



Sovereign®

Diamonds Ltd. Since 1974



49th
ANNUAL REPORT
2022 - 2023

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2022 - 2023

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. J. D. Zatakia & Co.
Chartered Accountants

Secretarial Auditors:

M/s. P. P. Shah & Co.
Practicing Company Secretaries

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REGISTERED OFFICE

Sovereign House,
11-A, Mahal Industrial Estate,
Mahakali Caves Road, Andheri (East)
Mumbai: 400 093
Ph No: 022 4979 5491
CIN: L36912MH1974PLC017505
Email: agehani66@gmail.com

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 2820 7203 – 05
Email: info@unisec.in

49TH ANNUAL GENERAL MEETING

On Saturday, 16th September, 2023 at
11.00 a.m. through video conferencing



NOTICE

NOTICE is hereby given that the Forty – Ninth Annual General Meeting of the members of **SOVEREIGN DIAMONDS LIMITED** will be held on Saturday, 16th September, 2023 at 11.00 a.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Annual Financial Statements of the Company for the financial year ended 31st March, 2023 and the Reports of the Board of Directors and the Auditors' thereon.
2. To appoint a Director in place of Mr. Ajay Gehani (DIN No.: 00062989), who retires by rotation and being eligible, offers himself for re-appointment.

NOTES:

General Instructions for Accessing and participating in the 49th AGM through VC / OAVM Facility and Voting through Electronic means including Remote E- Voting.

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the businesses mentioned in the accompanying Notice is not required to be annexed.
2. Pursuant to the General Circulars 10/2022 dated 28th December, 2022, other circulars issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/PoD-2/P/ CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
3. **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 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.
4. 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 AGM. The proceedings of the AGM will be web-casted live for all the shareholders who hold shares as on cut-off date i.e. Saturday, 9th September, 2023. The shareholders can visit <https://www.evotingindia.com> and login through user id and password to watch the live proceedings of the AGM on Saturday, 16th September, 2023 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.



5. The members can join the AGM 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in this Notice. The facility to join the AGM will be made available for 1,000 members on first come first serve 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 AGM without restriction on account of first come first serve basis.
6. 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 AGM.
7. 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, 9th September, 2023 to Saturday, 16th September, 2023 (both days inclusive).
8. The attendance of the Members attending the AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
9. 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 AGM.
10. 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.
11. 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.
12. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2022 – 23 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 AGM has been uploaded on the website of the Company at <https://www.sovereigndiamondsltd.com/investor-relations>. The Notice can also be accessed from the website of the Stock Exchanges i.e. BSE Limited at <https://www.bseindia.com/stock-share-price/sovereign-diamonds-ltd/soverdia/523826/corp-announcements/> or will be made available if a request is sent to the Company at 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.
13. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective Depository Participant, and members holding shares in physical mode are requested to update their email addresses with the Company's Registrar and Share Transfer Agent i.e. Universal Capital Securities Private Limited so that they can receive Annual Report 2022 – 23 and any other communication by the Company from time to time in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report, obtain other communication from time to time as well as updating bank account details.



❖ **Physical Shareholders:**

For availing the following investor services, send a written request in the prescribed forms to the Company's Registrar and Share Transfer Agent i.e. Universal Capital Securities Private Limited either by email at gamare@unisec.in or by post to C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083.

Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode	Form ISR – 1
Update of signature of securities holder	Form ISR – 2
For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014	Form SH – 13
Declaration to opt out	Form ISR – 3
Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee	Form SH – 14
Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form	Form ISR – 4

❖ **Demat Shareholders:**

Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.

This will enable them to receive communication by the Company from time to time 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.

14. **SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by 1st October, 2023, and linking PAN with Aadhaar by 30th June, 2023 vide its circular dated 3rd November, 2021, 15th December, 2021 and 16th March, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's registrars and share transfer agent i.e. M/s. Universal Capital Securities Private Limited by email at gamare@unisec.in or by post to C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083.**

Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s).

In case a holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, our registrars and share transfer agents are obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on 31st December, 2025, the registrar and share transfer agent / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

15. As per Regulation 40 of the SEBI (LODR) Regulations, 2015, as amended, securities of listed companies can only be transferred in demat form. 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.

16. Information about additional details of the Directors along with their brief profile who are seeking re-appointment as set out at Item No. 2 of the Notice dated 27th May, 2023 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:

	Seeking re-appointment at Item No. 2 of the Notice
Name	Mr. Ajay R. Gehani
Director Identification Number (DIN)	00062989
Date of Birth	18/05/1966
Nationality	Indian
Date of Appointment on Board	24 th November, 1984
Qualifications	B. Com, G.G.(GIA)
Shareholding in Sovereign Diamonds Limited	34,76,275 equity shares
In case of Non Executive Director the shareholding including shareholding as Beneficial Owner.	N.A.
Expertise in specific functional areas	Jewellery designing and manufacturing of diamond jewellery, marketing of jewellery in domestic and international market, both.
Terms and Conditions of reappointment	Seeking re-appointment after retiring by rotation; On re-appointment, he will assume office on same terms as previously approved by members in 48 th AGM held on 8 th September, 2022.
Relationships with other Director / Key Managerial Personnel	Not related to any Director
Number of meetings of the board attended during the financial year (2022-23)	4
Directorships in other Public Limited Companies along with listed entities from which the person has resigned in the past three years.	Nil
Memberships of Committees in other Public Limited Companies (includes only Audit & Shareholders / Investors Grievances Committee)	Nil
In case of Independent Directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.	N.A.

17. As the 49th 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:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- i) The voting period begins on Wednesday, 13th September, 2023 and ends on Friday, 15th September, 2023. 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, 9th September, 2023 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 9th December, 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.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 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 **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL 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 URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.



Type of shareholders	Login Method
	<p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>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: https://eservices.nsd.com 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 & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/ideasDirectReg.jsp</p>



Type of shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ 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 Depository Participants	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 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 CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders & shareholders holding shares in physical form.**
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on "Shareholders" module.
 - 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,



- c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

PAN	<p>For Shareholders holding shares in Demat Form other than individual shareholders and shareholders holding shares in physical form</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"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- a) After entering these details appropriately, click on "SUBMIT" tab.
- b) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- c) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- d) Click on the EVSN for the "**SOVEREIGN DIAMONDS LIMITED**" on which you choose to vote.
- e) 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.
- f) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- g) 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.



- h) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- i) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- j) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

vi) Additional 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 and register themselves in the ‘Corporate’ module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution under Section 113 of the Companies Act, 2013 and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual 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 i.e. M/s. P. P. Shah & Co. Practicing Company Secretaries at shahpradipcs@gmail.com and to the Company at the email address viz; agehani66@gmail.com or akshayjain1101@gmail.com, 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 atleast **2 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The members who do not wish to speak during the AGM but have queries may send their queries in advance atleast **2 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
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 THOSE SHAREHOLDERS WHOSE EMAIL / MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY / DEPOSITORIES.

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 update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400013 or send an email to helpdesk.evoting@cdslindia.com or call on toll free no. 1800 22 55 33.

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, 9th September, 2023 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 AGM, first download the votes cast at the 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 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 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 Company at www.sovereigndiamondsltd.com and the website of CDSL at www.evotingindia.com within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to BSE Limited and will be available on their website at www.bseindia.com, 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: 27th May, 2023



BOARD'S REPORT

TO THE MEMBERS OF
SOVEREIGN DIAMONDS LIMITED

The Directors take pleasure in presenting the Forty – Ninth Annual Report together with the Audited Annual Financial Statements for the financial year ended 31st March, 2023. 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 2022 – 23 are tabulated below:

Particulars	(Rs. in Lakhs)	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Income from Operations	2780.73	2291.27
Other Income	126.09	65.69
Total Income	2,906.82	2,356.95
Expenditure	2,551.02	2,088.90
Interest	113.71	88.47
Depreciation	49.30	49.03
Total Expenditure	2,714.03	2,226.39
Net Profit Before Tax	192.78	130.56
Provision for Taxation	48.00	(0.55)
(Add) / Less : Deferred Tax	3.67	(2.20)
Short / (Excess) Provision of earlier Years	0.00	0.00
Net Profit After Tax	141.11	133.31
Other Comprehensive Income	(0.28)	(0.81)
Total Comprehensive Income	140.83	132.50
Balance brought forward from last year	736.73	604.22
Transfer to General Reserve	0.00	0.00
Balance carried forward to the Balance Sheet	877.56	736.73

There was no revision in the Financial Statements.

2. HIGHLIGHTS OF PERFORMANCE:

- Total turnover for the year was Rs. 2,780.73 Lakhs as compared to Rs. 2,291.26 Lakhs in 2021 – 22 i.e. an increase by 21.36%.
- Total profit before tax for the year was Rs. 192.78 Lakhs as compared to profit before tax of Rs. 130.56 Lakhs in 2021 – 22 i.e. an increase by 47.66%.

3. BUSINESS OPERATIONS:

Your Company has continued its bank finance usage to just 11.00 Crores with HDFC Bank. This was done mainly to keep fiancé costs lower. From this loan – your company is regularly re paying back the monthly installments of Guaranteed Emergency Credit Line (GECL). This will bring down the finance cost considerably and GECL loan will be NIL by June 2024.

Generally, world markets are still recovering from Covid and economic issues everywhere. This has added to Europe's problem, which is our major exports market



and all basic essential items prices have increased due to inflation. Accordingly, your Company has chosen to reduce its exposure to such volatile markets. We have fulfilled important customer orders. Most of business in the last 12 months have been from domestic sales where your Company feels to have a stronger hold over the clients and their preferences. The Company feels India is safe and with its quality being accepted well by retailers alongwith its own direct clients, the Company is more comfortable to grow the business in India. The Company has managed to grow its sales by over 21.36% compared to last year.

Interest rates were raised by our Banks 3-4 times in 2022-23. This has affected our finance costs and profitability. However, the Company's business model can sustain this increase. The Company's labour charges has been increasing. Gold prices globally and in India have increased. As of 31st March 2023, gold is more than Rs. 60,000/- for 10 grams which is considerably high.

Trials conducted for new designs were very successful. They were well accepted.

There was no change in nature of business of your Company, during the year under review.

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. TRANSFER TO RESERVES:

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

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. 31st March, 2023 and date of this report i.e. 27th May, 2023.

7. SHARE CAPITAL:

The paid up equity share capital as on 31st March, 2023 was Rs. 578.80 lakhs. During the financial 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 equity 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 No.: 00062989), Managing Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, 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, Chairman and Managing Director
2. Mrs. Arundhati Mali, Director – CFO
3. Mr. Akshay Jain, Company Secretary and Compliance Officer

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 45th Annual General Meeting of the Company held on 16th 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. The same has been posted on the website of the Company i.e. <https://www.sovereigndiamondsltd.com/investor-relation>.

8.6 Board Meetings:

During the financial year your Company has held 4 (Four) Board Meetings which were held on 21st May, 2022, 9th August, 2022, 11th November, 2022 and 10th February, 2023.



The maximum interval between any two meetings does not exceed 120 days. As per Section 167 (1) (b), all the directors have attended at least one Board Meeting held during the financial year.

9. PARTICULARS OF EMPLOYEES:

During the financial 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 31st March, 2023, 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 31st March, 2023 and of the profit 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, amongst 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 2022 – 23.

**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, INVESTMENTS OR SECURITY:

The Company has not made any investments or given any guarantees or securities against loans given under the provisions of Section 186 of the Companies Act, 2013. The details of loans given are given in the Notes to the Annual Financial Statements attached to this report.

15. RELATED PARTY TRANSACTIONS:

A Related Party Policy has been adopted by the Board of Directors at its meeting held on 13th 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. The said policy may be referred to, at your Company's official website at the web link https://www.sovereigndiamondsltd.com/_files/ugd/587402_01dd7de932a44a2e91f750a22369ba1c.pdf 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 risks to the business of your Company are as follows:

- a. Foreign Exchange Risk
- b. Gold Price Risk
- c. Stiff Competition
- d. 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 is favourable / unfavourable to your Company. The nature of risk is dynamic of business and entrepreneurship. In the opinion of the Board, there are no risks which shall threaten the existence of the Company.



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. Details of the Whistle Blower Policy have been disclosed on your Company's website at https://www.sovereigndiamondsltd.com/_files/ugd/587402_d8991c4591dc47beb2460f412d1ed2da.pdf

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:

The members of the M/s. J. D. Zatakia & Co., Chartered Accountants are the statutory auditors of the Company at its 48th Annual General Meeting held on 8th September, 2022 for a term of 5 years. They shall hold office of statutory auditors from the conclusion of 48th AGM till the conclusion of 53rd AGM and shall pursue statutory audit for 5 financial years beginning from 31st March, 2023.

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. In view of the same M/s J. D. Zatakia & Co., Chartered Accountants will continue to act as Statutory Auditors of the Company for Financial Year 2023 – 24.

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 are no qualification, reservation or adverse remark made by the statutory auditors in their Audit 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 31st March, 2023.

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. 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 3rd 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."

B. 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.

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

During the financial year under review, neither the statutory auditors nor the secretarial auditors have reported to the Audit Committee of the Board, under Section 143 (12) of the Act, any instances of fraud committed against your Company by its officers or employees, the details of which would need to be mentioned in this Report.

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 and 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 31st March, 2023 is annexed herewith as “**Annexure D**”.

26. GREEN INITIATIVES:

In view of Covid 19 pandemic, the Ministry of Corporate Affairs vide its circular no. 17 / 2020 dated 13th April, 2020, circular no. 20 / 2020 dated 5th May, 2020 and circular No. 10/2022 dated 28th December, 2022 and SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and no. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023 has dispensed with the requirement of sending hard copy of full annual report to the shareholders.

Electronic copies of the annual report for the financial year 2022 – 23 and notice of the 49th Annual General Meeting (AGM) are sent to all members whose email addresses are registered with your Company / Depository Participant(s).

Electronic copies of the annual report for the financial year 2022 – 23 and notice of the 49th Annual General Meeting (AGM) 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 49th Annual General Meeting. Alternatively, they are requested to download the copy of the Annual Report from the website of the Company i.e. www.sovereigndiamondsltd.com or from the website of BSE Limited i.e. www.bseindia.com or write to the Company at agehani66@gmail.com or akshayjain1101@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.

27. 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.



28. 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 crores and Net worth not exceeding Rs. 25 Crores, 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 31st March, 2023 and reserves and surplus is Rs. 9.73 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.

29. 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 1st April, 2022 and no complaint has been raised during the financial year ended 31st March, 2023.

30. MD AND CFO CERTIFICATION:

A certificate from Mr. Ajay Gehani, Chairman and Managing Director and Mrs. Arundhati Mali, Director and CFO, pursuant to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year under review was placed before the Board of Directors of your Company at its meeting held on 27th May, 2023. The certificate is attached and form part of this Report.

**31. 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.

32. INSOLVENCY AND BANKRUPTCY CODE:

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

33. ONE TIME SETTLEMENT WITH BANKS:

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

34. 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.

35. 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: 27th May, 2023**

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

**Sd/-
Arundhati Mali
Director & CFO
DIN: 08353618**



MANAGEMENT DISCUSSION & ANALYSIS REPORT

➤ **Indian Economy:**

There is a fall in demand for polished diamonds from US and China. The auctions in Belgium and Dubai have been cancelled as Indian buyers are not keen to participate unless demand goes up.

❖ **India:**

The year 2022 was memorable for India as the nation celebrated its 75th year of independence while claiming its place as the world's fifth-largest economy, boasting a nominal GDP of \$3.5 trillion. According to CSO estimates, the Indian economy grew by 7.2%, the fastest among major economies, driven by strong domestic private consumption, government expenditure on infrastructure and a favourable investment climate. Although India, too, faced high inflation, the Reserve Bank of India undertook a series of policy rate hikes to bring it down within its comfort range. Despite the challenges of higher oil prices leading to increased import bills and trade deficits, concerns about the current account deficit and its financing has eased over time

❖ **Gold:**

India's formidable position as the second-largest gold market, where an impressive 70% of the demand is attributed to exquisite jewellery, underscores the immense growth opportunities awaiting the organised retail segment. It is also the third-highest component of retail consumption in India.

❖ **Outlook:**

India's economy has displayed remarkable resilience amidst global challenges, positioning itself as the frontrunner in growth among major economies. The latest economic survey anticipates a substantial GDP growth rate of 6.5% in FY24, further consolidating India's impressive growth trajectory.

❖ **Domestic Jewellery Industry updates demand:**

Market Size

The Indian jewellery retail sector is currently valued at approximately \$76.3 billion in FY23 and is expected to grow substantially. This market is expected to grow at a CAGR of 5.54% by 2027. This projection signifies the sector's potential for significant expansion and economic impact in the coming years

The organised retail segment currently holds a share of approximately 35%, featuring prominent national and regional players. In contrast, the unorganised sector, comprising a vast network of over 5,00,000 local goldsmiths and jewellers, dominates the remainder. The organised sector displayed remarkable resilience, bouncing back swiftly and accelerating after the pandemic. This revival was propelled by a combination of factors, spanning both the supply side and the resurgence of consumer demand.

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.



❖ Highlights of Performance:

- Total net sales for the year were Rs. 2780.73 Lakhs as compared to Rs. 2291.26 Lakhs in 2021-22.
- Total Profit / Loss before tax for the year was Rs. 192.78 Lakhs as compared to Profit Rs. 130.56 Lakhs in 2021-22.
- The Company has repayment of GECL facilities of Rs. 74.93 Lakhs.
- The Company has increased its employee strength from 32 employees to 36 employees.
- The Company has reduced its bank borrowing.

➤ **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.	Ratio	Numerator	Denominator	FY 2022-23	FY 2021-22	Reasons for Variance
a)	Current Ratio	Current Assets	Current Liability	1.79	1.93	-
b)	Debt Equity Ratio	Borrowings + Interest Accrued	Total Equity	0.82	0.80	-
c)	Debt Service Coverage Ratio	Net Profit after Tax + Depreciation + Interest + Loss on Sale of Fixed Assets	Debt Service = Interest & Lease payments + Principal Repayments	1.98	1.64	-
d)	Return on Equity Ratio	Net Profit after Tax	Average Shareholder's Equity	0.09	0.09	-
e)	Inventory Turnover Ratio	Cost of Goods Sold or Sales	Average Inventory (Opening Inventory + Clsing Inventory)/2	2.09	1.53	-
f)	Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivables	3.74	4.34	-
g)	Trade Payable Turnover	Net Credit Purchases	Average Trade Payables	8.85	8.92	-
h)	Net Capital Turnover Ratio	Net Sales	Working Capital	2.26	1.91	-



Sr. No.	Ratio	Numerator	Denominator	FY 2022-23	FY 2021-22	Reasons for Variance
i)	Net Profit Ratio	Net Profit	Net Sales	0.07	0.06	-
j)	Return on Capital Employed	Earning before Interest and Taxes	Capital Employed	0.20	0.16	-
k)	Return on Investment	Net Profit after Tax	Total Equity	0.09	0.09	-

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

**Place: Mumbai
Date: 27th May, 2023**

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

**Sd/-
Arundhati Mali
Director & CFO
DIN: 08353618**



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 Mr. Akshay Jain – Company Secretary & Compliance Officer – 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 st March, 2023	36 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 financial year ended 31 st March, 2023 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	2022-23	2021-22
Foreign Exchange Earned	32.03	222.24
Foreign Exchange Outgo	0.00	0.00
Travelling / Exhibition Charges	32.73	10.72



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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

*[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 31st March, 2023 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 31st March, 2023 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 and Sweat Equity) Regulations, 2021; **(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, 2021. **(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) and (t) 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 31st March, 2022 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. 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 which 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 3rd 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."

B. 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:

- (ii) 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.

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. During the period under review, no changes took place in the composition of the Board of Directors.

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

**Pradip Shah
Partner**

FCS No: 1483, COP No: 436

UDIN: F001483E000394282

Peer Review: 666/2020

Date: 26th May, 2023

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

**Pradip Shah
Partner**

FCS No: 1483, COP No: 436

UDIN: F001483E000394282

Peer Review: 666/2020

Date: 26th May, 2023

Place: Mumbai



ANNEXURE 'C' TO BOARD'S REPORT

FORM NO. MGT – 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2023

[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

CIN	L36912MH1974PLC017505
Registration Date	31 st May, 1974
Name of the Company	SOVEREIGN DIAMONDS LIMITED
Category of the Company	Company Limited by Shares
Sub-Category of the Company	Indian Non – Government Company
Address of the Registered Office and contact details	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
Whether listed company	Yes. Listed on BSE Limited
Name, address and contact details of Registrar and Transfer Agent, if any	Universal Capital Securities Private Limited. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083. Tel. No. – 022 2820 7203 – 05 Email – info@uniseq.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 01.04.2022)				No. of Shares held at the end of the year (As on 31.03.2023)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(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



Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2022)				No. of Shares held at the end of the year (As on 31.03.2023)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
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
Sub-Total(A) (1):	3762744	0	3762744	65.01	3762744	0	3762744	65.01	0.00
(2) Foreign									
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
Sub- Total (A) (2):	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	3762744	0	3762744	65.01	3762744	0	3762744	65.01	0.00
B. Public Shareholding									
(1) Institutions									
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
Sub-Total (B)(1):	0	0	0	0.00	0	0	0	0.00	0.00
(2)Non-Institutions									
a)Bodies Corporate									
i) Indian	142796	106778	249574	4.31	44975	106778	151753	2.62	-1.70
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i)Individual shareholders holding nominal share capital up to Rs. 2 Lakhs	829757	527255	1357012	23.45	907188	513623	1420811	24.55	+1.11
ii)Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	331927	0	331927	5.73	373150	0	373150	6.45	+0.72
c) Others (specify)									
i)NRI / OCBs	12882	0	12882	0.22	21578	0	21578	0.37	+0.15
ii) Clearing Members/ Clearing House	1000	0	1000	0.02	0	0	0	0	-0.02
iii)HUF	72863	0	72863	1.26	57966	0	57966	1.00	-0.26
Sub-Total (B)(2):	1391225	634033	2025258	34.99	1404857	620401	2025258	34.99	0.00
Total Public Shareholding Public Group (B)= (B)(1)+(B)(2)	1391225	634033	2025258	34.99	1404857	620401	2025258	34.99	0.00
Total (A) + (B)	5153969	634033	5788002	100.00	5167601	620401	5788002	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	5153969	634033	5788002	100.00	5167601	620401	5788002	100.00	0.00



ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2022)			Shareholding at the end of the year (As on 31.03.2023)			% 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
	Total	37,62,744	65.01	0.00	37,62,744	65.01	0.00	0.00

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

	Shareholding at the beginning of the year (As on 01.04.2022)	Cumulative Shareholding during the year (As on 31.03.2023)		
	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 01.04.2022)		Shareholding at the end of the year (As on 31.03.2023)	
		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.	Nagarjuna Finance Ltd.	91325	1.58	91325	1.58
3.	Sanjay Bansidhar Nagpal	55100	0.95	55100	0.95
4.	Sanjay Mundada	90538	1.56	53767	0.93
5.	Parthiv Patel	0	0.00	36804	0.64
6.	Mahendra Wadhvani	0	0.00	36190	0.63
7.	Mansukh Madhabhai Patel	31755	0.55	31755	0.55
8.	Girish Himatlal Vora	29501	0.51	29501	0.51
9.	Rajiv R Jagdale HUF	25696	0.44	25696	0.44
10.	Mohan Chandiramani	19600	0.34	19600	0.34


v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors	Shareholding at the beginning of the year (As on 01.04.2022)		Cumulative Shareholding during the year (As on 31.03.2023)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
A. DIRECTORS				
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. KEY MANAGERIAL PERSONNEL				
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)
Indebtedness at the beginning of the financial year (01.04.2022)				
i) Principal Amount	1131.60	0.00	0.00	1131.60
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
Total (i+ii+iii)	1131.60	0.00	0.00	1131.60
Change in Indebtedness during the financial year				
Addition	3037.50	0.00	0.00	3037.50
Reduction	2903.66	0.00	0.00	2903.66
Net Change	133.84	0.00	0.00	133.84
Indebtedness at the end of the financial year (31.03.2023)				
i) Principal Amount	1265.44	0.00	0.00	1265.44
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
Total (i+ii+iii)	1265.44	0.00	0.00	1265.44



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	36.00	3.44	39.44
	(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
	TOTAL (A)	36.00	3.44	39.44
	Ceiling As Per The Act	Minimum Remuneration upto Rs. 7 Lakhs per month	Minimum Remuneration upto Rs. 7 Lakhs per month	--

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			
- Commission	0.37	0.37	0.74
- Others, please specify	0.00	0.00	0.00
Total (B)(1)			0.74

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
Total (B)(2)			0.00
Total (B)= (B)(1)+(B)(2)			0.74
Overall Ceiling as per the Act			Upto Rs. 1 Lakh per meeting


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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs. in Lakhs)
		Company Secretary	Chief Financial Officer**	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.50	3.44	5.94
	(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
	TOTAL (C)	2.50	3.44	5.94

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)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
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 31st March, 2023 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,

Place: Mumbai
Date: 27th May, 2023

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

Sd/-
Arundhati Mali
Chief Financial Officer
DIN: 08353618



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) 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 31st March, 2023 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

**Pradip Shah
Partner**

FCS No: 1483, COP No: 436

UDIN: F001483E000251381

Peer Review: 666/2020

Date: 4th May, 2023

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 financial statements of **SOVEREIGN DIAMONDS LIMITED** ("the Company") which comprises the Balance Sheet as at March 31, 2023, 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 IndAS 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, 2023, 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 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 financial statements, and our auditor's report thereon.

- Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 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 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 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 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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:

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("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.
- 2) 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 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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 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 31st March, 2023 on its financial position in its Ind AS financial position in its financial statements – refer Note 24 to the Ind AS financial statements.
 - (ii) The Company did not have any long term contracts including derivate contracts as at 31st March, 2023.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv)(b) contain any material misstatement; and



- (v) The Company has not declared and paid dividend in the during the year which is not required in compliance with Section 123 of the Act.
- h. As the proviso to Rule 3(1) of the Companies (Accounts) Rules 2014 is applicable for the Company w.e.f. 01st April 2023, reporting under this clause is not applicable for the year under audit.
- 3) As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**FOR J.D. ZATAKIA & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 111777W**

Sd/-

**J. D. ZATAKIA - PROPRIETOR
MEMBERSHIP NO. 17669
UDIN: 23017669BGXSEX6164**

Place : Mumbai.

Date : 27th May 2023

**Annexure A to the Independent Auditor's Report on the Financial Statement of SOVEREIGN DIAMONDS LIMITED for the year ended 31st March, 2023**

[Referred to in paragraph 1 under 'Report on order Legal and Regulatory Requirements section our report of even date]

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, Plant and Equipment, capital work-in-progress.
- (B) The Company is maintaining proper records showing full particulars of intangible assets;
- (b) All Property, Plant and Equipment 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.
- (d) The company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the reporting under Clause 3(i)(d) of the Order is not applicable to the Company.
- (e) As per the information and explanations given to us, no proceeding have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under,
- (ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the management during the year and, in our opinion, the coverage and procedures of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) According to the information and explanations given to us, the company has been sanctioned working capital limits against security of current assets in excess of five crore rupees, in aggregate, from banks. Based upon the audit procedure performed by us, the quarterly returns or statements filed by the company with such banks are materially in agreement with the books of account of the Company.
- (iii) (a) During the year the company has not made any investments and not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability partnerships or any other parties.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investment made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the interest of the Company.
- (c) According to the information and explanation given to us and based on the audit procedures performed by us, the schedule of repayment of principal and payment of interest have been stipulated for loans and advances in the nature of loans, and the repayments of principal amount of loans and receipts of interest have been regular during the year.



- (d) According to the information and explanations given to us and based on the audit procedures performed by us, there is no amount overdue of loans and advances in the nature of loans granted by the company.
 - (e) According to the information and explanations given to us and based on the audit procedures performed by us, no loans or advances in the nature of loan granted which has fallen due during the year, have been not been renewed or extended or no fresh loans granted to settle the over dues of existing loans given to the same parties.
 - (f) In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.
- (v) The company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provision of the Sections 73 to 76 of the act, any other relevant provision of the Act and the relevant rules framed there under, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been so made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) 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 Goods and Services Tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities 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 including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other undisputed statutory dues were outstanding, at the yearend for a period of more than six months from the date they became payable.
- (viii) According to the information and the explanations given by the management, and based on the procedures carried out during the course of our audit, we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.



- (ix) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanation given to us and on the basis of our audit procedures, we report that the company has not been declared Willful Defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanation given to us, the company has utilized the money obtained by way of term loans during the year for the purpose for which they were obtained, except for temporary deployment or surplus funds.
- (d) According to the information and explanation given to us, and the procedure performed by us, and on an overall examination of the financial statement of the company, we report that no fund raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information and explanation given to us and on an overall examination of the financial statement of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or joint ventures.
- (f) According to the information and explanation given to us and procedure performed by us, we report that the company has not raised loan during the year on the pledge of securities held in its subsidiaries, joint venture or associate companies.
- (x) (a) The Company has not raised money by way of initial public offer during the year.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under Clause 3(x) (b) of the Order is not applicable to the Company.
- (xi) (a) 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 to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the year under review, we have not come across any whistle-blower complaints.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under Clause 3(xii) of the Order is not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.



- (xiv) As per Section 138 of the Act, the Company is required to appoint an Internal Auditor. However, the Company has not appointed Internal Auditor. In this regard the management of the Company has informed that the size of operation of the Company is very small, accordingly, it is not viable to appoint Internal Auditor however, the Company has the internal control system.
- (xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into non-cash transactions with its directors or person connected with the director and hence the provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The company is not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) As per the information given to us, the company is a not a Core Investment Company (CIC) as defined in regulations made by the Reserve Bank of India.
- (d) The clause related to whether Group has more than one CIC as part of the Group is not applicable to the company.
- (xvii) The Company has not incurred any cash loss during the financial year ended on the date and the immediately preceding financial year.
- (xviii) During the previous year, there has been resignation of statutory Auditors due to mandatory rotation requirements as prescribed under Companies Act, 2013.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statement, our knowledge of the board of directors and management plans and based on our examination of the evidence supporting the assumption, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting is liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liability falling due within a period of one year from the balance sheet date, will get discharge by the company as and when they fall due.
- (xx) The provisions of section 135 sub-section (5) of the Act is not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**FOR J.D. ZATAKIA & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 111777W**

Sd/-

**J. D. ZATAKIA - PROPRIETOR
MEMBERSHIP NO. 17669
UDIN: 23017669BGXSEX164**

**Place : Mumbai.
Date : 27th May 2023**



Annexure B to the Independent Auditor's Report on the Financial Statement of SOVEREIGN DIAMONDS LIMITED for the year ended 31st March, 2023

Report on the internal financial controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of **SOVEREIGN DIAMONDS LIMITED** ("the Company") as of March 31, 2023 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, 2023, 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 J.D. ZATAKIA & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 111777W**

Sd/-

**J. D. ZATAKIA - PROPRIETOR
MEMBERSHIP NO. 17669
UDIN: 23017669BGXSEX6164**

Place : Mumbai.

Date : 27th May 2023



BALANCE SHEET AS AT 31ST MARCH, 2023

Particulars	Note	As at 31st March, 2023	As at 31st March, 2022
A Assets			
1 Non-current assets			
a) Property, plant and equipment	1	4,08,59,556	3,60,87,105
b) Capital Work-in-progress	1	-	14,18,804
c) Financial assets			
i) Loans	2	5,39,437	4,06,297
d) Deferred tax assets	3	8,65,071	12,32,217
Total non-current assets		4,22,64,064	3,91,44,422
2 Current assets			
a) Inventories	4	18,82,69,574	17,63,56,428
b) Financial assets			
i) Trade Receivables	5	8,26,06,606	6,62,49,688
ii) Cash and cash equivalents	6	3,73,186	3,79,750
c) Other current assets	7	76,00,974	60,11,038
Total current assets		27,88,50,339	24,89,96,903
Total Assets		32,11,14,403	28,81,41,326
B Equity and Liabilities			
1 Equity			
a) Equity Share capital	8	5,78,80,020	5,78,80,020
b) Other Equity	9	9,73,70,223	8,32,87,143
Total Equity		15,52,50,243	14,11,67,163
Liabilities			
2 Non-current liabilities			
a) Financial Liabilities			
i) Borrowings	10	40,20,270	1,20,54,640
ii) Other financial liabilities	11	57,66,000	57,66,000
Total non-current liabilities		97,86,270	1,78,20,640
3 Current Liabilities			
a) Financial Liabilities			
i) Borrowings	12	12,25,24,570	10,11,06,358
ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	13	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,46,64,095	2,44,00,549
b) Other current liabilities	14	21,98,370	19,16,511
c) Provisions	15	66,90,855	17,30,105
Total current liabilities		15,60,77,890	12,91,53,523
Total Liabilities		32,11,14,403	28,81,41,326

See accompanying Notes to the Financial Statements 1 to 36

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

For J. D. Zatakia & Co.

Chartered accountants

FRN: 111777W

Sd/-

(J.D. Zatakia - Proprietor)

Membership No. 017669

For and on behalf of Board of Directors

Sd/-

Ajay R. Gehani
Managing Director
DIN-00062989

Sd/-

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

Sd/-

Akshay Jain

Company Secretary
Membership No. A53737

Place : Mumbai

Date : May 27, 2023

UDIN : 23017669BGXSEX6164



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2023

Particulars	Note	Year ended 31st March, 2023	Year ended 31st March, 2022
A Income			
1 Revenue from Operations			
Revenue from operations	16	27,80,73,249	22,91,26,892
2 Other Income	17	1,26,08,878	65,68,568
3 Total Income		<u>29,06,82,128</u>	<u>23,56,95,460</u>
4 Expenses			
a) Cost of Material Consumed	18	22,20,66,953	15,84,94,988
b) Changes in Inventories of Finished Goods	19	(1,65,82,958)	91,29,294
c) Employee Benefit Expenses	20	1,90,11,210	1,68,59,437
d) Finance Cost	21	1,13,71,151	88,46,550
e) Depreciation and Amortisation Expenses	1	49,30,185	49,02,877
f) Other Expenses	22	3,06,07,184	2,44,06,012
Total Expenses		<u>27,14,03,725</u>	<u>22,26,39,159</u>
5 Profit/(Loss) Before Tax		<u>1,92,78,403</u>	<u>1,30,56,301</u>
6 Tax Expenses			
a) Current Tax	23	48,00,000	(55,422)
b) Deferred Tax	23	3,67,146	(2,19,744)
Total tax expenses		<u>51,67,146</u>	<u>(2,75,166)</u>
7 Profit/(Loss) for the year		<u>1,41,11,257</u>	<u>1,33,31,467</u>
8 Other comprehensive income:			
i. Items that will not be reclassified to Profit and Loss		(28,176)	(81,222)
ii. Income tax relating to items that will not be reclassified to profit of loss		-	-
Total Other comprehensive income		<u>(28,176)</u>	<u>(81,222)</u>
9 Total comprehensive income/(loss) for the year		<u>1,40,83,081</u>	<u>1,32,50,245</u>
10 Earnings per equity shares of face value of ₹10 each			
Basic earnings per share (in ₹)		2.44	2.30
Diluted earnings per share (in ₹)		2.44	2.30

See accompanying Notes to the Financial Statements 1 to 36

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

For J. D. Zatakia & Co.

Chartered accountants

FRN: 111777W

Sd/-

(J.D. Zatakia - Proprietor)

Membership No. 017669

For and on behalf of Board of Directors

Sd/-

Ajay R. Gehani
Managing Director
DIN-00062989

Sd/-

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

Sd/-

Akshay Jain

Company Secretary

Membership No. A53737

Place : Mumbai

Date : May 27, 2023

UDIN : 23017669BGXSEX6164



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2023

A. EQUITY SHARE CAPITAL

Particulars	No. of shares	Amount
Issued, subscribed and fully paid up		
Equity shares of ₹ 10 each		
Balance as at 1st April, 2021	57,88,002	5,78,80,020
Changes in equity share capital during the year		
Balance as at 31st March, 2022	57,88,002	5,78,80,020
Changes in equity share capital during the year		
Balance as at 31st March, 2023	57,88,002	5,78,80,020

B. OTHER EQUITY

Particulars	Reserves and Surplus			Total
	Capital Reserve	General Reserve	Surplus	
Balance as at 1st April, 2021	10,09,990	86,04,077	6,04,22,831	7,00,36,898
Profit for the year	-	-	1,33,31,467	1,33,31,467
Other comprehensive income	-	-	(81,222)	(81,222)
Total Comprehensive Income	10,09,990	86,04,077	7,36,73,076	8,32,87,143
Transfer to / (from) retained earnings	-	-	-	-
Balance as at 31st March, 2022	10,09,990	86,04,077	7,36,73,076	8,32,87,143
Profit/(Loss) for the year	-	-	1,41,11,257	1,41,11,257
Other comprehensive income	-	-	(28,176)	(28,176)
Total Comprehensive Income	10,09,990	86,04,077	8,77,56,157	9,73,70,224
Transfer to / (from) retained earnings	-	-	-	-
Balance as at 31st March, 2023	10,09,990	86,04,077	8,77,56,157	9,73,70,224

C. Nature and purpose of reserves

a) Capital Reserve

The Company had forfeited 2,01,998 shares for non payment of call money of Rs. 5/- and as the company do not intend to re issue these shares, the amount received on application of shares had been transferred to Capital Reserve.

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 J. D. Zatakia & Co.

Chartered accountants

FRN: 111777W

Sd/-

(J.D. Zatakia - Proprietor)

Membership No. 017669

For and on behalf of Board of Directors

Sd/-

Ajay R. Gehani

Managing Director

DIN-00062989

Sd/-

Arundhati R. Mali

Chief Financial Officer / Director

DIN-08353618

Sd/-

Akshay Jain

Company Secretary

Membership No. A53737

Place : Mumbai

Date : May 27, 2023

UDIN : 23017669BGXSEX6164



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2023

Particulars	As at 31st March, 2023	As at 31st March, 2022
A Cash flow from operating activities :		
Profit before tax	1,92,78,403	1,30,56,301
Adjustment for :		
Depreciation and amortization for the year	49,30,185	49,02,877
Actuarial gain/(loss) forming part of OCI	(28,176)	(81,222)
Net (profit)/loss on disposal of property, plant and equipment	46,890	-
Finance cost	1,13,71,151	88,46,550
Interest income	(1,32,218)	(16,617)
Operating Profit before working capital changes	3,54,66,235	2,67,07,890
Operating profit before working capital changes		
Adjustments for:		
Decrease/Increase in inventories	(1,19,13,146)	(9,72,407)
Decrease/(increase) in non-current financial assets	(1,33,141)	-
Decrease/(increase) in other current assets	(35,148)	(5,36,251)
Increase in trade receivables	(1,63,56,918)	(2,70,09,890)
Increase in trade payables	2,63,546	1,09,84,629
Increase in non-financial liabilities	-	18,00,000
Increase in provisions-current	1,60,750	2,73,093
Increase in other current liabilities	2,81,859	40,852
Cash generated from operating activities	77,34,038	1,12,87,916
Direct Taxes (net)	(15,54,781)	(13,60,988)
Net cash generated from operating activities	61,79,257	99,26,928
B Cash flow from investing activities:		
Purchase of property, plant and equipment	(83,65,729)	(59,14,044)
Proceeds from disposal of property, plant and equipment	35,000	-
Interest received	1,32,218	16,617
Net cash used in investing activities	(81,98,511)	(58,97,427)
C Cash flow from financing activities:		
(Repayment)/proceeds of non current borrowings, net	(80,34,370)	(96,95,360)
(Repayment)/proceeds of current borrowings, net	2,14,18,212	20,47,543
Interest Paid	(1,13,71,151)	(88,46,550)
Net cash generated from financing activities	20,12,690	(1,64,94,367)
Net increase in cash and cash equivalents (A+B+C)	(6,564)	(1,24,64,866)
Cash and cash equivalents at the beginning of the year	3,79,750	1,28,44,617
Cash and cash equivalents at the end of the year	3,73,186	3,79,750

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 J. D. Zatakia & Co.

For and on behalf of Board of Directors

Chartered accountants

FRN: 111777W

Sd/-

(J.D. Zatakia - Proprietor)

Membership No. 017669

Sd/-

Ajay R. Gehani

Managing Director

DIN-00062989

Sd/-

Arundhati R. Mali

Chief Financial Officer / Director

DIN-08353618

Sd/-

Akshay Jain

Company Secretary

Membership No. A53737

Place : Mumbai

Date : May 27, 2023

UDIN : 23017669BGXSEX6164

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****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, 2023 were approved for issue in accordance with the resolution of the Board of Directors on 27th May, 2023.

(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.

Asset category	Estimated useful life (in years)
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 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, 2023

1. Property Plant and Equipment

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture fixture	Office equipments	Vehicles	Computer	Total
Gross block								
As at 1st April, 2021	48,54,597	3,17,27,937	96,31,883	66,77,215	83,72,049	92,88,922	2,56,252	7,08,08,855
Additions	-	-	11,03,500	62,810	11,32,296	20,47,880	1,48,754	44,95,240
Deduction	-	-	13,09,000	14,03,292	39,25,060	-	80,405	67,17,757
As at 31st March, 2022	48,54,597	3,17,27,937	94,26,383	53,36,733	55,79,285	1,13,36,802	3,24,601	6,85,86,338
Additions	-	38,82,413	1,64,580	62,291	5,54,996	50,04,000	1,16,253	97,84,533
Deduction	-	-	6,23,500	-	5,16,265	-	-	11,39,765
As at 31st March, 2023	48,54,597	3,56,10,350	89,67,463	53,99,024	56,18,016	1,63,40,802	4,40,854	7,72,31,106

Particulars	Freehold Land	Buildings	Plant and machinery	Furniture fixture	Office equipments	Vehicles	Computer	Total
Accumulated depreciation								
As at 1st April, 2021	-	2,13,88,857	46,72,981	28,68,240	46,72,536	5,62,649	1,48,849	3,43,14,112
Depreciation charge during the year	-	3,11,465	11,65,302	8,35,385	12,31,452	12,82,791	76,482	49,02,877
Deduction	-	-	13,09,000	14,03,292	39,25,060	-	80,405	67,17,757
As at 31st March, 2022	-	2,17,00,322	45,29,283	23,00,333	19,78,928	18,45,440	1,44,926	3,24,99,232
Depreciation charge during the year	-	3,75,372	11,31,936	5,05,194	8,82,913	19,32,175	1,02,595	49,30,185
Deduction	-	-	6,23,500	-	4,34,368	-	-	10,57,868
As at 31st March, 2023	-	2,20,75,694	50,37,719	28,05,527	24,27,473	37,77,615	2,47,521	3,63,71,549
Net carrying amount as at 31st March, 2023	48,54,597	1,35,34,656	39,29,744	25,93,497	31,90,542	1,25,63,187	1,93,333	4,08,59,556
Net carrying amount as at 31st March, 2022	48,54,597	1,00,27,615	48,97,100	30,36,400	36,00,356	94,91,362	1,79,675	3,60,87,105

1. Capital Work-in-progress

Particulars	<1 yr >	1-2 years	2-3 years.	> 3 years.	Total
Building Renovation	-	-	-	-	-
Total	-	-	-	-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

2. Loans

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
Other loans and advances		
- Others	5,39,437	4,06,297
Total	5,39,437	4,06,297

3. Deferred tax assets

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deferred tax asset arising on account of Difference between accounting base and tax base of property, plant and equipment	8,65,071	12,32,217
Total	8,65,071	12,32,217

4. Inventories

Particulars	As at 31st March, 2023	As at 31st March, 2022
At lower of cost or net realisable value		
Raw Material	10,36,22,592	10,86,48,439
Finished Goods	1,94,43,683	87,22,866
Work-In-Progress	6,41,58,117	5,82,95,976
Consumable Spares & Stores	10,45,182	6,89,147
Total	18,82,69,574	17,63,56,428

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

5 Trade Receivables

Particulars	Outstanding for following periods from due date of payment					31st March, 2023
	<6 months	> 6 months-1 yrs	1-2 years	2-3 years.	> 3 years.	Total
(i) Undisputed Trade receivables-						
- Considered good	8,26,06,606	-	-	-	-	8,26,06,606
- Considered Doubtful	-	-	-	-	-	-
ii) Disputed Trade Receivables-						
- Considered good	-	-	-	-	-	-
- Considered Doubtful	-	-	-	-	-	-
Total	8,26,06,606	-	-	-	-	8,26,06,606



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

5 Trade Receivables

Particulars	Outstanding for following periods from due date of payment					31st March, 2022
	<6 months	> 6 months-1 yrs	1-2 years	2-3 years.	> 3 years.	
(i) Undisputed Trade receivables-						
- Considered good	6,62,49,688	-		-	-	6,62,49,688
- Considered Doubtful	-	-	-	-	-	-
ii) Disputed Trade Receivables-						
- Considered good	-	-	-	-	-	-
- Considered Doubtful	-	-	-	-	-	-
Total	6,62,49,688	-	-	-	-	6,62,49,688

6. Cash and Cash Equivalents

Particulars	As at 31st March, 2023	As at 31st March, 2022
Cash on hand	5,776	6,904
Bank balances		
- In Current Accounts	3,67,410	3,72,846
Total	3,73,186	3,79,750

7. Other Current assets

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
Loans to Employees	1,45,000	1,53,000
Prepaid Expenses	6,33,665	5,93,603
Balance with Government Authorities	50,66,912	35,12,124
Others	17,55,397	17,52,311
Total	76,00,974	60,11,038



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

8. Equity Share Capital

Particulars	As at 31st March, 2023	As at 31st March, 2022
Authorised Share Capital:		
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
	6,00,00,000	6,00,00,000
Issued, Subscribed & Paid Up :		
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
Total	5,78,80,020	5,78,80,020

(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, 2023	As at 31st March, 2022
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 (₹)	5,78,80,020	5,78,80,020

(ii) The details of shareholders holding more than 5% shares (as per the register of members of the Company are as under)

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	No of Shares	% held	No of Shares	% held
Equity shares	Equity shares of ₹10/- per share		Equity shares of ₹10/- per share	
Ajay Ramesh Gehani	34,76,275	60.06%	34,76,275	60.06%
Sumer Ajay Gehani	2,86,469	4.95%	2,86,469	4.95%



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

(iii) Details of Promoter holding (as per the register of members of the Company are as under) :

Name of Shareholder	As at 31st March, 2023			As at 31st March, 2022	
	No of Shares	% held	% of change	No of Shares	% held
Equity shares	Equity shares of ₹10/- per share			Equity shares of ₹10/- per share	
Ajay Ramesh Gehani	34,76,275	60.06%	0.00%	34,76,275	60.06%
Sumer Gehani	2,86,469	4.95%	0.00%	2,86,469	4.95%

9. Other Equity

Particulars	As at 31st March, 2023	As at 31st March, 2022
Capital Reserve		
as per last Balance Sheet	10,09,990	10,09,990
	10,09,990	10,09,990
General Reserve		
as per last Balance Sheet	86,04,077	86,04,077
	86,04,077	86,04,077
Surplus in the statement of profit and loss		
as per last Balance Sheet	7,36,73,075	6,04,22,830
Add : Profit/(Loss) for the year	1,40,83,081	1,32,50,245
	8,77,56,156	7,36,73,075
Total	9,73,70,223	8,32,87,143

10. Borrowings - Non Current

Particulars	Interest date	Maturity date	As at 31st March, 2023	As at 31st March, 2022
Loan repayable on demand Secured				
Vehicle loan from (refer note (i))	9.75%	April - 2024	1,43,507	17,78,011
Vehicle loan from (refer note (i))	9.75%	June - 2025	17,36,091	-
Guaranteed Emergency Credit Line (GECL) term loans from bank (refer note (ii))	8.25%	June - 2024	21,40,672	1,02,76,629
Total			40,20,270	1,20,54,640

(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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

11. Other Financial Liabilities - Non Current

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deposit lease (Rent)	57,66,000	57,66,000
Total	57,66,000	57,66,000

12. Borrowings - Current

Particulars	Interest date	Maturity date	As at 31st March, 2023	As at 31st March, 2022
Loan repayable on demand				
Secured				
Cash credit facilities (refer note (i))	7.25% to 8.45%	Renewed in Feb 2023	11,15,26,560	9,21,29,315
Vehicle loan from (refer note (ii))	9.75%	April - 2024	16,34,504	14,83,246
Vehicle loan from (refer note (ii))	9.75%	June -2025	12,27,549	-
Guaranteed Emergency Credit Line (GECL)				
term loans from bank (refer note (iii))	8.25%	June - 2024	81,35,957	74,93,797
Total			12,25,24,570	10,11,06,358

- (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 Industrial property at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai - 400 096.
- (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.
- (iv) The Company has filed quarterly returns or statements with the banks in lieu of the sanctioned working capital facilities which are in agreement with the books of account other than those as set out below.

Name of the Bank	Quarter ended	Amount disclosed as per quarterly return/ statement	Amount as per the books of account	Difference
HDFC Bank Ltd	Jun-2022	17,12,97,080	17,12,97,080	-
HDFC Bank Ltd	Sept-2022	17,55,47,948	17,55,47,948	-
HDFC Bank Ltd	Dec-2022	18,24,70,708	18,24,70,708	-
HDFC Bank Ltd	Mar-2023	18,72,24,392	18,72,24,392	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

13 Trade Payable

Particulars	Outstanding for following periods from due date of payment				31st March, 2023
	< 1 yrs	1-2 years	2-3 years.	> 3 years.	Total
(i) MSME	-	-	-	-	-
(ii) Others	2,46,64,095	-	-	-	2,46,64,095
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
Total	2,46,64,095	-	-	-	2,46,64,095

13 Trade Payable

Particulars	Outstanding for following periods from due date of payment				31st March, 2022
	< 1 yrs	1-2 years	2-3 years.	> 3 years.	Total
(i) MSME	-	-	-	-	-
(ii) Others	2,44,00,549	-	-	-	2,44,00,549
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
Total	2,44,00,549	-	-	-	2,44,00,549

14. Other Current liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Statutory Dues	5,55,624	4,94,779
Others	16,42,746	14,21,732
Total	21,98,370	19,16,511

15. Provisions- Current

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits		
Gratuity	18,90,855	17,30,105
Current tax liabilities		
Provision for Taxation	48,00,000	-
Total	66,90,855	17,30,105



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

16. Revenue from Operation :

Particulars	As at 31st March, 2023	As at 31st March, 2022
Operating Income :		
a) Manufactured Goods :		
Export Sale	32,03,523	2,22,24,353
Local Sales	27,48,69,726	20,69,02,539
Total	27,80,73,249	22,91,26,892

17. Other Income

Particulars	As at 31st March, 2023	As at 31st March, 2022
Interest Received	1,32,218	16,617
Rent Received	1,24,51,488	65,51,321
Miscellaneous Income	25,172	630
Total	1,26,08,878	65,68,568

18. Cost of Material Consumed

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening Stock of Raw Materials	10,86,48,439	9,85,73,256
Add : Purchases		
i) Gold	7,73,49,141	7,97,39,199
ii) Diamond	13,58,09,435	8,75,44,320
iii) Precious Stone	38,37,163	99,716
iv) Semi Precious Stone	8,710	11,86,935
v) Silver	36,657.00	-
	21,70,41,106	16,85,70,171
Less : Closing stock of Raw Materials	10,36,22,592	10,86,48,439
Total	22,20,66,953	15,84,94,988

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

Particulars	As at 31st March, 2023		As at 31st March, 2022
	Amount	%	Amount
Raw Materials :			
Imported	-	-	-
Indigenous	22,20,66,953	100.00%	15,84,94,988
Total	22,20,66,953	100.00%	15,84,94,988


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023
19. Changes in Inventories of Finished Goods

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening Stock :		
- Finished Goods	87,22,866	43,23,304
- Work-In-Progress	5,82,95,976	7,18,24,833
	6,70,18,842	7,61,48,136
Less : Closing Stock :		
- Finished Goods	1,94,43,683	87,22,866
- Work-In-Progress	6,41,58,117	5,82,95,976
	8,36,01,800	6,70,18,842
Total	(1,65,82,958)	91,29,294

20. Employee Benefit Expenses

Particulars	As at 31st March, 2023	As at 31st March, 2022
Salaries and Wages	1,33,61,983	1,11,59,159
Directors Remuneration	36,00,000	36,00,000
Contribution to Gratuity & Other Fund	13,34,352	13,15,151
Staff Welfare Expenses	7,14,875	7,85,127
Total	1,90,11,210	1,68,59,437

(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, 2023	As at 31st March, 2022
Contribution to Provident fund	9,98,929	9,38,322
ESIC and Labour welfare fund	21,498	30,760

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, 2023

Particulars	Gratuity	
	31st March, 2023	31st March, 2022
a) Reconciliation of opening and closing balances of Defined Benefit Obligation		
<i>Defined Benefit Obligation at beginning of the year</i>	17,30,105	14,57,012
Current Service Cost	1,56,928	1,51,133
Interest Cost	1,16,797	97,187
Benefits Paid	(1,42,125)	(42,914)
Actuarial (Gain) / Loss	29,150	67,687
<i>Defined Benefit Obligation at year end</i>	18,90,855	17,30,105
b) Reconciliation of opening and closing balances of fair value of Plan Assets		
<i>Fair value of Plan Assets at beginning of year</i>	14,07,076	7,82,062
Expected Return on Plan Assets	1,07,501	72,119
Actuarial Gain / (Loss)	974	(13,535)
Employer Contribution	3,81,971	6,09,343
Benefits Paid	(1,42,125)	(42,914)
Admin expenses /Taxes paid from plan assets	-	-
<i>Fair value of Plan Assets at year end</i>	17,55,397	14,07,075
Actual return on Plan Assets	1,08,475	58,585
c) Reconciliation of fair value of Assets and Obligations		
Fair value of Plan Assets	17,55,397	14,07,075
Present value of Obligation	18,90,855	17,30,105
Net asset/(liability) recognized in Balance Sheet	(1,35,458)	(3,23,030)
d) Expenses recognised during the year		
<i>In Income Statement</i>		
Current Service Cost	1,56,928	1,51,133
Interest Cost	1,16,797	97,187
Administrative Expenses/Taxes/Insurance Cos	-	-
Return on Plan Assets	(1,07,501)	(72,119)
<i>Net Cost</i>	1,66,224	1,76,201
<i>In Other Comprehensive Income</i>		
Actuarial (Gain) / Loss	29,150	67,687
Return On Plan Assets	(974)	13,535
<i>Net (Income)/ Expense for the period Recognised in OCI</i>	28,176	81,222



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

Particulars	Gratuity	
	31st March, 2023	31st March, 2022
e) Remeasurement effects recognized in other comprehensive Income		
Actuarial (gain)/losses due to demographic assumption changes in DBO	-	-
Actuarial (gain)/losses due to financial assumption changes in DBO	(40,220)	(27,815)
Actuarial (gain)/losses due to experience on DBO	69,370	95,502
Return on Plan Assets (Greater)/less than Discount rate	(974)	13,535
Total actuarial (gain)/loss included in OCI	28,176	81,222
Defined Benefit Cost		
Cost Recognised in P&L	1,66,224	1,76,201
Remeasurement Effect Recognised in OCI	28,176	81,222
Total Defined Benefit Cost	1,94,400	2,57,423
Amount not recognised as an assets	-	-
<i>Net Expenses OCI</i>	1,94,400	2,57,423
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	(40,220)	(27,815)
Actuarial (Gain)/ Losses due to Experience on DBO	69,370	95,502
Return on Plan Assets (Greater) / Less than Discount rate	(974)	13,535
Total Accrual Gain / Loss included in Other Comprehensive Income	28,176	81,222

Assumptions	Gratuity	
	31st March, 2023	31st March, 2022
Discount Rate	7.42%	7.04%
Expected return on assets	7.04%	6.77%
Salary Escalation	5.00%	5.00%
Attrition Rate	11.87%	11.87%

Mortality

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.

21. Finance Cost

Particulars	As at	As at
	31st March, 2023	31st March, 2022
Interest expenses	1,13,71,151	88,46,550
Total	1,13,71,151	88,46,550



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

22. Other Expenses

Particulars	As at 31st March, 2023	As at 31st March, 2022
Manufacturing Expenses		
Consumption of Tools	21,72,436	22,46,030
Assortment, Certification, Designing Charges	4,66,835	3,32,705
Electricity Charges	9,29,456	7,71,734
Labour Charges	22,04,412	21,01,786
Repairs to Building & Machinery	35,000	5,12,738
Selling & Distribution Expenses		
Advertisement Expenses	1,71,071	1,50,414
Clearing & Forwarding Charges	2,21,890	4,67,433
Exhibition Expenses	40,32,262	3,92,546
Commission & Brokerage	5,51,000	-
Sales Promotion	38,66,693	26,22,936
Establishment Expenses		
Bank Charges	3,76,172	3,45,784
Professional Charges	9,11,288	10,04,526
General Expenses	22,13,346	21,91,839
Insurance	12,94,088	16,68,902
Rates & Taxes	6,92,439	9,29,865
Travelling & Conveyance Expenses	52,72,207	34,56,803
Payment to Auditors	1,75,000	1,75,000
Donation	10,00,000	8,58,000
Printing & Stationery	2,23,812	2,16,513
Repairs & Maintenance (Others)	11,48,902	7,94,508
Security Expenses	11,77,621	11,44,886
Telephone Expenses	1,16,470	1,06,953
Vehicle Expenses	11,76,509	8,01,621
Director Sitting Fees	1,12,500	1,12,500
Net loss on foreign currency transaction and translation	-	3,18,684
Loss on sales of Property, plant and equipment	46,890	-
Statutory Expenses		
Profession Tax	2,500	2,500
Sales & Other	16,385	6,78,806
Total	3,06,07,184	2,44,06,012



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

23. Current tax

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

Particulars	As at 31st March, 2023	As at 31st March, 2022
Current tax :		
Current tax on profits for the year	-	-
short excess provision for tax of prior periods	48,00,000	(55,422)
	48,00,000	(55,422)
Deferred tax:		
In respect of current year origination and reversal of temporary differences	3,67,146	(2,19,744)
	3,67,146	(2,19,744)
Total tax expense	51,67,146	(2,75,166)

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

Particulars	As at 31st March, 2023	As at 31st March, 2022
Accounting profit before income-tax :	1,92,78,403	1,30,56,301
Applicable Indian statutory income-tax rate	25.168%	25.168%
Computed expected tax expense	48,51,988	32,86,010
<i>Tax effect of :</i>		
Expenses disallowed	15,10,080	14,95,934
Expenses allowed	(15,18,280)	(13,09,419)
Effect of deductible expenses	48,43,788	(34,72,524)
Excess tax adjustment	-	-
Current tax provision	48,00,000	-
Incremental deferred tax liability on account of tangible and intangible assets	3,67,146	(2,19,744)
Deferred tax provision	3,67,146	(2,19,744)
Income-tax expense reported in the statement of profit and loss (net)	51,67,146	(2,19,744)
At the effective income tax rate of 25.168 % (31st March 2022 : Nil)	51,67,146	(2,19,744)

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.

25 Related Party Disclosures :

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


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

- 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 & Chief Financial Officer	
7	Mr. Sanjay R. Gehani	Brother of Managing Director	
8	Mrs. Rani R. Gehani	Mother of Managing 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, 2023	31st March, 2022	31st March, 2023	31st March, 2022
Transactions during the year					
i)	Remuneration paid : Mr. Ajay R. Gehani	-	-	36,00,000	36,00,000
ii)	Professional Charges paid : Mrs. Arundhati Mali	-	-	3,44,700	2,99,500
iii)	Sales of goods : Sovereign Jewellery Pvt. Ltd.	1,11,63,872	30,22,402	-	-
iv)	Rent Received : Sovereign Jewellery Pvt. Ltd.	3,00,000	-	-	-
v)	Purchase of goods : Sovereign Jewellery Pvt. Ltd.	5,11,846	1,35,901	-	-
vi)	Loan Taken and Repaid : Sovereign Jewellery Pvt. Ltd.	8,70,152	-	-	-

Sr. No.	Nature of Transactions	Associates		Key Managerial Personnel	
		31st March, 2023	31st March, 2022	31st March, 2023	31st March, 2022
Balance outstanding at the year end		-	-	-	-

* Keyman Insurance Premium of ₹ 7,00,000/- paid for a Director is not included in above.

* Mediclaim premium paid ₹ 71,408/- for Director is not included above.


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023
26 Earning per Shares (EPS)

Particulars		As at 31st March, 2023	As at 31st March, 2022
i)	Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	1,41,11,257	1,33,31,467
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 (₹)	2.44	2.30
v)	Diluted Earnings per Share (₹)	2.44	2.30
vi)	Face Value per Equity Shares	10	10

27 Payment to Auditors as:

Particulars		As at 31st March, 2023	As at 31st March, 2022
i)	As Auditors	75,000	68,940
ii)	Tax Audit Fees	50,000	56,500
iii)	Others	50,000	49,560
	Total	1,75,000	1,75,000

28 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 2023. 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, 2023	As at 31st March, 2022
a)	The principal amount remaining unpaid to any supplier at the end of the year	-	-
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		
		-	-
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		
		-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

Particulars		As at 31st March, 2023	As at 31st March, 2022
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.

29 Fair Value Measurement**i) Financial Instruments by Cartagory :**

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets :				
Loans				
- security deposits	-	-	-	-
- other body corporates	-	5,39,437	-	4,06,297
Trade receivables	-	8,26,06,606	-	3,92,39,798
Cash and cash equivalents	-	3,73,186	-	3,79,750
Total	-	8,35,19,229	-	4,00,25,844
Financial Liabilities				
Borrowings	-	12,65,44,840	-	11,31,60,998
Other financial liabilities	-	57,66,000	-	57,66,000
Trade payables	-	2,46,64,095	-	2,44,00,549
Total	-	15,69,74,935	-	14,33,27,547

- 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

30 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

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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

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 provide 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, 2023	As at 31st March, 2022
Not due		
0-30 days past due	2,56,83,139	2,94,90,990
31-60 days past due	1,17,01,389	52,28,558
61-90 days past due	1,37,72,018	1,74,04,784
More than 90 days past due	3,14,50,059	1,41,25,356
Total	8,26,06,605	6,62,49,688

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, 2023	As at 31st March, 2022
Expiring within one year (bank overdraft and other facilities)	12,25,24,570	10,11,06,357
Expiring beyond one year (bank loan)	40,20,270	1,20,54,640
Total	12,65,44,840	11,31,60,997

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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

As at 31st March, 2023	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	11,15,26,560	1,09,98,010	36,53,787	3,66,483	-	12,65,44,840
Trade payable		2,46,64,095			-	2,46,64,095
Other financial liabilities	-	-	-	-	57,66,000	57,66,000
Total	11,15,26,560	3,56,62,105	36,53,787	3,66,483	57,66,000	15,69,74,935

As at 31st March, 2022	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	9,21,29,315	89,77,043	97,70,461	22,84,179	-	11,31,60,998
Trade payable	-	2,44,00,549	-	-	-	2,44,00,549
Other financial liabilities	-	-	-	-	57,66,000	57,66,000
Total	9,21,29,315	3,33,77,592	97,70,461	22,84,179	57,66,000	14,33,27,547

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.

Below is the summary of Expenditure In Foreign Currency:

Particulars	As at 31st March, 2023	As at 31st March, 2022
i) Expenditure		
a) Foreign Travels	32,72,758	10,72,536
b) Exhibition Charges	Nil	Nil

Below is the summary of Earnings In Foreign Exchange:

Particulars	As at 31st March, 2023	As at 31st March, 2022
i) F.O.B. Value of Exports	29,82,305	1,65,11,206

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 2023, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Interest rate risk exposure



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

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

Particulars	As at 31st March, 2023	As at 31st March, 2022
Variable rate borrowing	11,15,26,560	9,21,29,315
Fixed rate borrowing	1,50,18,280	2,10,31,682
Total Borrowings	12,65,44,840	11,31,60,997

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 ₹ 5,86,142/- (previous year ₹ 3,98,493/-).

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 ₹ 1,39,03,662/- (previous year ₹ 1,14,56,345/-).

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.

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.

31 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

32 Disclosure with respect to Ratio:

	Ratio	Numerator	Denominator	Current Period	Previous Period	Variance	Reasons for Variance
(a)	Current Ratio	Current Assets	Current Liability	1.79	1.93	(0.07)	Not Applicable
(b)	Debt Equity Ratio	Borrowings+ Interest Accrued	Total Equity	0.82	0.80	0.02	Not Applicable
(c)	Debt Service Coverage Ratio	Net Profit after Tax + Depreciation+ Interest+loss on sale of Fixed Assets	Debt Service = Interest & Lease payments+ Principal Repayments	1.98	1.64	0.21	Not Applicable
(d)	Return on Equity Ratio	Net Profit after Tax	Average Shareholder's Equity	0.09	0.09	(0.04)	Not Applicable
(e)	Inventory turnover ratio	Cost of Goods sold or Sales	Average Inventory(Opening Inventory + Closing Inventory) /2	2.09	1.53	0.37	Not Applicable
(f)	Trade Receivables Turnover ratio	Net Credit Sales	Average Accounts Receivables	3.74	4.34	(0.14)	Not Applicable
(g)	Trade Payables turnover	Net Credit Purchases	Average Trade Payables	8.85	8.92	(0.01)	Not Applicable
(h)	Net Capital turnover ratio	Net Sales	Working Capital	2.26	1.91	0.18	Not Applicable
(i)	Net Profit Ratio	Net Profit	Net Sales	0.07	0.06	0.22	Not Applicable
(j)	Return on Capital Employed	Earning before interest and taxes	Capital Employed	0.20	0.16	0.27	Not Applicable
(k)	Return on investment	Net Profit after Tax	Total Equity	0.09	0.09	(0.04)	Not Applicable

33 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 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****34 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.

35 Other statutory information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for any Benami property.
- (ii) The Company does not have any transaction with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (viii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

36 The figures of previous year have been regrouped/rearranged wherever considered necessary. The Company has disclosed all the additional requirements as per Revised Schedule III to the extent applicable.

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

For J. D. Zatakia & Co.

Chartered accountants

FRN: 111777W

Sd/-

(J.D. Zatakia - Proprietor)

Membership No. 017669

For and on behalf of Board of Directors

Sd/-

Ajay R. Gehani

Managing Director

DIN-00062989

Sd/-

Arundhati R. Mali

Chief Financial Officer / Director

DIN-08353618

Sd/-

Akshay Jain

Company Secretary

Membership No. A53737

Place : Mumbai

Date : May 27, 2023

UDIN : 23017669BGXSEX6164

SOVEREIGN DIAMONDS LIMITED

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