48,662)	(1,19,52,631)
<b>Net cash generated from financing activities</b>	<b>(86,79,063)</b>	<b>(1,10,81,930)</b>
Net increase in cash and cash equivalents (A+B+C)	1,26,99,171	(5,14,854)
Cash and cash equivalents at the beginning of the year	1,45,446	6,60,300
Cash and cash equivalents at the end of the year	1,28,44,617	1,45,446

Note :

- Figures in bracket represent cash outflow.
- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

**This is the balance sheet referred to in our report of even date**

**For Pulindra Patel & Co.**  
Chartered accountants  
ICAI Firm Registration No.115187W

**For and on behalf of Board of Directors**

Sd/-  
**Pulindra Patel**  
Proprietor  
Membership No. 048991

Sd/-  
**Ajay R. Gehani**  
Managing Director  
DIN-00062989

Sd/-  
**Arundhati R. Mali**  
Chief Financial Officer  
and Director  
DIN-08353618

Place : Mumbai  
Date : 26th June, 2021

Sd/-  
**Akshay Jain**  
Company Secretary

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021****1 Company Information**

Sovereign Diamonds Limited (the Company) is a public limited company domiciled in India with its registered office located at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai - 400 096. The Company is listed on the Bombay Stock Exchange (BSE). The Company is engaged in manufacturing, selling of Gold Jewellery, Diamond studded Jewellery and silver item.

**2 Basis of Preparation****(i) Compliance with Ind AS**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Employee defined benefit plans, recognised at the net total of the fair value of plan assets and the present value of the defined benefit obligation.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements. Financial statements are presented in ₹ which is the functional currency of the Company and all values are rounded to the nearest paise except when otherwise indicated.

The financial statements of the Company for the year ended 31st March, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 26<sup>th</sup> June, 2021.

**(ii) Historical Cost Convention**

These financial statements are prepared under the historical cost convention unless otherwise indicated.

**(iii) Current versus non current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is :

- \* Expected to be realised or intended to sold or consumed in normal operating cycle.
- \* Held primarily for the purpose of trading
- \* Expected to be realised within twelve months after the reporting period, or
- \* Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**A liability is classified as current when:**

- \* It is expected to be settled in normal operating cycle
- \* It is held primarily for the purpose of trading
- \* It is due to be settled within twelve months after the reporting period, or





- \* There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**3 Key Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect their reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (i) Measurement of defined benefit obligations - Note - 20
- (ii) Measurement and likelihood of occurrence of provisions and contingencies - Note - 24
- (iii) Recognition of deferred tax assets - Note - 3
- (iv) Impairment of tangibles - Note - 1

**4 Significant Accounting Policies**

**(a) Property, Plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on written-down value, computed on the basis of useful lives (as set out below) prescribed in Schedule II the Act:

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

<b>Asset category</b>	<b>Estimated useful life (in years)</b>
Buildings	30
Plant and equipment	15
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computers	3

**De-recognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

**(b) Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

**(c) Financial instruments****Financial assets*****Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

***Subsequent measurement***

- i. Financial instruments at amortised cost – the financial instrument is measured at the amortised cost if both the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows.
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. All the debt instruments of the Company are measured at amortised cost.

***De-recognition of financial assets***

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Financial liabilities*****Initial recognition and measurement***

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

***Subsequent measurement***

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. These liabilities include borrowings.

**De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**(d) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

Trade receivables

The Company applies approach permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

**(e) Inventories**

Raw Material: Lower of cost or net realisable value.

Work in progress, manufactured finished goods and traded goods are valued at lower of cost and net realisable value. Cost of work in progress and manufactured finished goods comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Trading goods are valued at Cost or net realisable value, whichever is lower.

Finished goods: Lower of cost or net realisable value. Cost is determined on FIFO basis, includes direct material and labour expenses and appropriate proportion of manufacturing overheads based on the normal capacity for manufactured goods.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

**(f) Foreign Currency Translation****Initial recognition**

The Company's financial statements are presented in Rupees, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

**Measurement at the balance sheet date**

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**Treatment of exchange difference**

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

**(g) Income taxes**

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income ('OCI') or directly in equity.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income-tax relating to items recognised outside statement of profit and loss (either in OCI or in equity). The company has provided the current tax as per the announcement by The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions defined in the said section.

Deferred income-tax is calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets or liability arising during tax holiday period is not recognised to the extent it reverses out within the tax holiday period. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in OCI or in equity).

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short- term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

**(i) Post-employment, long term and short term employee benefits****Defined contribution plans**

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into funds established under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

**Defined benefit plans**

Gratuity is a post-employment benefit defined under The Payment of Gratuity Act, 1972 and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method



Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**(j) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

**(k) Borrowing costs**

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

**(l) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

**(m) Provisions, contingent assets and contingent liabilities**

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefit is probable, related asset is disclosed.

**(n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(o) Segment Reporting**

There is only one Operating segments i.e Jewellery Manufacturing.

**(p) Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

**Significant management judgements and estimates**

The following are significant management judgements and estimates in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence.

**(q) Revenue recognition****Sales of goods :**

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services. The Company is also engaged in real estate property development, recently.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: Revenue is recognized on satisfaction of performance obligation upon transfer of control of products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company has completed its evaluation of the possible impact of Ind AS 115 and has adopted the standard from 1st April, 2018

**Interest and dividend :**

Interest income is recognised on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive the payment is established. Other income is recognised when no significant uncertainty as to its determination or realisation exists.

**(r) Accounting policy for Lease :****Company as a lessee :**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of lowvalue assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Company as a lessor :**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(s) Operating Segment**

The managing committee is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in IND AS 108. The Operating Segment is the level at which discrete financial information is available. The CODM allocates resources and assess performance at this level. The group has only one operating segment "Manufacturing of Jewellery".



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

**1. Property Plant and Equipment**

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture fixture	Office equipments	Vehicles	Computer	Total
<b>Gross block</b>								
As at 1st April, 2019	48,54,597	2,58,28,556	1,07,99,163	77,07,846	81,18,506	1,54,52,720	12,03,737	7,39,65,125
Additions		53,12,305	15,57,090	11,64,943	18,49,150	-	1,75,847	1,00,59,335
Deduction		-	15,00,000	-	-	77,08,508	-	92,08,508
As at 31st March, 2020	48,54,597	3,11,40,861	1,08,56,253	88,72,789	99,67,656	77,44,212	13,79,584	7,48,15,952
Additions		5,87,075	2,00,980	4,19,906	2,49,332	88,24,563	-	1,02,81,856
Deduction		-	14,25,350	26,15,480	18,44,940	72,79,853	11,23,332	1,42,88,955
As at 31st March, 2021	48,54,597	3,17,27,936	96,31,883	66,77,215	83,72,048	92,88,922	2,56,252	7,08,08,854

Particulars	Freehold Land	Buildings	Plant and machinery	Furniture fixture	Office equipments	Vehicles	Computer	Total
<b>Accumulated depreciation</b>								
As at 1st April, 2019	-	2,04,23,222	44,48,449	42,95,152	42,04,981	1,11,57,909	11,09,238	4,56,38,951
Depreciation charge during the year	-	6,68,175	13,32,423	4,77,992	11,41,241	9,30,443	42,243	45,92,517
Deduction	-	-	12,10,898	-	-	71,76,527	-	83,87,425
As at 31st March, 2020	-	2,10,91,397	45,69,974	47,73,144	53,46,222	49,11,825	11,51,481	4,18,44,043
Depreciation charge during the year	-	2,97,460	15,28,357	7,10,576	11,71,255	6,85,926	1,20,701	45,14,274
Deduction	-	-	14,25,350	26,15,480	18,44,941	50,35,101	11,23,333	1,20,44,205
As at 31st March, 2021	-	2,13,88,857	46,72,981	28,68,240	46,72,536	5,62,649	1,48,849	3,43,14,112
Net carrying amount as at 31st March, 2021	48,54,597	1,03,39,079	49,58,902	38,08,975	36,99,512	87,26,273	1,07,403	3,64,94,742
Net carrying amount as at 31st March, 2020	48,54,597	1,00,49,464	62,86,279	40,99,645	46,21,434	28,32,387	2,28,103	3,29,71,909
Net carrying amount as at 1st April, 2019	48,54,597	54,05,334	63,50,714	34,12,694	39,13,525	42,94,811	94,499	2,83,26,172





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 2. Loans

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Security Deposits	1,21,705	83,495
Other loans and advances		
- Others	2,84,592	2,84,592
<b>Total</b>	<b>4,06,297</b>	<b>3,68,087</b>

## 3. Deferred tax assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred tax asset arising on account of Difference between accounting base and tax base of property, plant and equipment	10,12,473	12,72,984
<b>Total</b>	<b>10,12,473</b>	<b>12,72,984</b>

## 4. Inventories

Particulars	As at 31st March, 2021	As at 31st March, 2020
At lower of cost or net realisable value		
Raw Material	9,85,73,256	11,44,18,738
Finished Goods	43,23,304	80,67,979
Work-In-Progress	7,18,24,833	7,50,95,277
Consumable Spares & Stores	6,62,629	6,83,560
<b>Total</b>	<b>17,53,84,021</b>	<b>19,82,65,554</b>

i) Inventories are as taken, valued and certified by the Management.

## 5. Trade Receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Outstanding for a period exceeding six month from the due date	84,56,116	-
Others	3,07,83,682	9,88,29,949
<b>Total</b>	<b>3,92,39,798</b>	<b>9,88,29,949</b>

## 6. Cash and Cash Equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	9,864	37,223
Bank balances		
- In Current Accounts	1,28,34,753	1,08,223
<b>Total</b>	<b>1,28,44,617</b>	<b>1,45,446</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 7. Other Current assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Loans to Employees	83,500	2,39,500
Prepaid Expenses	5,53,363	4,44,523
Balance with Government Authorities	23,28,202	10,21,461
Others	10,93,312	15,59,280
<b>Total</b>	<b>40,58,377</b>	<b>32,64,764</b>

## 8. Share Capital

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Authorised Share Capital:</b>		
60,00,000 Equity Shares of ₹ 10 each (Previous year 60,00,000 Equity Shares of ₹ 10 each)	6,00,00,000	6,00,00,000
	<b>6,00,00,000</b>	<b>6,00,00,000</b>
<b>Issued, Subscribed &amp; Paid Up :</b>		
57,88,002 Equity Shares of ₹ 10 each (Previous year 57,88,002 Equity Shares of ₹ 10 each)	5,78,80,020	5,78,80,020
<b>Total</b>	<b>5,78,80,020</b>	<b>5,78,80,020</b>

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Equity Shares at the beginning of the year		
- Number of shares	57,88,002	57,88,002
- Amount (₹)	5,78,80,020	5,78,80,020
Add : Addition/(deduction) during the year :		
- Number of shares	-	-
- Amount (₹)	-	-
Equity Shares at the end of the year		
- Number of shares	57,88,002	57,88,002
- Amount (₹)	<b>5,78,80,020</b>	<b>5,78,80,020</b>

(ii) The details of shareholders holding more than 5% shares

Name of Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No of Shares	% held	No of Shares	% held
Ajay Ramesh Gehani	34,76,275	60.06%	34,76,275	60.06%



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 9. Other Equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Capital Reserve</b>		
as per last Balance Sheet	10,09,990	10,09,990
	<b>10,09,990</b>	<b>10,09,990</b>
<b>General Reserve</b>		
as per last Balance Sheet	86,04,077	86,04,077
Add: transferred from profit and loss account	-	-
Add: transfer to fixed assets	-	-
	<b>86,04,077</b>	<b>86,04,077</b>
<b>Surplus in the statement of profit and loss</b>		
as per last Balance Sheet	7,51,69,129	7,47,63,539
Add : Profit/(Loss) for the year	(1,47,46,297)	4,05,589
	<b>6,04,22,832</b>	<b>7,51,69,129</b>
Less : transferred to general reserve	-	-
	<b>6,04,22,832</b>	<b>7,51,69,129</b>
<b>Total</b>	<b>7,00,36,899</b>	<b>8,47,83,196</b>

## 10. Borrowings - Non Current

Particulars	Interest date	Maturity date	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>				
Vehicle loan from (refer note (i))	9.75%	April - 2024	32,61,256	-
term loans from bank Guaranteed Emergency Credit Line (GECL) (refer note (ii))	8.25%	June - 2024	1,72,50,000	-
<b>Total</b>			<b>2,05,11,256</b>	<b>-</b>

(i) Vehicle loans obtained from financial Services are secured against hypothecation of Vehicles.

(iii) Guaranteed Emergency Credit Line (GECL) term Loans obtained from HDFC bank is secured against specific plant and machineries.

## 11. Other Financial Liabilities - Non Current

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposit lease (rent)	39,66,000	39,66,000
<b>Total</b>	<b>39,66,000</b>	<b>39,66,000</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 12. Borrowings - Current

Particulars	Interest date	Maturity date	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>				
Cash credit facilities (refer note (i))	7.25% to 8.45%	February-22	9,33,08,815	11,98,39,216
Vehicle loan from (refer note (ii))	9.75%	April - 2024	12,38,744	-
Guaranteed Emergency Credit Line (GECL) term loans from bank (refer note (iii))	8.25%	June - 2024	57,50,000	-
<b>Total</b>			<b>10,02,97,558</b>	<b>11,98,39,216</b>

- (i) Secured by first hypothecation charges on the entire stocks and book debts and all other current assets both present and future in the name of the company and personal guarantee of directors, Industrial property at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai - 400093.
- (ii) Vehicle loans obtained from financial Services are secured against hypothecation of Vehicles.
- (iii) Guaranteed Emergency Credit Line (GECL) term Loans obtained from HDFC bank is secured against specific plant and machineries.

## 13. Trade Payable

Particulars	As at 31st March, 2021	As at 31st March, 2020
Micro, Small and Medium Enterprises	-	39,36,153
Others	1,34,15,920	6,11,45,579
<b>Total</b>	<b>1,34,15,920</b>	<b>6,50,81,732</b>

## 14. Other Current liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory Dues	6,77,129	5,13,362
Others	11,98,530	11,26,202
<b>Total</b>	<b>18,75,659</b>	<b>16,39,564</b>

## 15. Provisions- Current

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for employee benefits</b>		
Gratuity	14,57,012	19,28,965
<b>Total</b>	<b>14,57,012</b>	<b>19,28,965</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 16. Revenue from Operation :

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Operating Income :</b>		
<b>a) Manufactured Goods :</b>		
Export Sale	4,57,79,116	97,19,708
Local Sales	10,38,85,760	31,46,48,220
<b>Total</b>	<b>14,96,64,876</b>	<b>32,43,67,928</b>

## 17. Other Income

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest Received	4,427	5,780
Rent Received	62,98,100	43,60,090
Miscellaneous Income	-	75,827
Income from disposal of property, plant and equipment	-	3,53,907
<b>Total</b>	<b>63,02,527</b>	<b>47,95,604</b>

## 18. Cost of Material Consumed

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Stock of Raw Materials	11,44,18,738	17,96,37,155
Add : Purchases		
i) Gold	6,42,43,317	9,73,14,449
ii) Diamond	4,13,78,974	16,62,89,579
iii) Precious Stone	3,61,600	4,28,704
iv) Semi Precious Stone	1,20,386	89,412
v) Peral	66,732	23,666
	10,61,71,009	26,41,45,809
Less : Closing stock of Raw Materials	9,85,73,256	11,44,18,738
<b>Total</b>	<b>12,20,16,491</b>	<b>32,93,64,226</b>

## (i) Value of Indigenous and Imported Raw materials Consumed during the year :

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Amount	%	Amount	%
Raw Materials :				
Imported	-	-	-	-
Indigenous	12,20,16,491	100.00%	32,93,64,226	100.00%
<b>Total</b>	<b>12,20,16,491</b>	<b>100.00%</b>	<b>32,93,64,226</b>	<b>100.00%</b>


**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**19. Changes in Inventories of Finished Goods**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Stock :		
- Finished Goods	80,67,979	73,04,065
- Work-In-Progress	7,50,95,277	1,01,74,064
	<b>8,31,63,256</b>	<b>1,74,78,129</b>
Less : Closing Stock :		
- Finished Goods	43,23,304	80,67,979
- Work-In-Progress	7,18,24,833	7,50,95,277
	<b>7,61,48,136</b>	<b>8,31,63,256</b>
<b>Total</b>	<b>70,15,120</b>	<b>(6,56,85,127)</b>

**20. Employee Benefit Expenses**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Salaries and Wages	75,27,151	1,34,99,212
Directors Remuneration	33,35,000	36,00,000
Contribution to Gratuity & Other Fund	11,42,300	14,62,826
Staff Welfare Expenses	7,47,292	8,46,976
<b>Total</b>	<b>1,27,51,743</b>	<b>1,94,09,014</b>

(i) As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below :

Defined Contribution Plan :

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contribution to Provident fund	7,70,016	8,86,285
ESIC and Labour welfare fund	24,116	1,24,044

Defined Benefit Plan

Gratuity and Leave Encashment:

The Company makes partly annual contribution to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days service for each completed year of service or part thereof depending on the date of joining. The benefit vests after five years of continuous service.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	Gratuity	
	31st March, 2021	31st March, 2020
<b>a) Reconciliation of opening and closing balances of Defined Benefit Obligation</b>		
<i>Defined Benefit Obligation at beginning of the year</i>	19,28,965	18,13,513
Current Service Cost	1,34,444	1,59,861
Interest Cost	1,10,368	1,85,635
Benefits Paid	(5,97,431)	(1,67,180)
Actuarial (Gain) / Loss	(1,19,334)	(62,864)
<i>Defined Benefit Obligation at year end</i>	<b>14,57,012</b>	<b>19,28,965</b>
<b>b) Reconciliation of opening and closing balances of fair value of Plan Assets</b>		
<i>Fair value of Plan Assets at beginning of year</i>	10,03,692	11,23,439
Expected Return on Plan Assets	58,254	73,247
Actuarial Gain / (Loss)	22,347	(14,249)
Employer Contribution	3,11,000	-
Benefits Paid	(5,97,431)	(1,67,180)
Admin expenses /Taxes paid from plan assets	(15,800)	(11,565)
<i>Fair value of Plan Assets at year end</i>	<b>7,82,062</b>	<b>10,03,692</b>
Actual return on Plan Assets	80,601	58,998
<b>c) Reconciliation of fair value of Assets and Obligations</b>		
Fair value of Plan Assets	7,82,062	10,03,692
Present value of Obligation	14,57,012	19,28,965
Net asset/(liability) recognized in Balance Sheet	<b>(6,74,950)</b>	<b>(9,25,273)</b>
<b>d) Expenses recognised during the year</b>		
<i>In Income Statement</i>		
Current Service Cost	1,34,444	1,59,861
Interest Cost	1,10,368	1,85,635
Administrative Expenses/Taxes/Insurance Cos	15,800	11,565
Return on Plan Assets	(58,254)	(73,247)
<i>Net Cost</i>	<b>2,02,358</b>	<b>2,83,814</b>
<i>In Other Comprehensive Income</i>		
Actuarial (Gain) / Loss	(1,19,334)	(62,864)
Return On Plan Assets	(22,347)	14,249
<i>Net (Income)/ Expense for the period Recognised in OCI</i>	<b>(1,41,681)</b>	<b>(48,615)</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	Gratuity	
	31st March, 2021	31st March, 2020
<b>e) Remeasurement effects recognized in other comprehensive Income</b>		
Actuarial (gain)/losses due to demographic assumption changes in DBO	-	-
Actuarial (gain)/losses due to financial assumption changes in DBO	(39,156)	(9,30,628)
Actuarial (gain)/losses due to experience on DBO	(80,178)	8,67,764
Return on Plan Assets (Greater)/less than Discount rate	(22,347)	14,249
Total actuarial (gain)/loss included in OCI	<b>(1,41,681)</b>	<b>(48,615)</b>
<b>Defined Benefit Cost</b>		
Cost Recognised in P&L	2,02,358	2,83,814
Remeasurement Effect Recognised in OCI	(1,41,681)	(48,615)
Total Defined Benefit Cost	<b>60,677</b>	<b>2,35,199</b>
Amount not recognised as an assets	-	-
<i>Net Expenses OCI</i>	<b>60,677</b>	<b>2,35,199</b>
Remeasurement of the net defined benefit plans:		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	-	-
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(39,156)	(9,30,628)
Actuarial (Gain)/ Losses due to Experience on DBO	(80,178)	8,67,764
Return on Plan Assets (Greater) / Less than Discount rate	(22,347)	14,249
Total Accrual Gain / Loss included in Other Comprehensive Income	<b>(1,41,681)</b>	<b>(48,615)</b>

Assumptions	Gratuity	
	31st March, 2021	31st March, 2020
Discount Rate	6.77%	6.35%
Expected return on assets	6.77%	6.35%
Salary Escalation	5.00%	5.00%
Attrition Rate	11.81%	11.81%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 21. Finance Cost

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest expenses	96,48,662	1,19,52,631
<b>Total</b>	<b>96,48,662</b>	<b>1,19,52,631</b>

## 22. Other Expenses

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Manufacturing Expenses</b>		
Consumption of Tools	14,72,439	18,66,421
Assortment, Certification, Designing Charges	23,553	1,45,909
Electricity Charges	5,08,535	10,48,396
Labour Charges	15,10,091	10,79,570
Repairs to Building & Machinery	45,000	1,55,000
<b>Selling &amp; Distribution Expenses</b>		
Advertisement Expenses	39,202	42,786
Clearing & Forwarding Charges	5,42,986	1,86,047
Commission / Brokerage	0	9,11,000
Exhibition Expenses	0	45,80,416
Sales Promotion	21,16,974	25,11,980
<b>Establishment Expenses</b>		
Bank Charges	3,65,625	15,12,660
Professional Charges	6,78,673	12,92,673
General Expenses	13,44,638	12,55,143
Insurance	8,78,959	15,01,427
Rates & Taxes	3,18,972	5,82,617
Travelling & Conveyance Expenses	12,58,662	57,35,199
Payment to Auditors	1,75,000	1,75,000
Donation	2,05,000	3,77,000
Printing & Stationery	1,18,500	1,54,659
Repairs & Maintenance (Others)	3,32,382	4,41,185
Security Expenses	10,49,707	15,23,086
Telephone Expenses	1,30,648	1,92,485
Vehicle Expenses	7,55,068	13,64,741
Director Sitting Fees	82,500	1,12,500
Net loss on foreign currency transaction and translation	3,01,732	17,433
Loss on sales of Property, plant and equipment	3,53,752	-
<b>Statutory Expenses</b>		
Profession Tax	2,500	2,500
Sales & Other	37,484	21,883
<b>Total</b>	<b>1,46,48,582</b>	<b>2,87,89,716</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 23. Current tax

## (a) Income-tax expense through the statement of profit and loss

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Current tax :</b>		
Current tax on profits for the year	-	2,96,102
	-	<b>2,96,102</b>
<b>Deferred tax:</b>		
In respect of current year origination and reversal of temporary differences	2,60,511	87,476
	<b>2,60,511</b>	<b>87,476</b>
<b>Total tax expense</b>	<b>2,60,511</b>	<b>3,83,578</b>

## (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Accounting profit before income-tax :</b>	(1,46,27,468)	7,40,554
Applicable Indian statutory income-tax rate	25.168%	25.168%
Computed expected tax expense	-	1,86,382
<i>Tax effect of :</i>		
Expenses disallowed	-	13,25,088
Expenses allowed	-	(11,99,784)
Effect of deductible expenses	-	(15,584)
Excess tax adjustment	-	-
<b>Current tax provision</b>	-	<b>2,96,102</b>
Incremental deferred tax liability on account of tangible and intangible assets	2,60,511	87,476
<b>Deferred tax provision</b>	<b>2,60,511</b>	<b>87,476</b>
<b>Income-tax expense reported in the statement of profit and loss (net)</b>	<b>2,60,511</b>	<b>3,83,578</b>
At the effective income tax rate of Nil % (31st March 2021 : 51.80%)	2,60,511	3,83,578

## 24 Contingent Liabilities not Provided for :

- The company have deposited a sum of ₹5,59,591/- with Bombay High Court towards the recovery suit pending against the company. The Company have provided a sum of ₹2,75,000/- in the account & balance amount of ₹2,84,591/- is kept as deposit with Honourable High Court. This is pending since year 1993.
- The Bombay Stock Exchange has imposed a fine of ₹ 1,08,560/- including Goods and Service Tax for non appointment of compliance officer by the Company. The Company is liable to pay ₹ 1000/- per day for the fine to the The Bombay Stock Exchange for continuous default.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

**25 Related Party Disclosures :**

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below :

- a) List of related parties where control exists and related parties with whom transactions have taken place and relationships :

Sr. No.	Name of the Related Party	Relationship	
1	Universal Jewellery Ltd.	Associates	
2	Sovereign Jewellery Pvt. Ltd.		
3	Ras Family Trust		
4	R. B. Hotchand Hiranand Foundation		
5	Mr. Ajay R. Gehani	Managing Director	Key Managerial Personnel
6	Mrs. Arundhati Mali	Director	
7	Mrs. Deepika A. Gehani	Chief Financial Officer/Director	
8	Mr. Sanjay R. Gehani	Brother of Director	
9	Mrs. Rani R. Gehani	Mother of director	

- b) Details of transaction between the Company and its related parties are disclosed below:

Sr. No.	Nature of Transactions	Associates		Key Managerial Personnel	
		31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
<b>Transactions during the year</b>					
i)	<b>Professional Charges paid :</b> Mrs. Arundhati Mali	-	-	2,65,000	3,17,500
ii)	<b>Reimbursements:</b> Mrs. Arundhati Mali Mr. Ajay R. Gehani	-	-	5,29,769 76,600	5,44,246 -
iii)	<b>Purchase of goods :</b> Sovereign Jewellery Pvt. Ltd.	50,105	52,188		
iv)	<b>Remuneration paid :</b> Mr. Ajay R. Gehani	-	-	33,35,000	36,00,000

Sr. No.	Nature of Transactions	Associates		Key Managerial Personnel	
		31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
<b>Balance outstanding at the year end</b>					
i)	<b>Other current liabilities - remuneration :</b> Mr. Ajay R. Gehani			-	2,38,360
ii)	<b>Professional Charges payable :</b> Mrs. Arundhati Mali			-	18,000

\* Keyman Insurance Premium of ₹ 3,50,000/- paid for a Director is not included in above.

\* Medclaim premium paid ₹ 71,222/- paid for Director is not included above.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

## 26 Earning per Shares (EPS)

Particulars		As at 31st March, 2021	As at 31st March, 2020
i)	Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(1,48,87,979)	3,56,975
ii)	Weighted Average number of Equity Shares used as denominator for calculating Basic Earnings per share	57,88,002	57,88,002
iii)	Weighted Average number of Equity Shares used as denominator for calculating Diluted Earnings per share	57,88,002	57,88,002
iv)	Basic Earnings per Share (₹)	(2.57)	0.06
v)	Diluted Earnings per Share (₹)	(2.57)	0.06
vi)	Face Value per Equity Shares	10	10

## 27 Financial Instruments / Forward Contracts :

## Unhedged foreign currency exposure :

Particulars		As at 31st March, 2021		As at 31st March, 2020	
		US \$	Amount (₹)	US \$	Amount (₹)
i)	Outstanding Receivables	Nil	Nil	Nil	Nil
ii)	Outstanding creditors for goods and spares	Nil	Nil	Nil	Nil
iii)	Post shipment credit in foreign currency with Bank	Nil	Nil	Nil	Nil

## 28 Payment to Auditors as:

## Particulars

Particulars		As at 31st March, 2021	As at 31st March, 2020
i)	As Auditors	68,940	68,940
ii)	Tax Audit Fees	56,500	56,500
iii)	Others	49,560	49,560
<b>Total</b>		<b>1,75,000</b>	<b>1,75,000</b>


**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**
**29 Micro, Small and Medium Enterprises :**

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2021. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars		As at 31st March, 2021	As at 31st March, 2020
a)	The principal amount remaining unpaid to any supplier at the end of the year	-	39,36,153
b)	Interest due remaining unpaid to any supplier at the end of the year		
c)	The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	2,90,783	97,753
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	6,33,693	6,49,188
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 30 Fair Value Measurement

#### i) Financial Instruments by Cartagory :

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial assets :</b>				
Loans				
- security deposits	-	1,21,705	-	83,495
- other body corporates	-	2,84,592	-	2,84,592
Trade receivables	-	3,92,39,798	-	9,88,29,949
Cash and cash equivalents	-	1,28,44,617	-	1,45,446
<b>Total</b>	<b>-</b>	<b>5,24,90,711</b>	<b>-</b>	<b>9,93,43,481</b>
<b>Financial Liabilities</b>				
Borrowings	-	12,08,08,815	-	11,98,39,216
Other financial liabilities		39,66,000		39,66,000
Trade payables	-	1,34,15,920	-	6,50,81,732
<b>Total</b>	<b>-</b>	<b>13,81,90,734</b>	<b>-</b>	<b>18,88,86,948</b>

a) The carrying value of trade receivables, securities deposits, insurance claim receivable, loans given, cash and bank balances and other financial assets recorded at amortised cost, is considered to be a reasonable approximation of fair value.

b) The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

### 31 Financial Risk Management

#### ii) risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Mix of borrowings taken at fixed and floating rates
Market risk - gold prices	Payables linked to gold prices	Sensitivity analysis	The gold is purchase at the prevailing price from nominated agencies.
Market risk - security price	Investments in equity securities	Sensitivity analysis	Portfolio diversification



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

The Company's risk management is carried out by a central treasury department of the Company under policies approved by the Board of Directors. The Board of Directors provide written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, market risk, credit risk and investment of excess liquidity.

### A) Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks and financial institutions, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, mutual funds, bank deposits, loans and derivative financial instruments is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provides for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

Detail of trade receivables that are past due is given below:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Not due	1,62,48,012	7,27,02,177
0-30 days past due	1,28,63,412	2,61,27,772
31-60 days past due	5,86,902	-
61-90 days past due	-	-
More than 90 days past due	95,41,472	-
<b>Total</b>	<b>3,92,39,798</b>	<b>9,88,29,949</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Expiring within one year (bank overdraft and other facilities)	10,02,97,558	11,98,39,216
Expiring beyond one year (bank loan)	2,05,11,256	-
<b>Total</b>	<b>12,08,08,815</b>	<b>11,98,39,216</b>

### Contractual maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

As at 31st March, 2021	Payable on demand	Less than 1 year	Less than 1-2 year	Less than 2-3 year	More than 3 year	Total
Non-derivatives						
Borrowings	9,33,08,815	69,88,744	91,49,914	93,01,172	20,60,171	12,08,08,815
Trade payable	-	1,34,15,920	-	-	-	1,34,15,920
Other financial liabilities	-	-	-	-	39,66,000	39,66,000
<b>Total</b>	<b>9,33,08,815</b>	<b>2,04,04,663</b>	<b>91,49,914</b>	<b>93,01,172</b>	<b>60,26,171</b>	<b>13,81,90,734</b>

As at 31st March, 2020	Payable on demand	Less than 1 year	Less than 1-2 year	Less than 2-3 year	More than 3 year	Total
Non-derivatives						
Borrowings	11,98,39,216	-	-	-	-	11,98,39,216
Trade payable	-	6,50,81,732	-	-	-	6,50,81,732
Other financial liabilities	-	-	-	-	39,66,000	39,66,000
<b>Total</b>	<b>11,98,39,216</b>	<b>6,50,81,732</b>	<b>-</b>	<b>-</b>	<b>39,66,000</b>	<b>18,88,86,948</b>

### C) Market risk - foreign exchange

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company, as per its overall strategy, uses forward contracts to mitigate its risks associated with fluctuations in foreign currency, and such contracts are not designated as hedges under Ind AS 109. The Company does not use forward contracts and swaps for speculative purposes.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Below is the summary of Expenditure In Foreign Currency:

Particulars	As at 31st March, 2021	As at 31st March, 2020
i) Expenditure		
a) Foreign Travels	Nil	15,05,365
b) Exhibition Charges	Nil	28,37,131

Below is the summary of Earnings In Foreign Exchange:

Particulars	As at 31st March, 2021	As at 31st March, 2020
i) F.O.B.Value of Exports	4,57,79,116	95,11,986

### D) Interest rate risk

#### i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31st March 2021, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Variable rate borrowing	9,33,08,815	11,98,39,216
Fixed rate borrowing	69,88,744	-
<b>Total Borrowings</b>	<b>10,02,97,558</b>	<b>11,98,39,216</b>

#### Sensitivity

The sensitivity to profit or loss in case of a reasonably possible change in interest rates of +/- 50 basis points (previous year: +/- 50 basis points), keeping all other variables constant, would have resulted in an impact on profits by ₹ 4,34,624/- (previous year ₹ 5,38,407/-).

#### ii) Assets

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### E) Price risk

#### Sensitivity

The sensitivity to profit or loss in case of an increase in price of the instrument by 5% keeping all other variables constant would have resulted in an impact on profits by ₹74,83,244/- (previous year ₹1,62,18,396/-).

#### Exposure from trade payables:

The Company's exposure to price risk also arises from trade payables of the Company that are at unfixed prices, and, therefore, payment is sensitive to changes in gold prices. The option to fix gold prices are classified in the balance sheet as fair value through profit or loss. The option to fix gold prices are at unfixed prices to hedge against potential losses in value of inventory of gold held by the Company.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

The Company applies fair value hedge for the gold purchased whose price is to be fixed in future. Therefore, there will no impact of the fluctuation in the price of the gold on the Company's profit for the period.

### 32 Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

The Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>(a) Gearing Ratio</b>		
Net debts	12,08,08,815	11,98,39,216
Total equity	12,79,16,919	14,26,63,216
<b>Gearing Ratio</b>	<b>94.44%</b>	<b>84.00%</b>
<b>(b) Dividends</b>		
(i) Equity shares		
Final dividend for the year ended 31 March 2021	-	-
Final dividend for the year ended 31 March 2020	-	-
(ii) Dividends not recognised at the end of the reporting period	-	-

33 The previous year's figures have been regrouped and rearranged wherever necessary to make in compliance with the current financial year.

34 While verifying the physical stock on 5th July, 2019 the management realized shortage of Gold as compared to stock as per books. The management suspected an old employee of the Company who misappropriated certain quantity of stock. An old employee also confessed before management his misappropriation of Gold. The management lodged police complaint against old employee. The Police Department is inquiring and trying to recover as much as possible from said employee. The Case is Before Honorable Metropolitan Magistrate Court No. 22 at Andheri - Compliant No. 131/2019.

The loss arising on account of this misappropriation is at 900 gms of gold value about ₹ 30,00,000/- has been charged to profit and loss account during the year.

**35 Transition of Ind As 116 :****Company as a lessor:**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**36 COVID- 19 effects and assessment :**

The COVID-19 pandemic is rapidly spreading throughout the world. The operations of the company were impacted, due to shutdown of plants and offices following lockdown as per directives from the Government of India.

The Company has resumed its operation and started manufacturing facilities in phased manner as per the directives the Government of India. The Company is adhering to COVID-19 guidelines issued by the Government of India, State Government and the Local Authorities for its operations.

As the business situation is very dynamic, the company is closely monitoring it. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The company has taken into consideration the impact in its financial statements as at 31st March, 2021. The Company will continue to monitor any material changes to future economic conditions.

**This is the balance sheet referred to in our report of even date**

**For Pulindra Patel & Co.**  
**Chartered accountants**  
**ICAI Firm Registration No.115187W**

**For and on behalf of Board of Directors**

**Sd/-**  
**Pulindra Patel**  
**Proprietor**  
**Membership No. 048991**

**Sd/-**  
**Ajay R. Gehani**  
**Managing Director**  
**DIN-00062989**

**Sd/-**  
**Arundhati R. Mali**  
**Chief Financial Officer**  
**and Director**  
**DIN-08353618**

**Place : Mumbai**  
**Date : 26th June, 2021**

**Sd/-**  
**Akshay Jain**  
**Company Secretary**

**SOVEREIGN DIAMONDS LIMITED**

Sovereign House,  
11-A, Mahal Industrial Estate,  
Mahakali Caves Road,  
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