



# SOVEREIGN METALS LIMITED

**11<sup>th</sup> ANNUAL REPORT 2021-22**

## **SOVEREIGN METALS LIMITED**

(CIN: U27109GJ2012PLC069162)

### **REGISTERED OFFICE**

Plot No. 35p, 36p, 37p, 38 & 40B, Phase - 3, Naroda, G.I.D.C Ahmedabad-382330, Gujarat, India  
Ph. : 91 281/2225988 / 91 79 6621 2400 Email : [info@sovereignmetals.in](mailto:info@sovereignmetals.in)

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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mr. Chimanlal Laljibhai Lodhiya	Director
Mr. Kaushik Chimanlal Lodhiya	Director
Mr. Viral Pankaj Lodhiya	Managing Director*/Whole Time Director
Mrs. Sheetal Pankaj Lodhiya	Director
Mr. Hasmukhlal P. Delawala	Independent Director
Mr. Kalpak A. Maniar	Independent Director

\*appointed as Managing Director w.e.f. 06-09-2021.

**KEY MANAGERIAL PERSONNEL**

Mr. Viral Pankaj Lodhiya*	Managing Director
Ms. Shruti Niraj Shingala**	Chief Financial Officer
Ms. Grishma Narottambhai Bhimajiyani#	Company Secretary

\*appointed as Managing Director w.e.f. 06-09-2021

\*\*appointed w.e.f. 30-11-2021

#resigned w.e.f. 30-11-2021

**STATUTORY AUDITOR****M/S. J.C. RANPURA & CO.**

Star Avenue First Floor,  
Dr. Radhakrishnan Road,  
Opp. Rajkumar College Rajkot-360001.

**SECRETARIAL AUDITOR****M/S. K. P. RACHCHH & CO.,**

Company Secretary  
317, Krishna Con Arch-2,  
Tagore Road, Rajkot 360002

**REGISTRAR & TRANSFER AGENT****KFin TECHNOLOGIES PRIVATE LIMITED**

(Formerly known as Karvy Fintech Private Limited)

Karvy Selenium Tower B, Plot 31&32, Gachibowli, Financial District,

Nanakramguda, Hyderabad – 500 032, Telangana

Ph. No. : +91 40 6716 2222, 3321 1000

Website: [www.karvyfintech.com](http://www.karvyfintech.com)

**COMPANY DETAILS****SOVEREIGN METALS LIMITED**

(CIN: U27109GJ2012PLC069162)

Plot No. 35p, 36p, 37p, 38 & 40B,

Phase - 3, Naroda, G.I.D.C,

Ahmedabad-382330, Gujarat, India.

Telephone: +91 79 6621 2400, +91 281 2225988

Fax: +91 281 2234744

EMAIL: [info@sovereignmetals.in](mailto:info@sovereignmetals.in)

Website: <https://sovereignmetals.in>

**Corporate Office Address:**

31, Shaligram Complex, Bhupendra Road,

Rajkot 360001, Gujarat, India

**CIN : U27109GJ2012PLC069162**

**NOTICE**

**NOTICE** is hereby given that the **11<sup>TH</sup> ANNUAL GENERAL MEETING** of the members of **SOVEREIGN METALS LIMITED** will be held on **30<sup>th</sup> September, 2022** on **Friday** through the mode of Video Conferencing/OAVM Means at **11.30 a.m.** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chimanlal L. Lodhiya (DIN – 01144051), who retires by rotation and being eligible, offers himself for re appointment.

**SPECIAL BUSINESS:**

3. To approve revision made in remuneration of Mr. Viral P. Lodhiya (DIN – 08228595), Managing Director of the Company.

And in this regard to pass, with or without modification(s), the following resolution as a

**SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of sections 196 197,198 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013 and relevant rules made thereunder, including any statutory amendments or re-enactments thereof and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard, consent of the Members be and is hereby accorded to the revision made by Board of Directors of the Company on the recommendation of Nomination of Remuneration Committee in the remuneration of Mr. Viral P. Lodhiya (DIN: 08228595) Managing Director of the Company and approve the Remuneration by way of salary, perquisites, incentives and allowances, which together shall not, in any financial year, exceed Rs. 60,00,000 p.a. i.e. Rs. 5.00,000 per month, may be paid monthly or annually for a period of 3 years effective from 1<sup>st</sup> April, 2022 and arrears be paid accordingly and on other terms and conditions as may be decided by the Board from time to time on the recommendation of Nomination and Remuneration Committee so long as the alterations are in conformity with the provisions of Section 196, 197 and Schedule V to the Companies Act, 2013.”

“RESOLVED FURTHER THAT in terms of Section 190 of the Companies Act, 2013, no formal contract of service with Mr. Viral P. Lodhiya (DIN: 08228595) Managing Director will be executed and this resolution along with its explanatory statement for the purpose of remuneration and resolution passed at the time of appointment for all other terms and conditions as Managing Director of the Company be considered as Memorandum setting out terms and conditions of appointment including remuneration.”

“RESOLVED FURTHER THAT Mr. Viral P. Lodhiya (DIN: 08228595) shall have the right to manage the day-to-day business affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company and shall have the right to exercise such powers of Management of the Company, from time to time, as may be delegated to him by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution and for matters connected therewith or incidental thereto.”

Place: Rajkot  
Date: 23<sup>rd</sup> September, 2022

By Order of the Board of  
**SOVEREIGN METALS LIMITED**

**Chimanlal Laljibhai Lodhiya**  
Chairman and Director  
(DIN: 01144051)

**NOTES:**

1. The relevant Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business under item no.03 is annexed hereto. A brief profile of directors seeking appointment/Re-appointment at ensuing AGM is attached as **Annexure 01** to this report.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, and 5<sup>th</sup> May, 2022 various other circulars related thereto (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting through VC/OAVM (“AGM” or “e-AGM”), without the physical presence of the members of the Company at a common venue and accordingly this 11th Annual General Meeting will be held through Video Conferencing (“VC”)/Other Audio Visual Means(OAVM).
3. The Link for attending the Annual General Meeting will be provided separately through E-mail to all the members of the Company in due course of Time along with detail instructions.
4. The deemed venue for the AGM shall be the place from where Chairman of the Company/Meeting is attending the AGM i.e. at Rajkot.
5. In terms of provision of Section 107 of the Companies Act, 2013, the resolutions put to vote as set out in notice be decided on a show of hands.
6. Generally, a member entitled to attend and vote at the General meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC/OVAM pursuant to the MCA Circulars, 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 HERETO.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. Shareholders seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least 5 days before the date of the meeting.
9. Since the AGM will be held through VC/OVAM, the route map of the venue of the meeting is not annexed hereto.

Place: Rajkot  
Date: 23<sup>rd</sup> September, 2022

By Order of the Board of  
**SOVEREIGN METALS LIMITED**

**Chimanlal Laljibhai Lodhiya**  
Chairman and Director  
(DIN: 01144051)

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Item No. 3:**

Mr. Viral P. Lodhiya (DIN: 08228595) appointed as Managing Director of the Company for a term of five (5) years w.e.f. September 06, 2021 to September 05, 2026 by the Board of Directors on the recommendation of Nomination and Remuneration Committee at a remuneration of Rs. 3,50,000 p.m. for a period 3 years effective from September 01,2021 and whose office shall be liable to determination by retirement of directors by rotation and his appointment has been ratified by the Members at 10<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2021.

Further, on the recommendation of Nomination and Remuneration Committee, Board of Directors of your Company in its meeting held on September 23, 2022 has approved the following variation in terms of payment of remuneration Mr. Viral P. Lodhiya (DIN: 08228595) Managing Director of the Company, w.e.f. 1<sup>st</sup> April, 2022.

The terms and conditions of his appointment and remuneration are set out in the Resolution proposed to be passed, including the following:

- a) The term of Managing Director's appointment is for a period of five (5) years with effect from September 06, 2021 to September 05, 2026. He shall be liable to retire by rotation.
- b) Remuneration by way of salary, perquisites, incentives and allowances, which together shall not, in any financial year, exceed Rs. 60,00,000 p.a. i.e. Rs. 5,00,000 per month, may be paid monthly or annually for a period of 3 years effective from 1<sup>st</sup> April, 2022 and arrears be paid accordingly.
- c) The Managing Director shall be reimbursed for all the expenses incurred by him for travelling, boarding and lodging during his business trips conducted on behalf of the Company. These reimbursement of expenses will not be included in the calculation of the remuneration of the Managing Director.
- d) The Managing Director shall adhere to various policies, code of conduct, staff rules of the Company as may be applicable by virtue of his office for the purpose of discharging his official duties/powers as delegated by the Board from time to time.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Viral P. Lodhiya (DIN: 08228595) under Section 190 of the Companies Act, 2013.

In furtherance pursuant to provision of section 196(4) of the Companies Act, 2013, the terms and conditions of appointment of Managing Director and remuneration payable approved by the

Board of Directors, shall be subject to approval by Members at the General Meeting, accordingly the Board sought the consent of the Members for passing an Special Resolution as set out in item no. 3 accompanying Notice for variation in terms of payment of remuneration to Mr. Viral P. Lodhiya (DIN: 08228595) Managing Director of the Company.

Accordingly, the Board recommends the Special resolution set out in item no. 3 for approval of the members.

Mr. Viral Pankaj Lodhiya, Whole Time Director (DIN: 08228595) of the Company being appointee is interested in this resolution and Mrs. Sheetal P. Lodhiya, Director (DIN: 07991942) of the Company being relative is interested in this resolution except this no other Directors or Key Managerial Personnel of the Company including their relatives is concerned or interested in the Resolution, financially or otherwise, except the extent of their shareholding, if any, in the Company.

In terms of the requirements as per sub-clause (iv) of the proviso to Section II of Part II of Schedule V to the Act, the information is as furnished below:

<b>I. GENERAL INFORMATION:</b>			
<b>1.</b>	Nature of industry	Manufacturing & Trading of Gold, Diamond, Silver & Jewellery from Gold, Diamond, Silver and dealing in Commodity	
<b>2.</b>	Date or expected date of commencement of commercial production	Already commence	
<b>3.</b>	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Already commence	
<b>4.</b>	Financial performance based on given indicators	Financial Performance of the Company for the year ended 31st March, 2022: (In Lacs)	
		Revenue from operations:-	5,55,851.43
		Other Income:	2,220.43
		Total Expenditure:	5,56,820.33
		Net Profit before tax:	1,251.54
	Profit/Loss after tax (after deducting comprehensive income):	774.73	
<b>5.</b>	Export performance and foreign exchange earned for the financial year ended 31st March, 2022	<b>Foreign Exchange Earning And Out Go:</b>	
		<b>Particular</b>	<b>2021-22 (in Rs.)</b>

		i. Total foreign exchange used (Rs.)	8,98,03,063.47	3,18,64,626.56												
		ii. Total foreign exchange earned on F.O.B basis (Rs.)	4,87,06,155.44	3,33,13,912.66												
6.	Foreign investments or collaborations, if any.	No such investment or collaboration														
<b>II. INFORMATION ABOUT THE APPOINTEE:</b>																
1.	Background details	<p>Name:- Mr. Viral Pankaj Lodhiya                  Designation:- Whole-Time Director                  Date of Birth: 12/10/1995                  Age:- 26 years                  Experience:-Having experience of 4 years &amp; having wide experience as all family members are engaged since many years in this business. Qualification:- MASTER in International Management                  Mr. Viral Lodhiya is appointed as Managing Director for a period of 5 years w.e.f. 06-09-2021 till 05-09-2026.                  Mr. Viral Pankaj Lodhiya is Director in the following other Company:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Company</th> <th style="width: 30%;">Designation</th> </tr> </thead> <tbody> <tr> <td>ARIPLUTUS METALS PRIVATE LIMITED w.e.f 10/01/2019 (CIN: U15100GJ2019PTC105991)</td> <td>Director</td> </tr> <tr> <td>VIRMIT JEWELS PRIVATE LIMITED w.e.f 18/07/2020 (CIN: U27200GJ2020PTC114764)</td> <td>Director</td> </tr> <tr> <td>SALACIA EXIM PRIVATE LIMITED w.e.f 23/12/2020 (CIN: U51909GJ2020PTC119040)</td> <td>Director</td> </tr> <tr> <td>LODHIYA FOUNDATION (CIN: U85300GJ2021NPL126073)</td> <td>Director</td> </tr> <tr> <td>VASUNDHARA OWNERS ASSOCIATION (CIN: U85100GJ2021NPL127650)</td> <td>Director</td> </tr> </tbody> </table>			Company	Designation	ARIPLUTUS METALS PRIVATE LIMITED w.e.f 10/01/2019 (CIN: U15100GJ2019PTC105991)	Director	VIRMIT JEWELS PRIVATE LIMITED w.e.f 18/07/2020 (CIN: U27200GJ2020PTC114764)	Director	SALACIA EXIM PRIVATE LIMITED w.e.f 23/12/2020 (CIN: U51909GJ2020PTC119040)	Director	LODHIYA FOUNDATION (CIN: U85300GJ2021NPL126073)	Director	VASUNDHARA OWNERS ASSOCIATION (CIN: U85100GJ2021NPL127650)	Director
Company	Designation															
ARIPLUTUS METALS PRIVATE LIMITED w.e.f 10/01/2019 (CIN: U15100GJ2019PTC105991)	Director															
VIRMIT JEWELS PRIVATE LIMITED w.e.f 18/07/2020 (CIN: U27200GJ2020PTC114764)	Director															
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LODHIYA FOUNDATION (CIN: U85300GJ2021NPL126073)	Director															
VASUNDHARA OWNERS ASSOCIATION (CIN: U85100GJ2021NPL127650)	Director															
2.	Past remuneration	Rs. 3,50,000/- per month														
3.	Recognition or awards	-														
4.	Job profile and his suitability	As stated above, whole Family of Mr. Viral Lodhiya is engaged in business of the Company of dealing in gold/silver and ornaments from the same since many years and in furtherance, Mr. Viral Lodhiya is having a degree of Master in International Management and having vast knowledge in the field of Management and Business Strategies and as such he is best suitable person for right decision making in the management and developing strategies for the growth and														



		development of the Business and considering his experience and rich knowledge, this increase in remuneration is compatible with his Job profile and as such it is proposed to him as Managing Director of the Company. Management is having trust that under his young dynamic leadership and rich knowledge, Company will grow and develop.
5.	Remuneration proposed	Remuneration by way of salary, perquisites, incentives and allowances, which together shall not, in any financial year exceed Rs. 60,00,000 p.a. i.e. Rs. 5,00,000 per month, may be paid monthly or annually for a period of 3 years effect from 1 <sup>st</sup> April, 2022 and arrears be paid accordingly.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed is within the maximum permissible remuneration as per Schedule V of the Companies Act, 2013 which is comparable with the Companies of the same size.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial Personnel, if any. (As on cut of date for notice dispatch to members)	Apart from as Managing Director of the Company, Mr. Viral Lodhiya holds 1,09,08,000 Equity Shares at the Face value of Rs. 10/- each of the Company in his individual capacity i.e. holding 18%. Mr. Viral Lodhiya is son of Mrs. Sheetal P. Lodhiya who is Director of the Company.

### III. OTHER INFORMATION

1.	Reasons of loss or inadequate profits	<p>The Company has reported a turnover of Rs. 5,55,851.43 Lacs for the year ended on 31st March, 2022 as against Rs. 4,47,128.54 Lacs for the previous year ended on 31st March, 2021.</p> <p>The Company has reported a net profit after tax of Rs 774.73 Lacs for F.Y.2021-2022 as against net profit after tax of Rs. 305.77 Lacs for F.Y.2020-2021.</p> <p>The proposed remuneration is less than and within the maximum permissible remuneration prescribed as per Schedule V of the Companies Act, 2013 in case of no profits/inadequate profits pursuant to the approval of the shareholders.</p>
2.	Steps taken or proposed to be taken for improvement	The Company has initiated several measures towards achieving organizational and operating efficiencies, alongside working on improvements in process and controls. Have analyzed factors such as manufacturing, supply, chain, quality and other domains and cost controls, value analysis etc.

3.	Expected increase in productivity and profits in measurable terms	It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability will improve and would be comparable with the industry average.
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**(IV) DISCLOSURES**

1.	The Shareholders of the Company shall be informed of the remuneration package of the managerial person.	The proposed remuneration to Mr. Viral P. Lodhiya is stated above : Rs. 60,00,000 p.a. i.e. Rs. 5.00,000 per month, may be paid monthly or annually for a period of 3 years effective from 1 <sup>st</sup> April, 2022 and arrears be paid accordingly
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Place: Rajkot  
Date: 23<sup>rd</sup> September, 2022

By Order of the Board of  
**SOVEREIGN METALS LIMITED**

**Chimanlal Laljibhai Lodhiya**  
Chairman and Director  
(DIN: 01144051)

**Annexure - 1****BRIEF PROFILE OF THE DIRECTORS SEEKING APPOINTMENT/RE APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING:**

Name of Director	<b>CHIMANLAL L. LODHIYA</b>
Date of Birth	01/07/1947
Date of Appointment	12/10/2017
Expertise in Specific functional area	Expertise in the field of Development of Business and Finance
Experience	More than 6 years of Experience & engaged in the same business for almost 30 years
Education Qualification	High School
List of other public companies in which Directorship held	NIL
Shareholding in this company	72,72,000 Equity Shares (12%)
Relationship with Other Directors	Father of Mr. Kaushik C. Lodhiya and Grand Father of Mr. Viral P. Lodhiya and Father-in-Law of Mrs Sheetal P. Lodhiya

Place: Rajkot  
Date: 23<sup>rd</sup> September, 2022

By Order of the Board of  
**SOVEREIGN METALS LIMITED**

**Chimanlal Laljibhai Lodhiya**  
Chairman and Director  
(DIN: 01144051)

**BOARD'S REPORT**

To,  
The Members,

Your Directors have pleasure in presenting before you the 11<sup>th</sup> Annual Report along with the Audited Balance sheet And Profit & Loss Account for the Year ended 31<sup>st</sup> March 2022.

**1. FINANCIAL RESULT:**

(Amount in Rs. In Lacs)

Particulars	2021-22	2020-21
Revenue from Operation	5,55,851.43	4,74,128.54
Other Income	2,220.43	259.03
<b>Total Revenue</b>	<b>5,58,071.86</b>	<b>4,74,387.57</b>
Profit & (Loss) before depreciation, Interest & tax	2835.52	1448.03
Less : Interest/Finance Cost	1213.23	513.32
Profit & (Loss) Before Depreciation & Tax	1622.09	934.71
Less: Depreciation and Amortization Expense	370.75	437.63
Profit&(Loss) after Depreciation Before Tax	1251.54	497.07
Add: Exceptional items	0	0
Profit before Tax	1251.54	497.08
Less:		
Current Tax	300.00	-
Earlier year Tax	-	-
Deferred Tax Asset/ (Liabilities)	198.08	191.30
MAT Credit Entitlement	-	-
<b>Net Profit &amp; (Loss) for the period</b>	<b>753.45</b>	<b>305.77</b>

**2. RESULT OF OPERATION AND THE STATE OF AFFAIRS OF THE COMPANY:**

Company is engaged in Manufacturing and Trading of Gold, Gold Ornaments and Diamond Jewellery and Silver ornaments. During the year, Company has earned total Income of Rs. 558071.86 Lacs in comparison to previous year of Rs. 474387.57 Lacs. Company has earned Profit of Rs. 753.45 Lacs in the year 2021-22 and in the year 2020-21 company has earned profit of Rs. 305.77 Lacs.

The Company aims to expand the business and try to maintain stable profitability and try to grab the opportunities which may come in the Future path. Object of the Company is depend upon market Situation but very demanding business and Management is working hard and will strive hard to increase the profit and future of the Company seems to be bright.

Company has its Head office at Ahmedabad and Branches at Mumbai, Delhi, Tamilnadu, Jaipur, Bengaluru, Agra, Hyderabad, Kolkata, Indore, Vijayawada.

**3. DIVIDEND:**

Your directors do not recommend any dividend for the year.

**4. TRANSFER TO RESERVE:**

The Board of Directors of your Company has decided not to transfer any amount to General Reserves for the year under review.

**5. SHARE CAPITAL:**

Your Company has not issued any Equity Shares during the year under review and there is no change in the Capital Structure of the Company during the year 2021-22.

Further, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity shares and none of the Directors of the Company hold any convertible instruments.

**6. DEMATERIALISATION OF EQUITY SHARES:**

All the shares of the Company are in dematerialized form. The ISIN No. allotted is INE187V01013.

**7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

During the year, Company has not given Loans, Guarantees and has not made any Investments covered under section 186 of the Companies Act, 2013.

**8. DEPOSITS:**

Company has not accepted any deposit and as such, no amount of principal or Interest was outstanding as of the Balance Sheet date. As on 31<sup>st</sup> March 2022, there were unsecured loan from Directors of Rs. 255.68 Lacs and loan from Shareholders of Rs. 742.68 Lacs as per Bank Stipulation which are exempted deposits.

**9. PARTICULARS OF CONTRACT OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All Contracts/Arrangements/Transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and Particulars of the same are prescribed in Form AOC-2 and forms part of Board's Report as **Annexure-2**.

**10. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR**

**OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

There were no Material Changes and Commitments affecting the Financial Position of the Company which have occurred between the end of the Financial year of the Company to which the Financial statements relate and the date of the Report.

**11. MAJOR EVENTS:**

No major events have been occurred during the year.

**12. CHANGE IN THE NATURE OF BUSINESS:**

There were no change in the nature of the business of the Company during the year.

**13. HOLDING/SUBSIDIARY/ASSOCIATE:**

As on 31st March, 2022, there were no Holding/Subsidiary/Associate Company of the Company.

**14. CONSOLIDATED FINANCIAL STATEMENT:**

Company doesn't have any subsidiaries, associate so there is no need to prepare consolidated financial statements for the FY 2021-22.

**15. STATEMENT FOR COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS:**

We, the Directors of the Company hereby state the Company has complied with applicable Secretarial Standards for the Board and General Meetings to the extend it is applicable.

**16. CHANGE IN BOARD OF DIRECTORS/KMP DURING AND AFTER FINANCIAL YEAR TILL SIGNING DATE:**

During the Year and as on the date of report, following changes have taken place in the Board of the Company:

Mr. Viral P. Lodhiya (DIN: 08228595) appointed as Managing Director of the Company for a term of five (5) years w.e.f. September 06, 2021 to September 05, 2026 by the Board of Directors on the recommendation of Nomination and Remuneration Committee at a remuneration of Rs. 3,50,000 p.m. for a period 3 years effective from September 01,2021 and whose office shall be liable to determination by retirement of directors by rotation and his appointment has been ratified by the Members at 10th Annual General Meeting held on 30th September, 2021.

Further, on the recommendation of Nomination and Remuneration Committee, Board of Directors of your Company in its meeting held on September 23, 2022 has approved the variation in terms of payment of remuneration to Mr. Viral P. Lodhiya (DIN: 08228595)

Managing Director of the Company and revised remuneration by way of salary, perquisites, incentives and allowances, which together shall not, in any financial year, exceed Rs. 60,00,000 p.a. i.e. Rs. 5,00,000 per month, may be paid monthly or annually for a period of 3 years effective from 1st April, 2022 and arrears be paid accordingly which shall be subject to approval of Shareholders at ensuing Annual General Meeting.

- Pursuant to Section (19) & Section 203 Ms. Shruti Niraj Shingala appointed as Chief Financial Officer of the Company w.e.f. 01-10-2021 by the Board on 30-11-2021.
- Ms. Grishma N. Bhimajiyani Ceased as Company Secretary of the Company on 30<sup>th</sup> November, 2021.
- Pursuant to Section 2(19) & Section 203 Mr. Jay Kishorbhai Rathod appointed as Company Secretary of the Company w.e.f. 02-06-2022 by the Board.
- Further, Pursuant to provision of section 152(6) of the Companies Act, 2013, Mr. Chimanlal L. Lodhiya (DIN – 01144051) is liable to retire by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting
- Brief profile of director seeking appointment/re-appointment is attached as **Annexure-1** to this Report.

As on 31<sup>st</sup> March, 2022 Board/KMP is comprised as per following:

Sr. No.	Name of Director	Designation	DIN/PAN
1	Mr. Chimanlal Laljibhai Lodhiya	Director	01144051
2	Mr. Kaushik Chimanlal Lodhiya	Director	02060605
3	Mrs. Sheetal Pankaj Lodhiya	Director	07991942
4	Mr. Viral Pankaj Lodhiya*	Managing Director	08228595
5	Mr. Hasmukhlal P. Delawala	Independent Director	08725350
6	Mr. Kalpalkbhai A. Maniar	Independent Director	00369957
7	Ms. Grishma Narottambhai Bhimajiyani**	Company Secretary	BYEPB8380F
8.	Ms. Shruti Niraj Shingala (w.e.f.01-10-2021)***	CFO	BVLPS6988L
9.	Mr. Jay Kishorbhai Rathod#	Company Secretary	ATDPR2215E

\*appointed as MD w.e.f. 06-09-2021

\*\*resigned w.e.f. 30-11-2021

\*\*\*appointed by the Board on 30-11-2021

#appointed w.e.f. 02-06-2022

#### **17. DECLARATION BY INDEPENDENT DIRECTORS:**

Mr. Hasmukhlal Popatlal Delawala (DIN – 08725350) and Mr. Kalpak A. Maniar (DIN – 00369957) are Independent Directors of the Company.

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 (the Act) that they meet with the criteria of their independence laid down in Section 149(6) of the Act.

### **18. CORPORATE SOCIAL RESPONSIBILITY:**

Section 135 of the Companies Act, 2013 is applicable. During the year no amount needed to be spent, as the Company has incurred average net loss instead of average net profit considering the Profit/Loss of the three immediately preceding financial years. Enclosed Annual Report on CSR Activities as **Annexure-3**.

Details regarding the Composition of CSR Committee and Meetings of CSR Committee is given in the point of Committees of Board's Report.

Details related to Meetings of CSR Committee is disclosed separately below in this Board's Report.

### **19. COMMITTEES OF BOARD:**

During the year, Company has following Committees of Board,

#### **A. Composition & Meetings of Audit Committee:**

The Board has framed Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013

<b>Name of Director</b>	<b>Position</b>	<b>Independent/Executive/ Non-Executive</b>	<b>No. of Meetings held</b>	<b>No. of Meetings Attended</b>
Mr. Kalpakbhai A. Maniar	Chairman	Independent Director	4	4
Mr. Hasmukhlal P. Delawala	Member	Independent Director	4	4
Mr. Kaushik C. Lodhiya	Member	Non-Executive Director	4	4

During the year, 2021-22, Audit Committee has met three (5) times on 06-04-2021, 01-06-2021, 06-09-2021, 30-11-2021 and 04-01-2022.

#### **Brief Description and Terms of Reference:**

- In accordance with the provision of the Section 177 of the Companies Act, 2013
- Overseeing the Company's financial reporting process and to ensure that the financial statements are correct, sufficient and credible.
- The recommendation for appointment, remuneration and terms of appointment, of the auditors of the Company.
- Review and monitor the auditor's independence and performance and effectiveness of the audit process & approval of Payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

The Board has accepted all the recommendations of Audit committee.



**B. Composition & Meetings of Nomination & Remuneration Committee:**

The Board has framed Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013

Name of Director	Position	Independent/Executive/Non-Executive	No. of Meetings held	No. of Meetings Attended
Mr. Hasmukhlal P. Delawala	Chairman	Independent Director	4	4
Mr. Kalpakbhai A. Maniar	Member	Independent Director	4	4
Mr. Kaushik C. Lodhiya	Member	Non-Executive Director	4	4

During the year, 2021-22, Nomination & Remuneration Committee has met Four (4) times on 01-06-2021, 06-09-2021, 30-11-2021 and 04-01-2022.

**Brief Description and Terms of Reference:**

- In accordance with the provision of the Section 178 of the Companies Act, 2013
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria lay down, recommend to the Board their appointment & removal and shall carryout evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of director and recommended to the Board a policy relating to the remuneration for the directors, Key Managerial Personnel (KMP) and other employees.
- To decide or recommend to the Board remuneration of the Managing Director/Director/KMP and Senior Management of the Company.
- To approve, in the event of loss or inadequate profits in any year, minimum remuneration payable to the Whole-Time Directors/Managing Directors within the limits and to the parameters prescribed in the Schedule V to Companies Act, 2013.
- Other matters as may be prescribed from time to time to be deal with or handled by the Nomination and Remuneration Committee pursuant to provisions of the Companies Act, 2013 and the rules made thereunder

The Company has framed Nomination & Remuneration policy and annexed as **Annexure-4**.

**C. Composition & Meetings of Corporate Social Responsibility Committee:**

In accordance with the provision of section 135 of the Companies Act, 2013, your company has already constituted Corporate Social Responsibility (CSR) Committee to perform social duty and spread welfare of the society at large.

Name of Director	Position	Independent/Executive/Non-Executive	No. of Meetings held	No. of Meetings Attended
Mr. Kaushik C. Lodhiya	Chairman	Non-Executive Director	2	2
Mr. Chimanlal L. Lodhiya	Member	Non-Executive Director	2	2

Mr. Hasmukhlal P. Delawala	Member	Independent Director	2	2
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During the year, 2021-22, Corporate Social Responsibility Committee has met Two (2) times on 08-07-2021 & 04-01-2022.

**Brief Description and Terms of Reference:**

- The Terms of Reference of Corporate Social Responsibility Committee were as per section 135 of the Companies Act, 2013 and CSR Policy.
- The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR activities.

**20. ESTABLISHMENT OF VIGIL MECHANISM:**

The Company has established a Vigil Mechanism for Directors and Employees to Report Genuine Concerns as per Section 177 of the Companies Act, 2013. The Board of Directors has nominated Mr. Kaushik C. Lodhiya, Director (DIN: 02060605) of the Company for the Purpose of Vigil Mechanism to whom other Directors and Employees report their concerns.

The Vigil Mechanism will provide adequate safeguards against victimization of employees and directors who avail of the Vigil Mechanism and also provide for direct access to Mr. Kaushik C. Lodhiya nominated in this regard.

**21. ANNUAL EVALUATION:**

Pursuant to section 134 (p) of the Companies Act, 2013, Board has made annual evaluation of its own performance and also of its committees and Individual Directors. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board and Nomination and remuneration committee. In Furtherance Independent Directors have also met once during a year without Non-Independent directors for review of performance of non-Independent directors and the Board of Directors as a whole, review the performance of Chairman taking into account view of executive directors and non-executive directors. Evaluation made on various criteria's such as analyzing skill of Directors related to Leadership, Strategy Formulation and execution, financial planning / performance, skill related to maintenance of relationship including both i.e. internal and external relationship, participation in the decision making, presence of board meeting, knowledge and competency, assessment of risk factors etc.

Observations of board evaluation carried out for the year	:	NIL
Previous year's observations and actions taken	:	NIL
Proposed actions based on current year observations	:	NOT REQUIRED

**22. PARTICULARS OF EMPLOYEES & MANAGERIAL REMUNERATION:**

There were no employees who were drawing remuneration in excess of the limits prescribed in Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosure as per requirement of Schedule V:

(i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;

No Director is paid any remuneration except to Mr. Viral P. Lodhiya, Managing Director of the Company. During the year 2021-22 he was paid remuneration of Rs. 42.00 Lakhs.

(ii) details of fixed component and performance linked incentives along with the performance criteria; No such Incentive paid

(iii) service contracts, notice period, severance fees; and: None

(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: None, No Stock option.

### 23. NUMBER OF MEETING OF THE BOARD:

#### Attendance at Board Meetings :

Sr. No.	Dates of Board Meetings and Presence (Y: YES /N: NO/ NA: Not Applicable)	Name of Directors & Designation					
		Mr.Chimanlal L. Lodhiya	Mr. Hasmukhlal P. Delawala	Mr. Kalpakbhai A. Maniar	Mr. Kaushik C. Lodhiya	Mrs. Sheetal P. Lodhiya	Mr. Viral P. Lodhiya
		Director (DIN: 01144051)	Independent Director (DIN: 08725350)	Independent Director (DIN: 00369957)	Director (DIN: 02060605)	Director (DIN: 07991942)	Managing Director* (DIN: 08228595)
1	06-04-2021	Y	Y	Y	Y	Y	Y
2	01-06-2021	Y	Y	Y	Y	Y	Y
3	08-07-2021	Y	Y	Y	Y	Y	Y
4	06-09-2021	Y	Y	Y	Y	Y	Y
5	08-10-2021	Y	Y	Y	Y	Y	Y
6	25-10-2021	Y	Y	Y	Y	Y	Y
7	11-11-2021	Y	Y	Y	Y	Y	Y
8	30-11-2021	Y	Y	Y	Y	Y	Y
9	04-01-2022	Y	Y	Y	Y	Y	Y

\*\*appointed as MD w.e.f. 06-09-2021, prior to this date was acting as Whole Time Director CS Grishma Bhimjiyani has attended meeting till the Meeting date 11/11/2021.

**24. DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with the requirement of section 134(5) of the Companies Act, 2013, it is hereby stated that-

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors had devised proper systems to ensure compliance with the Provisions of all applicable laws and that such systems were adequate and operating effectively.

**25. DISCLOSURE UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:**

During the year, there were no application made and no any proceeding is pending against the Company under the Insolvency and Bankruptcy Code, 2016.

**26. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

During the year under consideration, there were no such kind instances by/with the company, so no details are required to be mentioned herewith.

**27. RISK MANAGEMENT POLICY:**

Company has developed a system wherein Risk Management is taken care for the Company including identification therein of elements of Risk.

**28. AUDITOR AND AUDITORS' REPORT:**

**STATUTORY AUDITORS**

Pursuant to provision of section 139 of the Companies Act, 2013, in 08<sup>th</sup> Annual General Meeting convened on 30<sup>th</sup> September, 2019, Members have appointed M/s. J.C. RANPURA & CO., (FRN:108647W), Chartered Accountants as Statutory Auditor of the Company to hold office for a continuous period of Five years i.e. from 2019-20 till the conclusion of Annual General Meeting

of the Financial year 2023-24 and M/s. J.C. RANPURA & CO is eligible to continue to act as Statutory auditor of the Company till the Conclusion of Annual General Meeting of the Financial year 2023-24 and the Statutory Auditor has confirmed their eligibility and submitted the certificate in writing that they are not disqualified to continue to hold the office of Statutory auditor of the Company.

**STATUTORY AUDITORS REPORT:**

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments. The Auditors' report does not contain qualification, reservation or adverse remark.

**DETAILS OF FRAUD REPORT BY AUDITOR:**

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

**SECRETARIAL AUDIT:**

Pursuant to Provision of section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. K. P. Rachchh & Co., Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2021-22.

The Company has obtained Secretarial Audit Report as required under Section 204(1) of the Companies Act, 2013 from M/s. K. P. Rachchh & Co., Practicing Company Secretary, Rajkot. The said Report is attached with this Report as **Annexure-5**. Qualification put up by the Secretarial auditor is self explanatory and no further clarification is required.

**INTERNAL AUDIT:**

Ms. Shruti Niraj Shingala, Chartered Accountant was appointed as Internal Auditor of the Company along with the powers and duties as mentioned in the Companies Act, 2013 and Rules made in this regard to carry out internal audit as per provision of section 138 of the Companies Act, 2013.

**COST AUDIT:**

Cost Audit is not applicable to the Company.

**29. EXTRACT OF ANNUAL RETURN:**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the Company's website on www. <https://sovereignmetals.in>

**30. INTERNAL FINANCIAL CONTROL:**

The Board has adopted procedures for ensuring the orderly and efficient business conduct of its business and there is an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting operate effectively.

### **31. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

In accordance with the requirement of section 134(3) (m) of the companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the particulars with respect to conservation of energy technology Absorptions and foreign exchange earnings and outgo are presented here under:

#### **[A] CONSERVATION OF ENERGY**

- i. the steps taken or impact on conservation of energy : Conservation of energy is always been an area of priority in the Company's operations. The Company has consumed Electricity of Rs. 97.46 Lacs.
- ii. the steps taken by the company for utilising alternate sources of energy: NIL
- iii. The Capital Investment or Energy conservation Equipments: NIL

#### **[B] TECHNOLOGY ABSORPTION:**

- i. The efforts made towards technology absorption; NIL
- ii. The Company has not imported any technology during the last three years reckoned from the beginning of the financial year
- iii. the expenditure incurred on Research and Development: NIL

The company has not initiated any research and development activities and thus no Expenditure has been incurred on Research and Development.

#### **[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Earnings: Rs. 4,87,06,155.44

Foreign Out Go : Rs. 8,98,03,063.47

### **32. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:**

No significant and material orders were passed by the regulators or court or tribunals which affect the going concern status and future operation of the Company.

### **33. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

We the Directors of the Company states that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013] and during the year there was no Complaint in this matter.

**ACKNOWLEDGEMENT:**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from Financial Institution, Government authorities, customers, vendors and members. The Directors also wish to take place on record their deep sense of appreciation to all employees for the dedicated services rendered at various levels without whose contribution your company could not achieved the present stage of performance and will look forward to their continued support in the future as well.

Date: 23rd September, 2022  
Place: Rajkot

For and On behalf of  
**SOVEREIGN METALS LIMITED**

**Viral P. Lodhiya**  
Managing Director  
DIN: 08228595

**Kaushik C. Lodhiya**  
Director  
DIN: 02060605

**Annexure - 2****FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length Basis: **NIL**

Details of material contracts or arrangement or transactions at arm's length basis :

Name(s) of the related party and nature of relationship:	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangement s/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
Shreeji Ornaments Private Limited (Group Company)	Sale of goods	Continuous & Approved omnibus yearly	14,66,90,100.00	06-04-2021	NIL
Shreeji Ornaments Private Limited (Group Company)	Purchase of goods	Continuous & Approved omnibus yearly	14,67,00,000.00	06-04-2021	NIL
Ms. Payal K. Lodhiya (Wife of Director)	Rent	Approved yearly	6,00,000.00	06-04-2021	NIL
Ms. Urmilaben C. Lodhiya (Wife of Director)	Rent	Approved yearly	6,00,000.00	06-04-2021	NIL
Ms. Sheetal P. Lodhiya (Director)	Rent	Approved yearly	6,00,000.00	06-04-2021	NIL

Date: 23rd September, 2022

Place: Rajkot

For and On behalf of

**SOVEREIGN METALS LIMITED**

**Viral P. Lodhiya**  
Managing Director  
DIN: 08228595

**Kaushik C. Lodhiya**  
Director  
DIN: 02060605



## Annexure - 3

## ANNUAL REPORT ON CSR ACTIVITIES 2021-22

## 1. A Brief outline of the CSR policy of the Company.

The Company has framed its own CSR Policy. The Company is spending the amount of CSR Expense in the various activities described under Schedule VII of the Companies Act, 2013.

## 2. The Composition of the CSR Committee.

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1	Mr. Kaushik C. Lodhiya	Non-Executive Director – Chairman	2	2
2	Mr. Chimanlal L. Lodhiya	Non-Executive Director – Member	2	2
3	Mr. Hasmukhlal P. Delawala	Independent Director-Member	2	2

## 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR committee is disclosed in the policy and same is uploaded at the website of the Company <https://sovereignmetals.in>.

## 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Not Applicable

## 5. (In Rs.)

(a) Average net profit of the company as per sub-section (5) of section 135.	(1,90,563)
(b) Two percent of average net profit of the company as per sub-section (5) of section 135.	Not applicable as the Company has incurred Average Net Loss
(c) Surplus arising out of the CSR Projects or programmes or activities of the previous	NIL

financial years.	
(d) Amount required to be set-off for the financial year, if any.	NIL
(e) Total CSR obligation for the financial year [(b)+(c)-(d)].	NIL

6.

(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	NIL
(b) Amount spent in Administrative Overheads.	NIL
(c) Amount spent on Impact Assessment, if applicable.	NIL
(d) Total amount spent for the Financial Year [(a)+(b)+(c)].	NIL

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Lacs)	Amount Unspent (in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)			
		Amount	Date of Transfer	Name of the Fund	Amount
NIL As Not Applicable	NA	NA	NA	NA	NA

(f) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Average Net Loss of Lacs (5,71,689)
(ii)	Total amount spent for the Financial Year	Nil as Not required to Spend
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

1	2	3	4	5	6	7	8
Sr. No	Preceding Financial	Amount transferred	Balance Amount in	Amount Spent in	Amount transferred to a	Amount remaining	Deficiency, if any

.	Year	to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Unspent CSR Account under subsection (6) of section 135 (in Rs.)	the Financial Year (in Rs)	Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		to be spent in succeeding Financial Years (in Rs)	
					Amount (in Rs)	Date of Transfer		
1	2020-21	NIL	-	-	NIL	-	-	-
2	2019-20	NIL	-	-	NIL	-	-	-
3	2018-19	NIL	-	-	NIL	-	-	-
	Total	NIL	-	-	NIL	-	-	-

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

YES [ ] NO [  ]

If Yes, enter the number of Capital assets created/ acquired : NIL

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address

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(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.**

Date: 23rd September, 2022  
Place: Rajkot

For and On behalf of  
**SOVEREIGN METALS LIMITED**

**Viral P. Lodhiya**  
Managing Director  
DIN: 08228595

**Kaushik C. Lodhiya**  
Director  
DIN: 02060605

**Annexure - 4****NOMINATION AND REMUNERATION POLICY****PREAMBLE:**

Section 178 of the Companies Act, 2013 states that every unlisted public company covered under rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 shall constitute Nomination and Remuneration Committee.

Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014: the Public Companies having paid up share capital of ten crore rupees or more; or the Public Companies having turnover of one hundred crore rupees or more; or the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees:

Hence, Our Company falls under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and accordingly has framed Nomination and Remuneration committee and Policy.

Objective and purpose of the Policy The objective and purpose of this policy are:

1. To oversee the nomination process and lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and nonexecutive) and persons who may be appointed in senior management and key managerial positions and to determine their remuneration in a fair and equitable manner.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Media and Entertainment Industry.
3. To ensure that remuneration paid to directors and executives is competitive, enabling the Company to attract and retain employees capable of meeting the Company's needs and service delivery obligations; and
4. To reward directors and executives for achieving predetermined Company, Departmental as well as personal/ individual performance targets and goals.
5. To carry out evaluation of the performance of directors, as well as key managerial and senior management personnel and other employees.
6. To provide them reward linked incentives directly to their effort, performance, dedication and achievement relating to the Company's operations.
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**COMPOSITION:**

The Members of the Nomination and Remuneration Committee ("the Committee or NRC") shall be appointed by the Board and shall comprise three or more non-executive directors out of which not less than one-half shall be independent directors. Any fraction in the one-half shall be rounded off to one.

The Company has appointed Mr. Hasmukhlal Delawala and Mr. Kalpakbhai Arvindbhai Maniar as an Independent Director of the Company on 19th May, 2020 and 7th August, 2020 respectively. As per the provisions of Companies Act, 2013 and accordingly Board has reconstituted its Committee and w.e.f 07th August, 2020, the Composition of Committee is as under :

Mr. Hasmukhlal P. Delawala- Independent Director –Chairman  
Mr. Kalpakbhai A. Maniar - Independent Director -Member  
Mr. Kaushik C. Lodhiya - Non-Executive Director – Member

**DEFINITION:**

“Board” means Board of Directors of the Company.

“Independent Director” means

A director referred to in Section 149 (6) of the Companies Act, 2013.

“Key Managerial Personnel” (KMP) means

- a. Chief Executive Officer or the Managing Director or the Manager,
- b. Company Secretary,
- c. Whole-time Director,
- d. Chief Financial Officer and
- e. Such other officer as may be prescribed.

“Nomination and Remuneration Committee” shall mean

A Committee of the Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013

“Policy or This Policy” means “Nomination and Remuneration Policy.

“Senior Management” means

Personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management.

**TERMS AND REFERENCE OF COMMITTEE:**

The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

While framing above policy, Nomination and remuneration committee should ensure that: the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**ADMINISTRATIVE MATTERS:**

**MEETINGS:**

The Committee will meet as often as the Committee members deem necessary in order to fulfill their role and meet as & when the need arise for review of Managerial Remuneration.

**QUORUM:**

The Quorum for the meeting shall be one third of the total strength of the Committee or two members, whichever is higher.

**CONVENING AND NOTICE OF MEETING:**

Any member may convene a meeting of the Committee. Notice will be given to every member of the Committee of every meeting of the Committee at member's registered address for service of notice or such other pre-notified interim address where relevant, at least seven days in advance.

**CHAIR:**

In the absence of the Committee Chairman, the Committee members must elect one of their members as chair for that meeting. The Chair has a casting vote.

**ACCESS TO RESOURCES AND INDEPENDENT ADVISERS:**

The Committee is to have access to adequate internal and external resources i.e. the Committee may seek advice of the Company's auditors, solicitors or other independent advisers (including external consultants and specialists) as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee as and when may require.

**MINUTES:**

Minutes of the Meeting of the Committee must be kept and recorded within 30 days and after approval by the Committee chair, be presented at the next Board meeting.

**POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT****1) Appointment Criteria and Qualifications:**

A. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.

B. person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

C. The Company shall not appoint or continue the employment of any person as Managing Director/Whole Time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

D. Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules framed there under.

E. In determining whether to recommend a Director for re-election, the Committee also considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

**2) Term/ Tenure:****A. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**B. Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not during the said period of three years, be appointed in or be associated with the Company in any their capacity, either directly or indirectly.

- At the time of appointment of Independent Director it should be ensured that number of Board on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

**3) Removal:**

Due to reasons for any disqualification mentioned in the Act or under any applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**4) Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**POLICY FOR REMUNERATION TO DIRECTORS/KMP/ SENIOR MANAGEMENT PERSONNEL:****1. Remuneration to Managing/Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:**

The Remuneration/ Compensation / Commission etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Companies Act, 2013, Schedule V and rules made there under or any other enactment for the time being in force.

**2. Remuneration to Non- Executive/ Independent Director:**

The Non-Executive Independent Director may receive remuneration/ compensation/ commission as per the provisions of Companies Act, 2013. The amount of sitting fees, if any to



be paid then the same shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**REVIEW AND AMENDMENT:**

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.

The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

For and on behalf of the Board of,  
**SOVEREIGN METALS LIMITED**

**Hasmukhlal P. Delawala**  
Chairman  
DIN: 08725350

**Annexure - 5**

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2022**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**To,**  
**The Members,**  
**SOVEREIGN METALS LIMITED**  
(CIN: U27109GJ2012PLC069162)  
Plot No. 35p, 36p, 37p, 38 & 40B, Phase - 3,  
Naroda,G.I.D.C.  
Ahmedabad- 382330

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by SOVEREIGN METALS 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 Company's 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, 2022, 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 SOVEREIGN METALS LIMITED ("the Company") for the financial year ended on 31st March, 2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and further amendments thereto and as per applicability to the company;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA'), Securities Contracts (Regulation) Amendment Act, 2007 and the rules made thereunder; Not applicable as the Company is not listed Company.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; Not Applicable as the Company is not listed Company, however Companies Shares are in Demat form and accordingly complying to that extent as per applicability.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, transfer and transmission of shares;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable as the Company is not listed Company:

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto; Not Applicable

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments thereto; Not Applicable

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; Not Applicable.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client: Not applicable,.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable.

(vi) The Company has identified the following laws as specifically applicable to the Company:

a. Bureau of Indian Standards Act 2016

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

Secretarial Standards issued by The Institute of Company Secretaries of India to the extent applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

As per requirement of the Companies Act, 2013, Board of Directors of the Company and Committees of Board were duly constituted in compliance with the provision of the Companies Act, 2013. In Furtherance, Changes in the Board of Directors i.e. appointment of Managing Director and re-appointment of Independent Director was duly made in compliance with the

provision of the Companies Act, 2013. Further, Company has appointed Chief Financial Officer (CFO) during the year in due compliance with the provisions of the Companies Act, 2013. Company Secretary of the Company resigned on 30th November, 2021 and there after Company has Appointed Company Secretary and Key Managerial Personnel w.e.f 02nd June, 2022.

Adequate notice was 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.

All decisions at Board Meetings and Committee Meetings have been carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be. There were no dissenting views on any matter.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Management Representation Letter, we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

For: **K. P. Rachchh & Co.**  
Company Secretaries

Place : Rajkot  
Date : 23rd September, 2022

Kalpesh P. Rachchh  
Proprietor  
FCS No. : 5156  
C P No.: 3974  
UDIN: F005156D001033691  
Peer Review Certificate No.: 737/2020

To,  
The Members,  
**SOVEREIGN METALS LIMITED**  
(CIN: U27109GJ2012PLC069162)  
Plot No. 35p, 36p, 37p, 38 & 40B, Phase - 3,  
Naroda,G.I.D.C.  
Ahmedabad- 382330

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

Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.

We have followed the audit practices and process 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.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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.

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: **K. P. Rachchh & Co.**  
Company Secretaries

Place : Rajkot  
Date : 23rd September, 2022

Kalpesh P. Rachchh  
Proprietor  
FCS No. : 5156  
C P No.: 3974  
UDIN: F005156D001033691  
Peer Review Certificate No.: 737/2020

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
**M/s. Sovereign Metals Limited,**  
Ahmedabad.

### Report on the Audit of the Financial Statements

#### Opinion

- 1 We have audited the financial statements of **M/s. Sovereign Metals Limited, Ahmadabad** (CIN: U27109GJ2012PLC069162) (hereinafter referred to as the "Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2022, and the statement of Profit and Loss 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.
- 2 In our opinion and to the best of our information and according to the explanations given to us, for the effects of the matters described in the Basis for Qualified Opinion paragraph below, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, and its profit, and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

- 1 We draw attention to Note No. 7 of the financial statements wherein the Company has, against Sr. NO. 1 of sub-note no. 7.1 of the financial statement, shown ₹. NIL, and the Company has not provided for interest to suppliers falling under the Micro, Small and Medium Enterprise Development Act, 2006, which is contrary to the provisions of the said Act. The Company has not quantified such interest payable. Had the Company provided for such interest, the company's profit for the year would have been lower than what is stated in the Statement of Profit and Loss Account for the year ended on 31<sup>st</sup> March 2022 and its provision for expenses would have been higher than what is stated in the Balance Sheet as at the end of the year and the balance of Reserves and surplus would also have been higher than what is stated in the Balance Sheet as at the end of the year.
- 2 We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (hereinafter referred to as the "Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

- 1 Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.
- 2 Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the company as it is an unlisted company.

## Information other than the financial statements and auditors, report thereon.

- 1 The Company's board of directors is responsible for the preparation of the other information. The other information comprises the included in the Board's Report including Annexure to Board's Report but does not include the financial statements and our auditor's report thereon.
- 2 Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- 3 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.

## Responsibility of Management and those charged with Governance for the Standalone Financial Statements

- 1 The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- 2 In preparing the 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.
- 3 Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

- 1 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.
- 2 As a part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - 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.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.





- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - 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 Company's ability 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.
  - Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 3 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 the relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## 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, further to our comments in the Annexure, we report that:
- (a) We have sought and obtained all the information, except for the matters described under the "Basis for Qualified Opinion" paragraph, and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) Except for the matters described under the "Basis for Qualified Opinion" paragraph in our opinion, proper books of account as required



# J. C. Ranpura & Co.

Chartered Accountants

by law have been kept by the Company so far as it appears from our examination of those books.

- (c) As reported to us, there are no branches which have been audited by a person other than us and hence this clause is not applicable.
- (d) The Standalone financial statements dealt with by this Report are in agreement with the books of account.
- (e) Except for the matters described under the "Basis for Qualified Opinion" paragraph, 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.
- (f) In our opinion, there are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Company.
- (g) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (h) There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters.
- (i) 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 A."
- (j) 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:
  - (a) The Company does not have any pending litigations which would impact its financial position in its financial statements;
  - (b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts, and
  - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - (d) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 24(xiv) of the financial statements attached herewith, no funds have been



# J. C. Ranpura & Co.

Chartered Accountants

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 person/s or entity/ies including foreign entity/ies ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, 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 provide any guarantee, security or the like on the behalf of the Ultimate Beneficiaries.

- (e) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note No. 24(xiv) of the financial statements attached herewith, no funds have been received by the Company from any person/s or entity/ies including foreign entity/ies ("Funding Party/ies"), 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 by or on behalf of the Funding Party/ies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on the behalf of the Ultimate Beneficiaries.
- (f) Based on the audits procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that representations under sub-clauses (i) and (ii) of clause (e) of Rule 11 contain any material mis-statement.
- (g) During the financial year under audit, no dividend has been declared, or paid by the Company.

Place: Rajkot  
Date: 23.09.2022



For J. C. RANPURA & Co.,  
Chartered Accountants  
[FRN: 108647W]

(Ketan P. Sheth)  
Partner  
(Membership No. 118411)  
UDIN: 22118411AVAVDW6848

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

In terms of the information and explanations sought by us and given by the Company as certificate and the books of account made available to us in the normal course of audit and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant, and equipment.
  - (B) The Company is maintaining proper records showing full particulars of intangible assets.
  - (b) These property, plant, and equipment have been physically verified by the management during the year as there is a regular program of verification. In our opinion, the frequency of verification is reasonable.
  - (c) The Title deeds of immovable properties are held in the name of the company.
  - (d) The Company has not revalued its Property, Plant, and Equipment (including Right of Use assets) or intangible asset or both during the year, and hence, this clause is not applicable to the Company.
  - (e) As certified by the management of the Company and as per information and explanations furnished during the course of audit, no proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The inventory has been physically verified during the year by the management. We were not physically present at the time such verification and therefore, we are unable to comment as to whether the coverage and procedure of such verification by the management of the company are appropriate or not. As reported to us, discrepancies of 10% or more in the aggregate for each class of inventories were not noticed.
  - (b) The Company has the working capital limit in excess of five crore rupees, in aggregate, from banks or financial institution on the basis of security of current assets. We Report that the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of accounts as mentioned in the table given below:



**M/S. SOVEREIGN METALS LIMITED, AHMEDABAD**

Sr. No.	Name of the lenders	Current Assets	Quarter ending	Value as per books of Accounts	Value as per quarterly return/ statement	Discrepancy
1.	Indusind Bank Ltd.					Quarterly Statements of Closing stock filed by the company with bank are in agreement with the books of accounts.
		Inventories	June	1,35,40,27,127	1,35,40,27,127	
			September	1,39,88,18,536	1,39,88,18,536	
			December	1,15,78,49,571	1,15,78,49,571	
			March	1,00,30,84,431	1,00,30,84,431	

- (iii) The Company has not made investment in, 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.
- (a) As the Company has not provided loans, or provided advances in the nature of loans or stood guarantee, or provided security to any other entity, this clause is not applicable for the year under audit.
- (b) As the Company has not made investments, or provided guarantee, or given any security, this clause is not applicable for the year under audit.
- (c) As the Company has not granted any loans and advances in the nature of loans, this clause is not applicable for the year under audit.
- (d) As the Company has not granted any loans and advances in the nature of loans, this clause is not applicable for the year under audit.
- (e) As the Company has not granted any loans and advances in the nature of loans, this clause is not applicable for the year under audit.
- (f) As the Company has not granted any loans and advances in the nature of loans, this clause is not applicable for the year under audit.
- (iv) As per information and explanation furnished and as certified by the management of the company, the company has complied with section 185 and 186 of the Companies Act, 2013, wherever applicable.
- (v) In our opinion, the Company has complied Sec 73 to 76 of the Companies Act, 2013 for the year under audit. As per information and explanation given and records made available to us, the company had borrowed unsecured loans of ₹. 7.42 Crores from its shareholders in pursuance of stipulation of bank providing cash credit facility and except that the Company has not accepted any funds from public.
- (vi) We have been informed that the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act for the Company.



**M/S. SOVEREIGN METALS LIMITED, AHMEDABAD**

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of 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 material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, goods and services tax, cess, and other material statutory dues were in arrears as at 31<sup>st</sup> March 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, wealth tax, duty of customs, duty of excise, value added tax, goods and services tax, and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) There were no transactions which have, during the financial year under audit, been surrendered or disclosed as income during the year in the tax assessment under the Income-tax Act, 1961.
- (ix) (a) As per information and explanation given to us, the company is generally regular in repayment of loans or borrowing to financial institutions, banks, or Government.
- (b) As certified by the management of the Company and as per books of account produced before us, the Company is not a declared willful defaulter by any bank or financial institution or other lender.
- (c) As stated to us loans have been used for the object of the Company.
- (e) As certified by the management of the Company and on the basis of books of accounts examined by us, the Company has not taken any loans from any entity or person on account of or to meet the obligation of its subsidiaries, associates, or joint ventures.
- (f) As certified by the management of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies.
- (x) (a) On the basis of the records examined by us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments), and therefore, this clause is not applicable.



**M/S. SOVEREIGN METALS LIMITED, AHMEDABAD**

- (b) On the basis of our verification of records and information furnished to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore, the requirement of sections 42 and 62 of the Companies Act, 2013 is not required to be complied with.
- (xi) (a) On the basis of our examination of the books of account and other relevant records and information made available to us, prima facie, we have not noticed any fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriations of assets) on or by the company, during the year. Further, the management has represented to us that no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year. However, we are unable to determine/verify as to whether any such reporting has been made during the year or not.
- (b) The auditor of the company has not filed any report under sub-section (12) of section 143 of the Companies Act, 2013 in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014.
- (c) We have not received any whistle-blower complaints during the year under audit.
- (xii) (a) This clause is not applicable to the Company as the Company is not Nidhi Company.
- (b) This clause is not applicable to the Company as the Company is not Nidhi Company.
- (xiii) As certified by the management of the Company, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc. as required by the applicable Indian Accounting Standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of internal auditors for the period under audit.
- (xv) In our opinion and according to the information and the explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.



**M/S. SOVEREIGN METALS LIMITED, AHMEDABAD**

- (xvi) (a) In our opinion and according to the information and the explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) As certified by the management of the Company, the Company has not conducted any Non-Banking Financial or Housing Finance activities.
- (c) This clause is not applicable to the Company.
- (d) This clause is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the financial year under audit and in the immediately preceding financial year.
- (xviii) This clause is not applicable for the financial year under audit.
- (xix) We are of the opinion that no material uncertainty exists as on the date of the audit report that the Company is capable of meeting its 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.
- (xx) (a) There is excess of expenditure over income of the preceding financial years and therefore, the Company is not required to comply with section 135 of the Companies Act, 2013 during the financial year.
- (b) This clause is not applicable to the Company for the financial year under audit.
- (xxi) This clause is not applicable to the Company for the financial year under audit.

For **J. C. RANPURA & Co.,**  
Chartered Accountants  
[FRN:108647W]



(Ketan Y. Sheth)  
Partner  
(Membership No. 118411)  
UDIN: 22118411AVAVDW6848

Place: Rajkot  
Date: 23.09.2022



**Report on the Internal Financial Controls**

**under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

- 1 We have audited the internal financial controls over financial reporting of **M/s. Sovereign Metals Limited, Ahmedabad** (the "Company") as of **31<sup>st</sup> March, 2022** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls:**

- 2 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:**

- 3 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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.
- 4 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.



# J. C. Ranpura & Co.

Chartered Accountants

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

## Meaning of Internal Financial Controls Over Financial Reporting:

- 6 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:

- 7 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:

- 8 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 31st March, 2022 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.

Place: Rajkot  
Date: 23.09.2022



For J. C. RANPURA & Co.  
Chartered Accountants  
[FRN: 108647]

(Ketan Y. Sheth)  
Partner  
(Membership No. 118411)  
UDIN: 22118411AVAVDWG848

**M/S. SOVEREIGN METALS LIMITED, RAJKOT**  
**BALANCE SHEET AS AT 31ST MARCH, 2022**  
 (All amounts are in Lakhs of Indian rupees unless specifically stated to be otherwise)

PARTICULARS	NOTE	AS AT 31ST MARCH	
		2022	2021
<b>I. EQUITY AND LIABILITIES :</b>			
<b>(1) SHAREHOLDERS FUND</b>			
a Share capital	3	6,060.00	6,060.00
b Reserves and surplus	4	759.86	6.41
c Money received against share warrants		-	-
		<b>6,819.86</b>	<b>6,066.41</b>
<b>(2) SHAR APPLICATION MONEY PENDING ALLOTMENT</b>		-	-
<b>(3) NON-CURRENT LIABILITIES</b>			
a Long-term borrowings	5	1,004.92	1,014.14
b Deferred tax liabilities (Net)	6	-	-
c Other Long term liabilities			
d Long-term provisions	7	54.96	52.15
		<b>1,059.88</b>	<b>1,066.29</b>
<b>(4) CURRENT LAIBILITIES</b>			
a Short-term borrowings	8	5,040.35	8,548.34
b Trade payables :	9		
(i) total outstanding dues of micro enterprises and small enterprises; and		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises.		4,566.63	2,828.39
c Other current liabilities	10	322.83	316.70
d Short-term provisions	11	395.70	30.12
		<b>10,325.51</b>	<b>11,723.54</b>
<b>TOTAL</b>		<b>18,205.25</b>	<b>18,856.25</b>
<b>II. ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
a <b>Property, Plant and Equipment and Intangible assets:</b>			
(i) Property, Plant and Equipment	12	2,702.25	3,027.73
(ii) Intangible assets	12	4.67	8.65
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
b Non-current investments		-	-
c Deferred tax assets (net)	6	87.49	285.57
d Long-term loans and advances		-	-
e Other non-current assets	13	5.08	2.10
		<b>2,799.49</b>	<b>3,324.05</b>
<b>(2) CURRENT ASSETS</b>			
a Current investments		-	-
b Inventories	14	7,557.51	13,229.05
c Trade receivables	15	3,739.35	178.05
d Cash and cash equivalents	16	1,896.66	463.29
e Short-term loans and advances	17	2,212.24	1,649.09
f Other current assets	18	0.01	12.72
		<b>15,405.77</b>	<b>15,532.20</b>
<b>TOTAL</b>		<b>18,205.25</b>	<b>18,856.25</b>

Significant Accounting Policies and Notes to accounts

1 to 43 As per our report of even date

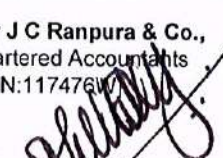
For and on behalf of the Board of Directors of  
**M/S. SOVEREIGN METALS LIMITED, RAJKOT**

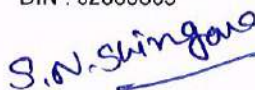
For J C Ranpura & Co.,  
 Chartered Accountants  
 [FRN:117476]

  
**Kaushik Lodhiya**  
 Director  
 DIN : 02060605

  
**Viral Lodhiya**  
 Managing Director  
 DIN : 08228595



  
**[Ketan Y. Sheth]**  
 Partner  
 [Membership No. 118411]  
 UDIN:22113411AVAVDW6848

  
**Shruti Shingala**  
 Chief Financial Officer

  
**Jay Rathod**  
 Company Secretary  
 Membership No. A37589

Place: Rajkot  
 Date: 23.09.2022

**M/S. SOVEREIGN METALS LIMITED, RAJKOT**  
**STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022**  
 (All amounts are in Lakhs of Indian rupees unless specifically stated to be otherwise)

	PARTICULARS	NOTES	FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH	
			2022	2021
I.	Revenue from operations	25		
II.	Other income	26	5,55,851.43	4,74,128.54
III.	<b>Total Income (I+II)</b>		<b>2,220.43</b>	<b>259.03</b>
			<b>5,58,071.86</b>	<b>4,74,387.57</b>
IV.	<b>Expenses:</b>			
	Cost of Materials Consumed	27	3,54,241.92	2,01,283.69
	Purchases of Stock-in-Trade		1,95,165.15	2,77,891.21
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	4,659.81	(7,345.95)
	Employee benefit	29	548.60	537.40
	Finance costs	30	1,213.23	513.32
	Depreciation and amortization expense	31	370.75	437.63
	Other expenses	32	620.87	573.19
	<b>Total expenses</b>		<b>5,56,820.33</b>	<b>4,73,890.50</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,251.54	497.07
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		1,251.54	497.07
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		1,251.54	497.07
X	<b>Tax expense:</b>			
	(1) Current tax		300.00	-
	(2) Prior year tax		-	-
	(3) Deferred tax		198.08	191.30
	(4) MAT Entitlement	35	-	-
			498.08	191.30
XI	<b>Profit (Loss) for the period from continuing operations (IX-X)</b>		<b>753.45</b>	<b>305.77</b>
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	<b>Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		<b>-</b>	<b>-</b>
XV	<b>Profit (Loss) for the period (XI + XIV)</b>		<b>753.45</b>	<b>305.77</b>
XVI	Earnings per equity share:			
	(1) Basic		1.24	11.62
	(2) Diluted		-	-

Significant Accounting Policies and Notes to accounts

1 to 43 As per our report of even date


For and on behalf of the Board of Directors of  
**M/S. SOVEREIGN METALS LIMITED, RAJKOT**

For J C Ranpura & Co.,  
 Chartered Accountants  
 [FRN:117476V]

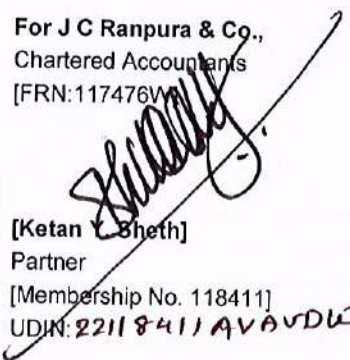
  
**Kaushik Lodhiya**  
 Director  
 DIN : 02060605

  
**Viral Lodhiya**  
 Managing Director  
 DIN : 08228595

  
**Shruti Shingala**  
 Chief Financial Officer

  
**Jay Rathod**  
 Company Secretary  
 Membership No. A37589



  
**[Ketan Y. Sheth]**  
 Partner

[Membership No. 118411]  
 UDIN: 22118411AVAVDW68L

Place: Rajkot  
 Date: 23.09.2022

**M/S. SOVEREIGN METALS LIMITED, AHMEDABAD  
CASH FLOW STATEMENT**

(Amount in ₹)

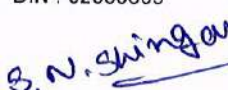
	DESCRIPTION	2022	2021
OPERATIONS	Net profit after tax	753.45	305.77
	Depreciation and non cash items-amortization	370.75	437.63
	(Increase)/Decrease in deferred taxes	198.08	191.30
	(Gain)/Loss on sale of assets	-	0.84
	(Increase)/Decrease in current assets	1,556.81	(7,212.33)
	Increase/(Decrease) in current liabilities	(1,398.03)	6,181.48
	Long term Provisions	2.81	27.18
	Income Taxes Paid	-	-
	<b>CASH FLOW FROM OPERATIONS:</b>	<b>1,483.88</b>	<b>(68.12)</b>
INVESTMENTS	Capital Expenditures	(41.30)	(68.04)
	Acquisition in Other Co's	-	-
	Proceeds from Sales of Assets	-	3.00
	Purchases of Investments	-	-
	Sale of Investments	-	-
	Other Investment Activities	(2.98)	3.84
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(44.28)</b>	<b>(61.20)</b>
FINANCING	Proceeds from Borrowings	-	-
	Payments on Borrowings	(9.23)	(5,538.29)
	Dividends Paid to Shareholders	-	-
	Proceeds from Minority Interest- Additional Capital int	-	-
	Increase in share capital	-	5,555.00
	Purchase / Retire Common Stock	-	-
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-9.23</b>	<b>16.71</b>
	<b>INCREASE / (DECREASE) TO CASH</b>	<b>1,430.37</b>	<b>(112.61)</b>
	<b>BEGINNING CASH BALANCE</b>	<b>317.08</b>	<b>429.69</b>
	<b>ENDING CASH BALANCE</b>	<b>1,747.45</b>	<b>317.08</b>

Significant Accounting Policies and Notes to accounts

For and on behalf of the Board of Directors of  
M/S. SOVEREIGN METALS LIMITED, RAJKOT

  
Kaushik Lodhiya  
Director  
DIN : 02060605

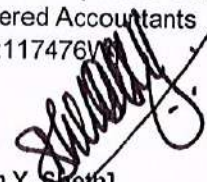
  
Viral Lodhiya  
Managing Director  
DIN : 08228595

  
Shruti Shingala  
Chief Financial Officer

  
Jay Rathod  
Company Secretary  
Membership No. A37589

For J C Ranpura & Co.,  
Chartered Accountants  
[FRN:117476]



  
Ketan Y. Sheth  
Partner

[Membership No. 118411]  
UDIN 22118411A VAU DW 6848

Place: Rajkot  
Date: 23.09.2022

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2021-22

**I COMPANY OVERVIEW:**

- [1] **M/s. Sovereign Metals Limited** [CIN. U27109GJ2012PLC069162] is a company incorporated under the provisions of The Companies Act, 1956 and is engaged in the business of Manufacturing and Trading of Gold, Gold Ornaments, and Diamond Jewellery & Silver Ornaments, having its registered office at Ahmedabad & Branches at Mumbai, Delhi, Coimbatore, Bangalore, Kolkata, Jaipur and Noida.

**II SIGNIFICANT ACCOUNTING POLICIES:**

**(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- (a) These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.
- (b) The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the Lakh of rupees and decimal thereof.

**(2) CHANGES IN ACCOUNTING POLICY**

- (a) During the year ended 31st March, 2022 there is no change in accounting policy having significant impact on presentation and disclosure made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**(3) USE OF ESTIMATES**

- (a) The preparation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period.
- (b) The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions, if any, to the accounting estimates are recognized in the period in which is revised and future periods affected.

**(4) PROPERTY, PLANT AND EQUIPMENT**

**TANGIBLE ITEMS**

- (a) Tangible items are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2021-22

- (b) The cost of Property, Plant & Equipment comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.
- (c) Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

**INTANGIBLE ASSETS**

- (d) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

**(5) DEPRECIATION, AMORTISATION AND DEPLETION**

**TANGIBLE ASSETS**

- (a) Depreciation on Property, Plant & Equipments is provided to the extent of depreciable amount on the Written down value (WDV) Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.
- (b) In respect of additions or extensions forming an integral part of existing assets and insurance spares, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of Fixed Assets, depreciation is provided as aforesaid over the residual life of the respective assets.

**(6) IMPAIRMENT**

- (a) An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(7) FOREIGN CURRENCY TRANSACTIONS**

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2021-22**

date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

- (c) Non-monetary foreign currency items are carried at cost.
- (d) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Statement, except in case of liabilities or land or property, plant and equipment, where they relate to acquisition of land or property, plant and equipment from outside India in which case they are adjusted to the carrying cost of such assets.

**(8) INVESTMENTS**

- (a) Current investments are carried at lower of cost and quoted/fair value, computed category-wise. Non-Current investments are stated at cost. Provision for diminution in the value of non-Current investments is made only if such a decline is other than temporary.

**(9) INVENTORIES**

- (a) Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any, except in case of by-products which are valued at net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.
- (b) Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

**(10) REVENUE RECOGNITION**

- (a) Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, and sales during trial run period, adjusted for discounts (net).
- (b) Claims for damages etc. against the contractors/service providers are recognized on due basis, as and when the certainty to receive the claim is ascertained.
- (c) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

**(11) GOODS AND SERVICE TAX.**

- (a) Goods and services tax is accounted for at the time of removal of goods cleared / services provided.





**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2021-22**

**(12) EMPLOYEE BENEFITS**

**SHORT TERM EMPLOYEE BENEFITS**

- (a) The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services. These benefits include performance incentive and compensated absences.

**POST-EMPLOYMENT BENEFITS DEFINED CONTRIBUTION PLANS**

- (b) A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, State Government Schemes. The Company's contribution is recognized as an expense in the Profit and Loss Statement during the period in which the employee renders the related service.

**POST-EMPLOYMENT BENEFITS DEFINED BENEFIT PLANS**

- (c) The Liability in respect of defined benefits in the form of gratuity, leave encashment, post-retirement medical scheme is provided based on the percentage notified by the Government.

**(13) BORROWING COSTS**

- (a) Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Statement in the period in which they are incurred.

**(14) FINANCIAL DERIVATIVES & COMMODITY HEDGING TRANSACTIONS**

- (a) In respect of derivative contracts, premium paid, gains/losses on settlement and losses on restatement are recognized in the Profit and Loss Statement except in case where they relate to the acquisition or construction of Fixed Assets, in which case, they are adjusted to the carrying cost of such assets.

**(15) INCOME TAXES**

- (a) Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act 1961, using the applicable tax rates.
- (b) Deferred income tax reflects the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognized only to



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2021-22

the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

- (c) Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

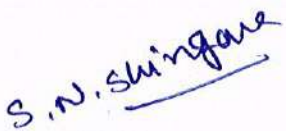
**(16) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- (a) Provision is recognized in the accounts when there is a present obligation as a result of past event(s), and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

For and on behalf of the Board of Directors of  
**M/s. Sovereign Metals Limited**

  
**Viral Lodhiya**  
Managing Director  
Din: 08228595

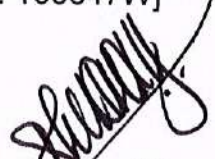
  
**Kaushik Lodhiya**  
(Director)  
Din: 02060605

  
**Shruti Shingala**  
Chief Financial Officer

  
**Jay Rathod**  
Company Secretary  
Membership No. A37589

For **J C Ranpura & Co.,**  
Chartered Accountants  
[FRN: 108647W]



  
[Ketan Y. Sheth]  
Partner  
[Membership No. 118411]  
UDIN:22118411AVAVDW6848

Place: Rajkot  
Date: 23.09.2022

**M/S. SOVEREIGN METALS LIMITED, RAJKOT**  
**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2022**  
 (All amounts are in Lakhs of Indian rupees unless specifically stated to be otherwise)

**3.0 SHARE CAPITAL**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Number	₹.	Number	₹.
<b>Authorized</b> 6,06,00,000 Equity Shares of ₹. 10/- each	6,06,00,000	6,060	6,06,00,000	6,060
<b>Issued</b> 6,06,00,000 Equity Shares of ₹. 10/- each	6,06,00,000	6,060	6,06,00,000	6,060
<b>Subscribed &amp; Paid - up</b> 6,06,00,000 Equity Shares of ₹. 10/- each	6,06,00,000	6,060	6,06,00,000	6,060

**3.1 Right, Preferences and Restriction of Each Class of Shares Issued, subscribed and paid up**

The Company has only one class of issued, subscribed and paid-up equity shares having a par value of ₹. 10/- each. Each shareholder of equity shares is entitled to one vote per share. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in the case of interim dividend. In the even of liquidation of the Company, the shareholders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**3.2 The Reconciliation of the number of Equity shares outstanding is set out below:**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Number	₹.	Number	₹.
Equity shares at the beginning of the year	6,06,00,000	6,060	50,50,000	505
Add: Shares issued/allotted during the year	-	-	5,55,50,000	5,555
Less: Shares cancelled during the year	-	-	-	-
Equity shares at the close of the year	6,06,00,000	6,060	6,06,00,000	6,060

**3.3 Details of Shareholders Holding more than 5% shares as at 31st March, 2022:**

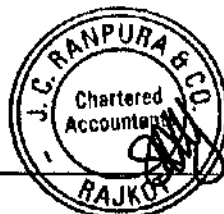
PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Kaushik C. Lodhiya	72,72,000	12	72,72,000	12
Chimanlal L. Lodhiya	72,72,000	12	72,72,000	12
Viral P. Lodhiya	1,09,08,000	18	1,09,08,000	18
Dilipkumar Vishindas Lakhi	1,09,08,000	18	1,09,08,000	18
Manish Girdharilal Lakhi	1,09,08,000	18	1,09,08,000	18
Meenti Sanket Mehta	1,09,08,000	18	1,09,08,000	18
<b>Total</b>	<b>5,81,76,000</b>	<b>1</b>	<b>5,81,76,000</b>	<b>1</b>

**3.4 Details of Shareholding of Promoters :**

Shares held by promoters at the end of the year Promoter Name	2022		2021		% change during the
	No. of Shares	% of total sha	No. of Shares	% of total sha	
Kaushik C. Lodhiya	72,72,000	12.00	72,72,000	12.00	-
Chimanlal L. Lodhiya	72,72,000	12.00	72,72,000	12.00	-
Viral P. Lodhiya	1,09,08,000	18.00	1,09,08,000	18.00	-
Dilipkumar Vishindas Lakhi	1,09,08,000	18.00	1,09,08,000	18.00	-
Manish Girdharilal Lakhi	1,09,08,000	18.00	1,09,08,000	18.00	-
Meenti Sanket Mehta	1,09,08,000	18.00	1,09,08,000	18.00	-
Shital P. Lodhiya	24,24,000	4.00	24,24,000	4.00	-
<b>Total</b>	<b>6,06,00,000</b>	<b>100.00</b>	<b>6,06,00,000</b>	<b>100.00</b>	<b>-</b>

**4.0 RESERVES & SURPLUS**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
(a) Security Premium		2,000.00		2,000.00
(b) Surplus (i.e. Balance in Statement of Profit and Loss)				
Opening balance	(1,993.59)		(2,299.36)	
(+) Net Profit/(Net Loss) For the current year	753.45		305.77	
(+) Transfer from Reserves	-		-	
(-) Proposed Dividends	-		-	
(-) Bonus issue	-		-	
Closing Balance		(1,240.14)		(1,993.59)
<b>Total</b>		<b>759.86</b>		<b>6.41</b>



5.0 LONG TERM BORROWINGS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
(a) TERM LOANS FROM BANKS Secured		6.56		15.79
(b) LOANS AND ADVANCES FROM RELATED PARTIES Unsecured				
From Directors	255.68		255.68	
From Shareholders	742.68		742.68	
		998.36		998.36
		1,004.92		1,014.14

6.0 DEFERRED TAX ASSETS/(LIABILITY)

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Deferred Tax Asset/(Liability) relating to depreciation	75.42		267.43	
Deferred tax assets - disallowances under section 43B of the Income-tax Act, 1961	11.77		10.81	
Deferred tax assets - loss on sale of assets	0.29		0.29	
Deferred Tax Asset relating to Brought Forward Unabsorbed Depreciation as per Income T	-		7.04	
		87.49		285.57

7.0 LONG TERM PROVISIONS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Provision for employee benefits				
Gratuity	31.45		28.86	
Compensated Leave Absences	23.51		23.29	
		54.96		52.15

7.1 MOVEMENT OF LONG TERM PROVISIONS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
As at 31st March, 2020 (As at 31st March 2019)				
Arising during the year		24.97		17.62
Utilised during the year		27.18		15.60
Unused amounts reversed		-		8.25
As at 31st March, 2021 (As at 31st March, 2020)		-		-
Arising during the year		52.15		24.97
Utilised during the year		2.81		27.18
Unused amounts reversed		-		-
As at 31st March, 2022 (As at 31st March, 2021)		-		-
		54.96		52.15

8.0 SHORT TERM BORROWINGS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
(a) Current maturity of long term borrowings	9.23		8.55	
(b) Other Loans and Advances	5,031.12		8,539.79	
		5,040.35		8,548.34

8.1 GECL Loan is secured by :

(1) Second charge over all the existing primary & collateral securities including mortgages created in favour of the Bank, subject to the subsisting charges created over various primary and collateral securities, including securities charged by third parties as follows:

(2) Primary Security: Pari- Passu charges on entire current assets including stock of gold dore and finished gold dore & finished gold bar, Stock-In-Process (SIP) Receivables and other current assets.

(3) Collateral Security: B 36, 36.37, 38, 40, Phase 3, GIDC Naroda Ahmedabad, Gujarat 382330 owned by Sovereign Metals Ltd.

(4) And is Guaranteed by ; Chimanlal L Lodhiya, Kaushik C Lodhiya, Sheetal Pankaj Lodhiya, Minti S Mehta, Dilipkumar Lakhi, Manish G Lakhi, and V

8.2 WCDL Loan is secured by:

(1) Primary Security: Hypothecation on entire current assets including stock of gold dore & finished gold bar., Stock-In-Process (SIP) , Receivables and other current assets (Exclusive Charge).

(2) Collateral Security: Exclusive Mortgage of factory premises in the name of Sovereign Metals Ltd situated at GIDC Naroda, Ahmedabad.

(3) And is Guaranteed by ; Chimanlal L Lodhiya, Kaushik C Lodhiya, Sheetal Pankaj Lodhiya, Minti S Mehta, Dilipkumar Lakhi, Manish G Lakhi, and Viral Pankaj Lodhiya.



9.0 TRADE PAYABLE

PARTICULARS	AS AT MARCH 31	
	2022	2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,566.63	2,828.39
	4,566.63	2,828.39

9.1 Trade payable ageing schedule

Particulars	31.03.2022				Total
	Outstanding for following periods from due date of payment Less than 1 year	1-2 year	2-3- year	More than 3 year	
a) MSME	-	-	-	-	-
b) Others	-	-	-	-	-
c) Disputed dues - MSME	4,564.21	2.42	-	-	4,566.63
d) Disputed dues - Others	-	-	-	-	-
Total	4,564.21	2.42	-	-	4,566.63

9.2 Trade payable ageing schedule

Particulars	31.03.2021				Total
	Outstanding for following periods from due date of payment Less than 1 year	1-2 year	2-3- year	More than 3 year	
a) MSME	-	-	-	-	-
b) Others	-	-	-	-	-
c) Disputed dues - MSME	2,828.27	0.11	-	-	2,828.39
d) Disputed dues - Others	-	-	-	-	-
Total	2,828.27	0.11	-	-	2,828.39

9.3 Details of delayed payment to MSMEs

PARTICULARS	Principal	Interest
the principal amount and the interest due thereon remaining unpaid at the end of each accounting year	-	-
the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
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 Micro, Small and Medium Enterprises Development Act, 2006	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

10.0 OTHER CURRENT LIABILITIES

PARTICULARS	AS AT MARCH 31	
	2022	2021
(a) Other payables		
Advance From Customers	269.72	195.78
Employees benefits payables	37.01	35.12
Statutory Liabilities	16.11	85.79
	322.83	316.70

11.0 SHORT TERM PROVISIONS

PARTICULARS	AS AT MARCH 31	
	2022	2021
Provision for employee benefits		
Gratuity	3.51	4.68
Compensated Leave Absences	5.28	5.24
Other Provisions		
	8.79	9.92
	386.91	20.20
	395.70	30.12



11.1 MOVEMENT OF SHORT TERM PROVISIONS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Others	Emp. Benefit	Others	Emp. Benefit
As at 31st March, 2021 (As at 31st March, 2020)	20.20	9.92	20.81	6.25
Arising during the year	356.72	-	0.09	3.67
Utilised during the year	-	(1.13)	(0.70)	-
Unused amounts reversed	-	-	-	-
As at 31st March, 2022 (As at 31st March, 2021)	386.91	8.79	20.20	9.92

13.0 Other Non-current Assets

PARTICULARS	AS AT MARCH 31			
	2022		2021	
(a) Deposits	4.67		1.87	
(b) Others	0.21		0.23	
		5.08		2.10

14.0 INVENTORIES

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Raw Materials	1,623.09		2,583.43	
Stores, Spares, Fuel etc	34.41		91.03	
Work-in-process	1,156.93		1,857.99	
Finished Goods	3,535.89		7,528.36	
MEIS/SEIS License Stock	17.63		12.41	
		6,367.96		12,073.22
Coimbatore Branch	63.21		82.99	
Delhi Branch	651.40		1072.84	
Mumbai Branch	474.93		0.00	
		1,189.55		1,155.83
		7,557.51		13,229.05

15.0 TRADE RECEIVABLES

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Debts Outstanding for a period exceeding six months	0.45		0.32	
Other Debts	3,738.90		177.73	
		3,739.35		178.05

15.1 Trade receivables ageing schedule:

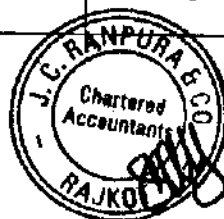
31.03.2022

Particulars	Outstanding from following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	(i) Undisputed trade receivables Considered good	3,738.90	0.45	-	-	
(ii) Undisputed trade receivables Considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables Considered good	-	-	-	-	-	-
(iv) Disputed trade receivables Considered doubtful	-	-	-	-	-	-

15.2 Trade receivables ageing schedule:

31.03.2021

Particulars	Outstanding from following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	(i) Undisputed trade receivables Considered good	177.73	0.32	-	-	
(ii) Undisputed trade receivables Considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables Considered good	-	-	-	-	-	-
(iv) Disputed trade receivables Considered doubtful	-	-	-	-	-	-



16.0 CASH & CASH EQUIVALENTS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Balance with banks	1,877		446.35	
Cash on hand	19.30		16.94	
		1,897		463.29

17.0 SHORT TERM LOANS AND ADVANCES

PARTICULARS	AS AT MARCH 31			
	2022		2021	
a) Others				
Deposits	1,955.89		1,517.14	
Prepaid expenses	21.15		5.29	
Advances to Suppliers	235.21		126.65	
		2,212.24		1,649.09

18.0 OTHER CURRENT ASSETS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Others	0.01		12.72	
		0.01		12.72

19.0 CONTINGENT LIABILITIES AND COMMITMENTS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
<b>Contingent Liabilities</b>				
(a) Claims against the Company not acknowledged as debt	-		-	
(b) Guarantees	-		-	
(c) Other money for which the company is contingently liable	-		-	
<b>Commitments</b>				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-		-	
(b) Uncalled liability on shares and other investments partly paid	-		-	
(c) Other commitments	-		-	

20.0 DETAILS OF DIVIDENDS AND ARREARS OF DIVIDEND

PARTICULARS	AS AT MARCH 31			
	2022		2021	
(a) To Equity share holders	-		-	
(b) To Preference share holders	-		-	
(c) Arrears of fixed cumulative dividends on preference share	-		-	

21.0 DETAILS OF AMOUNT OF SECURITIES NOT USED FOR THE PURPOSE FOR WHICH SUCH SECURITIES HAVE BEEN ISSUED

During the financial year 2021-22, the Company has not issued any security.

22.0 DETAILS OF AMOUNT OF BORROWINGS FROM BANKS AND FINANCIAL INSTITUTION NOT USED FOR THE PURPOSE FOR WHICH SUCH BORROWINGS ARE TAKEN

During the financial year 2021-22, the Company has not used the borrowing from banks and financial institution for the purposes other than those for which such borrowings were raised

23.0 DETAILS OF ASSETS HAVING VALUE ON REALISATION LESS THAN THE AMOUNT AT WHICH THE SAID ASSETS ARE STATED.

As at the end of the financial year 2021-22, the Board of Directors of Company is of the opinion that the assets other than Property, Plant and Equipment, Intangible Assets and non-current investments are of the value at which the said assets are stated in the balance sheet



M/S. SOVEREIGN METALS LIMITED, RAJKOT

24.0: ADDITIONAL REGULATORY REQUIREMENTS

(i) Title deeds of immovable property not held in the name of the Company

Relevant line item in the balance sheet	Description of item of property	Gross Carrying value	Title deeds held in the name of	Whether title deed holder is a promotor, director or relative of promotor/director or employee of promotor or director	Property held since which date	Reason for not held in the name of the company
[1] PPE	-	-	-	-	-	-
[2] Investment Property	-	-	-	-	-	-
[3] PPE retired from active use and held for disposal	-	-	-	-	-	-
[4] Others	-	-	-	-	-	-

(ii) The Company has not revalued its Property, Plant and Equipments.

(iii) Disclosures relating to Loans and Advances in the nature of loans granted to promoters, directors, KMPs and the related parties.

(a) repayable on demand

(b) without specifying any terms or period of repayment

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans or Advances in the nature of loan
1.00 Promoters	-	-
2.00 Directors	-	-
3.00 KMPs.	-	-
4.00 Related Parties	-	-





(iv) Capital-Work-in Progress (CWIP)  
a CWIP ageing schedule

31.03.2022

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 year	More than 3 years	
CWIP					
Projects in progress					
Factory Building CWIP	-	-	-	-	-
Plant & Machi CWIP	-	-	-	-	-
In House Cutter Machine (Qty. 2)	-	-	-	-	-
In House Anneling Furnace (Qty. 7)	-	-	-	-	-

b Details of CWIP overdue or costs of which exceeded its original plan

	To be completed in			Total
	Less than 1 year	1-2 years	2-3 year	
CWIP				
Projects 1				
Projects 2				

(v) Intangible assets under development

a Ageing schedule of intangible assets under development

	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 year	
CWIP				
Projects in progress				
Projects temporarily suspended	-	-	-	-

b Details of CWIP of intangible assets overdue or costs of which exceeded its original plan

	To be completed in			Total
	Less than 1 year	1-2 years	2-3 year	
CWIP				
Projects 1				
Projects 2				



(vi) **Details of Benami Property held**

No proceedings are initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rule made thereunder.

(vii) **Details of Borrowings from banks or financial institutions on the basis of Security of Current Assets**

(a) Whether quarterly returns or statement of current assets filed by the company with banks or financial institution are in agreement with the books of account. No.

(b) If not, summary of reconciliation and reason of material discrepancies, if any to be adequately disclosed.

Months	Returns or statement filed with Banks or financial Institution	As per books of account	Difference	Whether material	Reason for discrepancies
<b>INVENTORY</b>					
June	13,540.27	13,540.27	-		Quarterly statements of closing stock filed by the company with banks are in agreement with the books of accounts
September	13,988.19	13,988.19	-		
December	11,578.50	11,578.50	-		
March	10,030.84	10,030.84	-		

**TRADE RECEIVABLE**

June					
September					
December					
March					

(viii) **Willful Defaulter**

(a) The board of directors of the Company is of the opinion that the Company has, till the date of signing of this financial statement, not been declared as willful defaulter by its banks or financial institution

(ix) **Relationship with Struck off Companies**

On the basis of confirmation with the parties, the board of directors of the Company is of the opinion that the Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013.

(x) **Details of Registration of charges or satisfaction with Registrar of Companies yet to be registered**

No charges or its satisfaction is yet to be registered with Registrar of Companies.

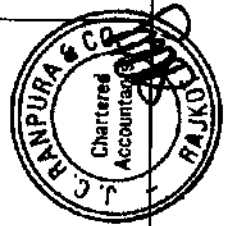


## (xi) Compliance with number of layers of companies

N.A.

## (xii) Disclosures of Ratios

	RATIOS	Numerators		Denominators		Current Period	Previous Period	% Variance	Reason for Variance
		Current period	Previous period	Current period	Previous period				
[a]	Current Ratio Current Assets Current Liabilities	15,405.77 10,325.51	15,532.20 11,723.54	1.49	1.32	12.62%	Due to increase in turnover resulted in more cash flow for the company. Same has been reason for more payment to creditors and other current liabilities.		
[b]	Debt-Equity Ratio Total Debt Shareholder's Equity	11,385.39 6,819.86	12,789.84 6,066.41	1.67	2.11	-20.82%	Due to repayment of debts, and improvement in profit as compared to previous year this ratio improves.		
[c]	Debt-Service Coverage Ratio	2,637.44 1,221.78	1,256.72 488.98	2.16	2.57	-16.01%	Due to repayment of debts, this ratio declines as compared to previous year		
[d]	Return on Equity Ratio	753.45 6,060.00	305.77 3,282.50	0.12	0.09	33.47%	Company earn more profit due to increase in turnover as compared to previous year, resulted in improvement in this ratio.		
[e]	Inventory Turnover Ratio	2,01,027.30 10,393.28	2,71,731.97 8,317.03	19.34	32.67	-40.80%	As Turnover increase, resulted in decrease in inventory. So this ratio has declined		



[f]	Trade Receivables Turnover Ratio	5,55,851.43 1,958.70	4,74,128.54 1,305.84	283.79	363.08	-21.84%	
[g]	Trade Payables Turnover Ratio	1,95,165.15 3,697.51	2,77,891.21 2,742.25	52.78	101.34	-47.91%	
[h]	Net Capital Turnover Ratio	5,55,851.43 4,444.46	4,74,128.54 3,349.54	125.07	141.55	-11.65%	
[i]	Net Profit Ratio	753.45 5,55,851.43	305.77 4,74,128.54	0.00	0.00	110.18%	Incremental turnover resulted in improvement in cash flow and Pv ratio
[j]	Return on Capital employed	1,966.68 7,792.25	819.09 6,847.13				
(k)	Return on Investment						

(xiii) Compliance with approved Scheme(s) of arrangements

Not applicable

(xiv) 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 person/s or entity/ies including foreign entity/ies ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall lend or invest in party ("Ultimate Beneficiaries) identified by or on behalf of the Company.

The Company has not received any fund from any party(s) ("Funding Party/ies"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiary") or provide any guarantee, security, or the like on behalf of the Ultimate Beneficiary.

M/S. SOVEREIGN METALS LIMITED, RAJKOT

*K.C. Kothari*  
Kaushik Lodhiya

Director

DIN : 02060605

*Viral Lodhiya*  
Viral Lodhiya

Managing Director

DIN : 08228595

*S.N. Shingala*  
Shruti Shingala

Chief Financial Officer

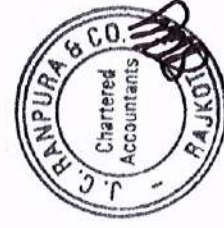
*Jay Rathod*  
Jay Rathod

Company Secretary

Membership No. A37589

Place : Rajkot.

Date : 23.09.2022



**M/S. SOVEREIGN METALS LIMITED, RAJKOT**  
 NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2022  
 (All amounts are in Lakhs of Indian rupees unless specifically stated to be otherwise)

**25.0 REVENUE FROM OPERATIONS**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
<b>Sale of Products</b>				
Domestic	5,55,752.20		4,73,597.63	
Export	-		-	
		5,55,752.20		4,73,597.63
<b>Sale of Service</b>		-		
<b>Other operating Revenue</b>		99.23		530.91
		<u>5,55,851.43</u>		<u>4,74,128.54</u>

**26.0 OTHER INCOME**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Miscellaneous Income	0.08		0.16	
Income from Lab Testing & certification	1.00		1.34	
Profit on Sale of MEIS/SEIS License	2,194.45		234.48	
Interest income on Fixed Deposits	3.61		10.68	
Actuarial Gain	1.17		-	
Sundry Provision Written off	-		2.31	
Interest on IT Refund	-		0.13	
Interest on Loan to Employees	1.33		-	
UGVCL Interest Income	2.46		1.75	
Job work	0.03		0.39	
Refining Charges	15.78		7.18	
Melting charges	0.53		0.61	
		<u>2,220.43</u>		<u>259.03</u>

**27.0 COST OF CONSUMPTION OF MATERIALS:**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Consumption of Raw Materials	3,54,081.51		2,01,241.18	
Consumption of Stores & Spares	157.66		39.63	
Consumption of Fuel	2.74		2.88	
		<u>3,54,241.92</u>		<u>2,01,283.69</u>

**28.0 24 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
<b>OPENING STOCK</b>				
Work-in-Process	1,857.99		-	
Finished Goods	8,684.20		3,287.27	
		10,542.18		3,287.27
<b>CLOSING STOCK</b>				
Work-in-Process	1,156.93		1,857.99	
Finished Goods	4,725.44		8,775.22	
		5,882.37		10,633.21
		<u>4,659.81</u>		<u>(7,345.95)</u>



29.0 EMPLOYEE BENEFIT EXPENSE

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Bonus	33.84		39.87
Wages	-		-	
Office Staff Salary	244.73		225.71	
ESIC	3.03		2.66	
Employer's Contribution to Provident fund	24.37		25.01	
Employer's Contribution to Labour Welfare fund	0.02		-	
Employer's Contribution to NPS	0.54		-	
Staff Welfare Expenses	21.11		16.45	
Leave Encashment	11.68		0.53	
Compensated Leave Absences	0.26		16.68	
Gratuity	11.31		14.26	
Reimbursement Expense	7.94		11.50	
Overtime and other allowances	189.75		184.72	
Director's Remuneration	-		-	
		548.60		537.40

30.0 FINANCE COST

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Interest Expense	756.59		487.39
Bank Charges	22.07		40.42	
Other borrowing cost	23.60		-	
Applicable net gain/loss on foreign currency transaction and translation	410.97		(14.49)	
		1,213.23		513.32

31.0 DEPRECIATION AND AMORTIZATION EXPENSE

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Depreciaton for the year	365.80		431.73
Amortization for the year	4.95		5.91	
		370.75		437.63

32.0 OTHER EXPENSES

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	<b>Manufacturing Expense :</b>			
Electric Power Consumption	97.46		94.43	
Other Miscellaneous	185.53		117.25	
		282.99		211.68
<b>Administrative &amp; Selling Expenses :</b>				
Audit Fees	3.00		3.00	
Rent	53.03		50.55	
Repairs to machinery	28.54		24.36	
Insurance	8.53		24.19	
Rated and taxes	2.49		-	
Miscellaneous expense	242.28		259.42	
		337.88		361.51
		620.87		573.19

32.1 PAYMENT TO AUDITORS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Audit Fees	3.00		3.00
		3.00		3.00



## 33.0 VALUE OF IMPORT ON CIF BASIS

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Gold Dore Bars	3,53,121.18		2,03,824.60	
		3,53,121.18		2,03,824.60

## 34.0 EXPENDITURE IN FOREIGN CURRENCY

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Foreign Travelling expenses	6.27		-	
		6.27		-

## 35.0 DEFERRED TAX ASSETS/(LIABILITY)

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	(198.08)		-	
		(198.08)		-

## 36.0 EARNINGS IN FOREIGN EXCHANGE

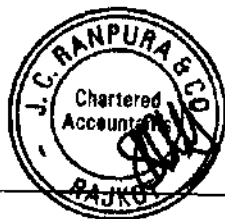
PARTICULARS	AS AT MARCH 31			
	2022		2021	
	-		-	
		-		-

## 37.0 DETAILS OF RELATED PARTY RELATIONSHIP

Names of Related Parties	Description of Relationship
Kaushik C. Lodhiya	Director
Chimanlal L. Lodhiya	Director
Viral P. Lodhiya	Director
Sheetal P. Lodhiya	Director
Urmilaben C. Lodhiya	Wife of Director
Payal K. Lodhiya	Wife of Director
Dilipkumar Lakhi	Shareholder
Manish Lakhi	Shareholder
Meanti Mehta	Shareholder
Shreeji Ornaments Private Limited	Sister concern
Ariplutus Metals Pvt. Ltd.	Sister concern

## 38.0 DETAILS OF TRANSACTION DURING THE YEAR WITH RELATED PARTY

Names of Related Parties	Nature of Transaction	Amount	Nature of Transaction	Amount
				2022
Shreeji Ornaments Private Limited	Sales	1,512.42	Sales	18,203.20
	Purchase	1,512.52	Purchase	18,203.20
	Loan Taken	340.00	Loan Taken	10,666.41
	Loan Repayment	340.00	Loan Repayment	6,494.85
	Reimbursement of Expense	-	Reimbursement of Expense	1,876.17
Ariplutus Metals Pvt. Ltd.	Loan Taken	55,048.05	Loan Taken	14,917.00
	Loan Repayment	55,048.05	Loan Repayment	14,917.00
Chimanlal L. Lodhiya	Director's Salary	-	Director's Salary	-
	Loan Taken	-	Loan Taken	296.00
	Loan Repayment	-	Loan Repayment	619.47
Dilipkumar Lakhi	Loan Taken	-	Loan Taken	-
	Loan Repayment	-	Loan Repayment	2,625.12
Kaushik C. Lodhiya	Director's Salary	-	Director's Salary	-
	Loan Taken	-	Loan Taken	-
	Loan Repayment	-	Loan Repayment	404.05



Viral P. Lodhiya	Director's salary	42.00	Director's salary	42.00
	Loan Taken	-	Loan Taken	1,345.00
	Loan Repayment	-	Loan Repayment	1,194.79
Sheetal P. Lodhiya	Rent	6.00	Rent	6.00
Urmilaben C. Lodhiya	Rent	6.00	Rent	6.00
Payal K. Lodhiya	Rent	6.00	Rent	6.00
Manish G Lakhi	Loan Taken	-	Loan Taken	-
	Loan Repayment	-	Loan Repayment	1,015.60
Meenti S Mehta	Loan Taken	-	Loan Taken	-
	Loan Repayment	-	Loan Repayment	999.90

#### 39.0 EARNINGS PER SHARE

PARTICULARS	AS AT MARCH 31	
	2022	2021
Net profit/(loss) for the year	753.45	305.77
Weighted average number of equity shares	606.00	26.30
Basic Earning Per Share	1.24	11.62
	-	-

#### 40.0 DILUTED EARNINGS PER SHARE

PARTICULARS	AS AT MARCH 31	
	2022	2021
Net profit/(Loss) for calculation of basic EPS (Profit after tax) as adjusted for dilutive potential equity shares	753.45	305.77
Weighted Average Number of Equity shares	606.00	26.30
Potential weighted average number of equity shares	-	-
Total of 2 and 3 above	606.00	26.30
Diluted EPS	1.24	11.62

#### 41.0 DETAILS OF UNDISCLOSED INCOME

The Company has no transaction not recored in the books of account which has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961

#### 42.0 CORPORATE SOCIAL RESPONSIBILITY

PARTICULARS	AS AT MARCH 31	
	2022	2021
amount required to be spent by the Company during the year		
amount of expenditure incurred	-	-
shortfall at the end of the year	-	-
total of previous years shortfall	-	-
reason for shortfall	-	-
nature of CSR activities		
Details of related parties transactions		
where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year.		






43.0 DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

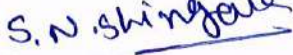
The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year ended on 31 March, 2022

M/S. SOVEREIGN METALS LIMITED, RAJKOT

**Kaushik Lodhiya**  
Director  
DIN : 02060605



**Shruti Shingala**  
Chief Financial Officer



Place : Rajkot.  
Date : 23.09.2022



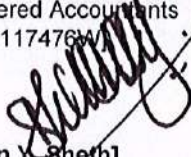
**Viral Lodhiya**  
Managing Director  
DIN : 08228595



**Jay Rathod**  
Company Secretary  
Membership No. A37589



For J C Ranpura & Co.,  
Chartered Accountants  
[FRN:117476M]



[Ketan Y. Sheth]  
Partner  
[Membership No. 118411]  
UDIN:22118411AVAVDW6848

M/S. SOVEREIGN METALS LIMITED, RAJKOT

13: Property, Plant and Equipment and Intangible asset :

(A) Property, Plant and Equipment

Sr. No.	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01/04/2021 ₹.	Additions/ (Disposals) ₹.	Deduction or Adjustment ₹.	Balance as at 31/03/2022 ₹.	Balance as at 01/04/2021 ₹.	Depreciation charge for the year ₹.	Deduction ₹.	Balance as at 31/03/2022 ₹.	Balance as at 31/03/2021 ₹.	Balance as at 31/03/2022 ₹.
1	Land	1,900.16	-	-	1,900.16	994.89	15.31	-	1,010.20	905.27	889.96
2	Buildings	2,905.42	-	-	2,905.42	2,357.57	52.06	-	2,409.64	547.85	495.78
3	Plant and Equipments	4,549.30	11.54	-	4,560.84	3,096.70	263.22	-	3,359.91	1,452.60	1,200.93
4	Furniture and Fixtures	136.28	20.52	-	156.80	70.12	17.99	-	88.12	66.16	68.68
5	Vehicles	33.06	-	-	33.06	4.72	8.85	-	13.58	28.34	19.49
6	Office equipments	68.45	-	-	68.45	65.02	0.14	-	65.15	3.43	3.30
7	Computers	67.31	2.15	-	69.46	57.01	5.22	-	62.23	10.30	7.24
8	Dies and Moulds	17.89	6.12	-	24.01	4.11	3.01	-	7.12	13.78	16.89
	<b>Total</b>	<b>9,677.87</b>	<b>40.33</b>	<b>-</b>	<b>9,718.20</b>	<b>6,660.15</b>	<b>365.80</b>	<b>-</b>	<b>7,015.95</b>	<b>3,027.73</b>	<b>2,702.25</b>



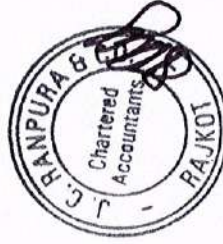
(B)	Intangible Assets											
1	Goodwill	-	-	-	-	-	-	-	-	-	-	-
2	Brand/Trademarks	-	-	-	-	-	-	-	-	-	-	-
3	Computer Software	43.96	0.97	44.93	35.31	4.95	40.26	8.65	40.26	8.65	4.67	-
	Total	43.96	0.97	44.93	35.31	4.95	40.26	8.65	40.26	8.65	4.67	-
(C)	Capital Work In Progress											
	Total	-	-	-	-	-	-	-	-	-	-	-
(D)	Intangible assets under Development											
	Total	-	-	-	-	-	-	-	-	-	-	-
	Total	9,721.83	41.30	9,763.13	6,685.46	370.75	7,056.21	3,036.37	7,056.21	3,036.37	2,706.92	

M/S. SOVEREIGN METALS LIMITED, RAJKOT

*Kaushik Lodhiya*  
Kaushik Lodhiya  
Director  
DIN : 02060605

*Viral Lodhiya*  
Viral Lodhiya  
Managing Director  
DIN : 08228595

*S. N. Shingala*  
Shruti Shingala  
Chief Financial Officer



For RANPURA DESAI & CO.,  
Chartered Accountants  
[FRN:117476W]

(Ketan Y Sheth)  
Partner

(Membership No. 118411)  
[UDK:22118411A] VAVU DW 6848

Place : Rajkot.

Date : 23.09.2022

**M/S. SOVEREIGN METALS LIMITED, RAJKOT**  
**Details & Disclosure of Items shown in Balance Sheet & Statement of Profit & Loss:**

**1 Term Loan**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	FROM BANKS			
Secured				
HDFC KIA Car loan	15.79		24.34	
Unsecured	-	15.79	-	24.34
		15.79		24.34
				24.34

**2 Loans and advances from related parties**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Loans from Directors and their relatives:			
Viral P. Lodhiya	255.68		255.68	
		255.68		255.68
From Shareholders:				
Manish G. Lakhi	495.12		495.12	
Meenti S. Mehia	247.56		247.56	
		742.68		742.68

**3 Trade Payables**

PARTICULARS	AS AT MARCH 31			
	2022		2021	
	Total outstanding dues of creditors other than micro enterprises and small enterprises			
Creditors for Goods				
Ariplutus Metals Pvt. Ltd.	-		0.01	
Creditors for Import of Goods				0.01
A.M. Mining Resources Sac	989.41		514.55	
Bright Star Fze	-		0.14	
Fenix Metals DO Brasil Eireli	3,655.25		2,350.81	
	4,624.66		2,865.50	
Debit balances of creditors for goods				
Int'l Ecstone Commodities Dmcc.	30.32		3.49	
ICBC Standard Bank	47.84		42.78	
	77.96	4,546.70	46.25	2,819.25
Creditors for Expenses				
Brinks India Private Limited	4.65		-	
Brinks India Private Limited (Delhi)	1.03		0.80	
Delta Systems & Peripherals	0.18		0.09	
AF Ferrari Secure Logitech Pvt. Ltd.	-		0.15	
Madhuraj Industrial Gases Pvt. Ltd.	-		-0.35	
Innovative Fire Safe Solutions	-		0.38	
Naroda Utilities Services	0.24		0.25	
Navkar Trading Co.	0.01		-	
Om Shakti Electricals	0.01		-	
Siddhi and Associates	0.30		-	
Suntech Business Solutions	2.42		0.31	
Ajanta Chemicals	3.30		2.42	
Cybera Print art	0.01		-	
Viral P. Lodhiya	0.92		1.50	
Anand Shyam Estate Devlopers Pvt. Ltd.	1.51		1.18	
Dr. Hetalbhai Shah	0.13		-	
C.G. Enterprise	0.15		0.15	
Sunglow Travels	-		0.52	
Ganpat Borana	0.06		-	
Hinduja Global Solutions	-		0.13	
Indra Security & Allied service Pvt Ltd	3.82		-	
Kala Number Plate	-		0.07	
Naidu Associates	0.14		-	
Patel Courier & Cargo Service	0.01		0.01	
Payal K Lodhiya	-		0.46	
Shyaam Fire Safe Solution	0.03		-	
Orosol International	0.22		-	
R K Tondon	0.18		-	
Ravi Hardware Stores	0.37		0.03	
Regus Enigmatic spaces pvt ltd	0.15		-	
Scientific Sales & Service	-		-	
Sheetal P Lodhiya	-		0.46	
Shiv Indane	0.06		-	
Shreenathji Welding & Safety Pvt Ltd	0.06		-	
The Ummed Ahmedabad	-		0.12	
Urmilaben C. Lodhiya	-		0.45	
		19.93		9.13



4,566.83

2,828.39

## 4 Current Liabilities (Secured loans)

4,566.83

PARTICULARS	(Amount in Lakh)			
	AS AT MARCH 31			
	2022		2021	
Current Maturities of Long Term Debt				
Current Maturities-HDFC Car Loan	9.23		8.55	
		9.23		8.55

## 5 Other Loans and Advances

(Amount in Lakh)

PARTICULARS	(Amount in Lakh)			
	AS AT MARCH 31			
	2022		2021	
SECURED CASH CREDIT				
From Banks				
Indusind Bank CC (650014105169)			8,539.79	
GECL Loan	2,531.12			
WCDL Loan	2,500.00			
		5,031.12		8,540

## 6 Other Payables

(Amount in Lakh)

PARTICULARS	(Amount in Lakh)			
	AS AT MARCH 31			
	2022		2021	
K.C Joy	0.71		0.70	
Sejan Varghese	0.04			
		0.75		0.70

## 7 Advance From Customers

PARTICULARS	(Amount in Lakh)			
	AS AT MARCH 31			
	2022		2021	
Zaveri and Co. Pvt. Ltd.			0.01	
Bullionline LLP			122.34	
Jurassic Refiners & Jewels Pvt. Ltd.	122.34			
Lotus Bullion Pvt. Ltd.	72.40			72.40
Ambuja Bullion TDS	0.34			0.34
Balaji Bullion (firm) TDS	0.15			
Bankuramana Bullion & Diamond PVT LTD TDS	0.39			
Deepakbhai Prabhudasbhai Ranpara TDS	0.52			
Dhanlaxmi Jewellers TDS	0.54			
Dilipkumar Manilal Ranpara TDS	0.34			
M.S. Bullion TDS	3.05			
Pankaj Jewellers TDS	0.75			
Parekh Brothers TDS	0.39			
Shree Sahjanand Trading co. TDS	1.26			
Shree Vraj Jewellers TDS	0.00			
Shree Vraj Jewellers TDS	0.02			
Arihant Gems TDS A/C	1.00			
Bharat Varma Jewellers TDS A/C	0.40			
Bombay Gold Lab TDS A/C	6.01			
Devilka TDS A/C	0.19			
Jain Impex TDS A/C	1.42			
Mahavir Bullion TDS A/C	0.19			
Pawar & Sons TDS A/C	1.88			
Shiv Shakti Overseas TDS A/C	0.15			
Shri Krishna Jewels Pvt Ltd TDS A/C	0.05			
Caps Gold Private Limited Telangana	0.01			
Komal Silver Mart	0.03			
RadhaMohan Purushottam Das Jewellers LLP(Kanpur)	34.21			
D A R Paradise Private Limited	0.07			
Sukraa Hallmarking Centre	19.17			
Vardhman Jewellers	0.00			
Alukka Gold Palace	0.05			
Bombay Gold Lab	0.05			
L.D. Gold Lab	0.01			
M.J. International	1.45			
Raja & co. Overseas Private Limited	0.14			
		268.97		195.09

## 8 Employees benefits payables

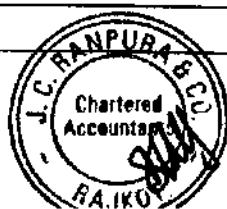
(Amount in Lakh)

PARTICULARS	(Amount in Lakh)			
	AS AT MARCH 31			
	2022		2021	
Salary Payable	37.01		35.12	
		37.01		35.12

## 9 Statutory Liabilities

(Amount in Lakh)

PARTICULARS	(Amount in Lakh)			
	AS AT MARCH 31			
	2022		2021	
TDS Payable	12.34		4.74	
Provident Fund Payable (Employee)	1.65		2.12	
Voluntary PF	0.61		1.43	
TCS Payable	1.25		77.26	
ESIC Payable(Employee)	0.07		0.05	



Employee's contribution to Labour welfare Fund	0.00		-	
Professional taxes Payable	0.19		0.19	
		16.11		85.79

**10 Other Provisions** (Amount in Lakh)

PARTICULARS	AS AT MARCH 31	
	2022	2021
Provision for Audit Fees	3.00	3.00
Provision for Income tax for A.Y. 2022-23	300.00	-
Provision for custom duty	91.86	-
Provision for Bonus expense	18.59	17.11
Employer's Contribution to PF	1.78	-
Employer's Contribution to ESIC	0.29	-
Employer's Contribution to NPS	0.04	0.09
Provision for Professional Fees	1.35	-
	386.91	20.20

**11 Long term deposits (Assets)** (Amount in Lakh)

PARTICULARS	AS AT MARCH 31	
	2022	2021
Fixed Deposits with Banks		
ICICI Bank FD No. 2773 (Mt Dt 23.05.2023)	1.87	1.87
SBI FD 40868586974 (Mt Dt 22.03.2025)	3.00	-
	4.87	1.87
	4.87	1.87

**12 Other Non current assets** (Amount in Lakh)

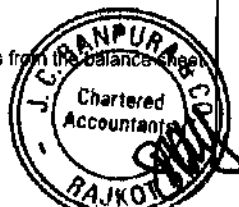
PARTICULARS	AS AT MARCH 31	
	2022	2021
Accrued Interest on Fixed Deposits	0.21	0.23
	0.21	0.23
	0.21	0.23

**13 Other Trade Receivables** (Amount in Lakh)

PARTICULARS	AS AT MARCH 31	
	2022	2021
Marull Jewellers	-	0.00
MCS Trading Pvt. Ltd.	-	153.07
Bankutramana Bullion & Diamond PVT LTD	530.37	-
Bharatkumar & sons	0.06	-
Pritam Bullion Private Limited	0.00	-
Radhamohan Purushottam Das Jewellers Pvt Ltd	1,463.95	-
Raksha Bullion	8.61	-
S MahendraKumar Devichand	1,736.00	24.66
	3,738.90	177.73

**14 Balance with banks** (Amount in Lakh)

PARTICULARS	AS AT MARCH 31	
	2022	2021
<b>Balances with Banks in Current Accounts/Cash credit Accounts</b>		
Indusind Bank CC (650014105169)	1,685.88	-
AXIS BANK LTD -914020046374044	-	0.48
BOI - A/c 200220110000506	-	-
Citi Bank - A/c 0590897019	-	0.00
Corporation Bank A/c. No. 510101006088782	0.11	0.11
HDFC BANK LTD - 00600340073169	0.13	0.13
HDFC BANK LTD - 00600460001763	0.14	0.14
ICICI Bank A/c No. 000405100962	35.77	46.13
ICICI Bank A/C No 084405001173	-	0.03
ICICI Bank Ltd - 000405110883	-	1.93
ICICI BANK Ltd A/c No 000405103774	-	0.04
Indusind Bank Limited A/c. No. 200999788303	-	235.68
Indusind Bank Limited A/c. No. 201002153736	-	12.42
Kotak Mahindra Bank - 7811598757	-	0.10
RBL Bank Ltd - 409000468666	-	1.01
SBI A/C. NO 40208991326	0.70	-
YES BANK LTD - 00000044	-	0.02
YES BANK LTD - 026885700000185	0.35	0.33
Thomas Cook One Currency Card no. 3383	1.35	1.35
Thomas Cook One Currency Card no. 4110	-	0.23
Thomas Cook One Currency Card no. 7652	3.71	-
	1,728.15	300.14
<b>Balance with Banks in Fixed deposits Accounts</b> (Only Account which will be matured within 12 months from the balance sheet date)		
ICICI Bank FD No. 7667	1.00	1.00
ICICI Bank FD No. 6299	92.00	92.00
ICICI Bank FD No. 6794	0.25	0.25



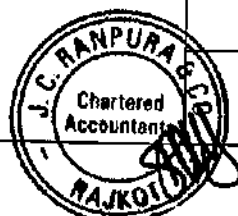
1.00		1.00
54.95	149.20	51.96
	1,877.35	
		146.21
		446.35

15 Short term deposits (Aseets)

PARTICULARS	AS AT MARCH 31		(Amount in Lakh)
	2022	2021	
<b>Security Deposit</b>			
Ahmedabad flat rent deposit	0.50	0.60	
Delhi Office rent deposit	5.10	3.90	
Kerla Office rent deposit	-	0.66	
Noida rent deposit	0.28	-	
IBJA rent deposit	2.25	-	
Electricity Deposit	0.03	0.03	
Madhuraj Industrial Gases Pvt. Ltd. Deposit	1.50	0.50	
VAT Deposit	0.09	0.09	
Bank of Maharashtra MVAT	0.25	0.25	
Mediclaim Insurance deposit	0.93	0.13	
Government of West Bengal Deposit	0.50	0.50	
Raghubhai Ghelabhai Bharwad Deposit	0.05	0.05	
SBI A/c. Comm Tax Deposit	0.35	0.35	
SBI A/c. CST Dept Deposit	0.10	0.10	
UGVCL Security Deposit	57.81	57.81	
Shiv Indane - Deposit	0.09	0.09	
BSES Security Deposit	0.09	0.09	
Goodfaith Agencies Ltd.(Rent Deposits)	0.14	0.14	
ICICI Mediclaim Insurance Deposit	0.19	-	
CST Deposit	43.63	-	
Soham Biomethane Pvt Ltd Deposit	0.05	0.05	
		113.89	65.23
<b>UGVCL Interest Receivable</b>	2.21	1.61	
		2.21	1.61
<b>Balances with Revenue Authorities</b>			
Excise Duty Receivable		29.98	
Goods & Service Tax	755.75	851.09	
Service Tax Receivable	1.37	1.37	
TDS Receivable (2015-16)	1.60	1.60	
TDS Receivable (2016-17)	0.01	0.01	
TDS Receivable (2020-21)	5.23	5.23	
TDS Receivable (2021-22)	0.99	0.99	
TDS Receivable (2022-23)	470.34	-	
TCS Receivable (2021-22)	160.47	-	
TCS Receivable (2022-23)	24.22	160.77	
VAT Receivable	1.43	1.43	
		1,451.37	1,052.45
<b>Staff Loan</b>			
Alpesh Tabiyar	-	0.70	
Anil Parmar	0.26	-	
Ashok Parmar	0.25	-	
Devang Manilal Patel	-	15.00	
Dipesh Maru	0.50	0.95	
Dipak Solanki	0.22	-	
Jigar Desai	1.18	-	
KesharInandan	0.29	-	
Lakhabhai Bharwad	1.26	0.15	
Mahesh Thakor	0.85	-	
Naresh Parmar	0.95	1.38	
Pankaj Dulara	0.40	1.75	
Pravin Chauhan	0.25	-	
Sahil Dobariya	0.37	-	
Sanjay Panchal	1.36	-	
Shankar Dabhi	0.25	-	
Siddharth Panchal	0.65	-	
Tushar Parmar	0.18	-	
Vanraj Chauhan	0.26	-	
Vipul Parmar	0.68	-	
Viral Nayi	0.44	-	
		10.50	19.93
<b>MAT Credit Entitlement</b>	377.93	377.93	
		377.93	377.93
		1,955.89	1,517.14

16 Prepaid expenses

PARTICULARS	AS AT MARCH 31		(Amount in Lakh)
	2022	2021	
Prepaid Insurance Expenses	20.72	5.13	
Prepaid Internet Expenses	0.17	0.16	
Prepaid Rent Expenses	0.26	-	
		21.15	5.29
		21.15	5.29



## 17 Advances to Suppliers

PARTICULARS	(Amount in Lakh)		
	AS AT MARCH 31		
	2022		2021
Hindustan Zinc Ltd.	0.17		7.02
Industrial Bank Ltd. Bullion A/c	0.03		21.92
Jalan and Co.	-		0.06
Innova Enterprise	-		0.01
Naroda Industries Association	2.07		0.06
Pioneer Hydraculics	0.06		1.84
Macc India Solution	-		0.02
Mansi Polymers	-		0.02
JV Commodities Pvt. Ltd.	0.01		1.62
JV Equities Pvt. Ltd.	217.29		83.11
Tera Automation SRL	10.79		10.98
Eva Industrial Solutions	0.66		-
ICICI Lombard General Insurance co. Ltd	0.16		-
Terun Moitra	1.20		-
Acquitech Engineers Pvt Ltd	0.21		-
AF Ferrari Secura Logitech Pvt. Ltd.	0.02		-
Gaya Connection	0.40		-
Leak Proof Engineering PVT LTD	0.30		-
Pankaj Dulera	0.03		-
Quality Council of India	0.04		-
Vision Infra & Interior	1.16		-
Appolo Electricals	0.25		-
Nucleus Analytics Pvt Ltd	0.35		-
		235.21	126.65

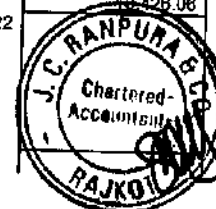
## 18 Deferred Tax Assets / (Liabilities)

Particulars	(Amount in Lakh)			
	As at 01.04.2021	Charge	Reversal	As at 31.03.2022
<b>Deferred Tax Assets related to:</b>				
Brought forward unabsorbed depreciation	7.04	94.90	101.94	-
Difference in balance of Property, plant and Equipment as per books and of Fixed assets under income-tax records	267.43	-	192.01	75.42
	274.47	94.90	293.94	75.42
<b>Deferred Tax Liability related to:</b>				
Difference in wdv of fixed assets as per books and as under Income-tax records	-	-	-	-
	-	-	-	-
<b>Deferred Tax Assets related to:</b>				
Created for loss on sale of assets	0.29	-	-	0.29
Created for disallowances under section 43B of gratuity and leave absenses	10.81	1.00	0.03	11.77
	11.10	1.00	0.03	12.07
Deferred Tax Assets (Deferred Tax Liability)	285.57	95.89	293.98	87.49

## 19 Sale of Products

(Amount in Lakh)

PARTICULARS	AS AT MARCH 31		
	2022		2021
<b>Domestic Sales :</b>			
<b>Ahmedabad Head Office</b>			
Gold Bars	4,42,319.83		3,00,290.61
Silver	22,030.54		69,521.78
Less: Branch Transfer	66,950.80		99,039.44
		3,97,399.58	2,70,762.95
<b>Mumbai Branch</b>			
Gold Bars	14,473.37		35,805.12
Silver	4,848.28		7,097.07
Less: Branch Transfer	4.88		1,346.88
		18,316.99	41,555.31
<b>Colombatore Branch</b>			
Gold Bars	4,433.77		7,406
Silver	29.44		11.42
Less: Branch Transfer	1,275.04		810.09
		3,188.18	7,107.51
<b>Delhi Branch</b>			
Gold Bars	1,53,665.61		1,65,659.58
Silver	8.05		1,936.38
Less: Branch Transfer	19,840.44		18,426.08
		1,33,853.22	1,54,171.87
<b>Bangalore Branch</b>			
Gold Bars	3.89		-
Silver	-		-
Less: Branch Transfer	3.89		-





Noida Branch				
Gold Bars				
Silver	5.18			
Less: Branch Transfer	5.18			
Jaipur Branch				
Gold Bars				
Silver				
Less: Branch Transfer	1,994.23			
		1,994.23		
		5,55,752.20		4,73,597.63
Income from Treasury Operations & Investments				
Profit/Loss on trading in Currency Derivative Instruments		98.72		529.91
Other Operating Revenue				
Waste Sales	0.51		1.00	1.00
		0.51		
		99.23		530.91
Export Sales :				

20 Cost of Consumption of Raw Materials

PARTICULARS	AS AT MARCH 31 (Amount in Lakh)			
	2022		2021	
<b>CONSUMPTION OF RAW MATERIALS:</b>				
Opening Stock				
Add: Purchases	2,583.43		-	
	3,53,121.18		2,03,824.60	
Less: Closing Stock	3,55,704.61		2,03,824.60	
	1,623.09		2,583.43	
(A)		3,54,081.51		2,01,241.18
<b>CONSUMPTION OF STORES &amp; SPARES:</b>				
Opening Stock				
Add: Purchases	91.03		91.03	
	101.05		39.63	
Less: Closing Stock	192.08		130.66	
	34.41		91.03	
(B)		157.66		39.63
<b>CONSUMPTION OF FUEL:</b>				
Opening Stock				
Add: Purchases	2.74		-	
	2.74		2.88	
Less: Closing Stock	-		2.88	
(C)		2.74		2.88
Total (A+B+C)		3,54,241.92		2,01,283.69

21 Inventories

PARTICULARS	AS AT MARCH 31 (Amount in Lakh)			
	2022		2021	
Head Office (Ahmedabad)				
Work-in-progress				
Finished Goods	1,156.93		1,857.99	
Stores and Spares	3,535.89		7,528.36	
MEIS/SEIS License Stock	-		-	
	17.63		12.41	
Coimbatore Branch		4,710.45		9,398.76
Delhi Branch		63.21		82.89
Mumbai Branch		651.40		1072.84
		474.83		0.00
		5,900.00		10,554.60



## 22 Purchases

PARTICULARS	AS AT MARCH 31			
	2022		2021	
<b>Head Office</b>				
Gold Bars				
Silver	50,277.91		76,848.35	
Branch Transfer	17,629.95		71,717.96	
Custom Duty Expense	(21,129.20)		(15,083.08)	
Demurrage Charges	36,044.16		24,585.92	
Documentation Charges	0.95		1.77	
	0.02		0.04	
		82,723.79		1,58,071.01
<b>Mumbai Branch</b>				
Gold Bars				
Silver	14,942.27		36,008.17	
Less: Head Office Silver Transfer	4,860.61		7,082.76	
Less: Head Office Gold Transfer	-		600.59	
	(14,937.61)		35,439.50	
		4,885.27		7,048.84
<b>Coimbatore Branch</b>				
Gold Bars				
Silver	4,660.76		7,434.07	
Less: Head Office Silver Transfer	-		-	
Less: Head Office Gold Transfer	(3,444.23)		7,109.83	
		1,216.54		324.25
<b>Delhi Branch</b>				
Gold Bars				
Silver	1,53,165.55		1,66,411.11	
Less: Head Office Silver Transfer	6.80		1,925.53	
Less: Head Office Gold Transfer	(48,842.95)		-	
	(6.80)		55,889.52	
		1,04,322.61		1,12,447.12
<b>Bangalore Branch</b>				
Gold				
	3.88		-	
		3.88		-
<b>Noida Branch</b>				
Gold				
	5.18		-	
		5.18		-
<b>Jaipur Branch</b>				
Silver				
	2,007.89		-	
		2,007.89		-
		1,95,165.15		2,77,891.21

## 23 Other Miscellaneous Manufacturing Expense

(Amount in Lakh)

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Freight	102.49		64.16	
Consumables	-		-	
Diesel expenses( DG set)	-		-	
Factory Expense	23.34		15.18	
Housekeeping Service Charges	18.09		18.81	
Insurance Expense	29.54		19.04	
Jobwork Expense	4.63		0.07	
Water Charges	-		-	
MEIS/SEIS License written off	7.27		-	
VAT Expense( FY 2016-17 & 2017-18)	0.17		-	
Refining Charges	-		-	
		185.53		117.25
		185.53		117.25

## 24 Bank Interest

(Amount in Lakh)

PARTICULARS	AS AT MARCH 31			
	2022		2021	
Interest on CC	633.11		484.81	
Interest on GML	-		1.92	
Interest on GECL Loan	58.41		-	
Interest on WCDL Loan	63.50		-	
Interest on kia car loan	1.57		0.68	
		756.59		487.39



PARTICULARS	AS AT MARCH 31	
	2022	2021
Advertisement and Business Promotion	6.52	12.45
Accounting Charges	0.60	0.42
BOE Late filing fees	1.74	-
BIS Fees	1.03	-
Brokerage Charges	2.65	-
Commission Charges	-	7.24
Conveyance expense	0.89	-
Electricity expense	4.08	-
Legal & Professional fees	66.88	44.92
Telephone	2.24	2.16
Foreign Travelling expenses	2.07	-
Travelling and Conveyance Expenses	16.29	3.96
(Profit)/Loss in trading in Commodity Transaction	1.77	51.84
Prior period expense	0.10	0.05
Security Charges	37.88	42.25
Loss on sale of assets	-	0.84
Airport Charges	4.95	2.49
Agency Charges	29.32	13.71
Assaying and testing charges	0.70	0.24
SEBI Fees	0.23	0.17
Computer expense	0.04	0.18
Custody Fees	0.90	0.24
Gardner Expense	5.75	4.65
GIDC Charges	0.24	0.18
Hotel/Accommodation Expense	0.85	0.40
Clearing Charges	0.44	1.05
License Fees	1.00	1.08
Membership Fees	9.29	0.12
Office Expense	1.20	1.41
Registration Fees	2.77	1.04
Professional Tax	0.05	0.02
Subscription Expense	0.24	0.33
Sponsorship expenses	14.30	2.50
Other Misc. Expense	6.76	6.53
LEI Registration fees	0.03	-
NABL training fees	0.24	-
Transaction Charges	2.26	2.16
Kasar	-0.01	-0.08
Donation	-	1.05
Stationery & Printing	2.31	1.87
Stamp charges	8.17	1.34
Interest on TDS/TCS	0.21	0.17
Interest on Professional Tax	0.00	0.00
Interest on GST	0.57	0.15
Interest & penalty on PF	0.19	-
Interest on Property Tax	-	0.00
Late fee for GST	-	2.61
GST Penalty	-	0.15
Late payment charges	0.00	-
Sundry Expenses written off	0.05	-
ROC Fees	0.10	44.19
Internet Expense	2.95	2.17
Post and courier	1.37	1.18
Vaulting Charges	0.08	-
	242.28	259.42

M/S. SOVEREIGN METALS LIMITED, RAJKOT

Kaushik Lodhiya  
Director  
DIN : 02060605

Viral Lodhiya  
Managing Director  
DIN : 08228595

Shruti Shingala  
Chief Financial Officer

Jay Rathod  
Company Secretary  
Membership No. A37589

Place : Rajkot.  
Date : 23.09.2022

