

# **6<sup>th</sup> Annual Report**

## **2019-20**



# **Surat Diamond Bourse**

**Promoted by SDB Diamond Bourse**

**CIN: U74140GJ2014NPL081370**

# SDB DIAMOND BOURSE

## CORPORATE INFORMATION

### ❖ BOARD OF DIRECTORS

- 1) Mr. Vallabhbhai Shamjibhai Patel-Chairman
- 2) Mr. Govindbhai Laljibhai Dholakia
- 3) Mr. Laljibhai Tulsibhai Patel
- 4) Mr. Mathurbhai Madhabhai Savani
- 5) Mr. Manubhai Bholabhai Davariya
- 6) Mr. Jitendrabhai Babulal Shah
- 7) Mr. Rajendrakumar Dalpatlal Shah

### **CHIEF EXECUTIVE OFFICER**

Mr. Maheshkumar Arvindbhai Gadhavi

### ❖ COMMITTEE AND ITS FORMATION

<b>Audit Committee</b>	<b>Planning Committee</b>	<b>Committee for Transfer of Membership</b>	<b>CSR Committee</b>
Manubhai Davariya <b>Chairperson</b>	Kishorbhai Koshiya <b>Chairperson</b>	Manubhai Davariya <b>Chairperson</b>	Vallabhbhai Patel <b>Chairperson</b>
Vallabhbhai Patel	Vallabhbhai Patel	Vallabhbhai Patel	Manubhai Davariya
Rajendrakumar Shah	Laljibhai Patel	Dharambhai Patel	Mathurbhai Savani
Jitendrabhai Shah	Asheshbhai Doshi		
Dharambhai Patel	Manekbhai Lathiya		
	Ishvarbhai Navadiya		
	Rajeshbhai Shah		
	Dayabhai Jivani		
	Manharbhai Saspara		
	Tulsibhai Monpara		
	Devjibhai Kakadiya		
	Maheshbhai Gadhvi		

❖ **BANKERS**

HDFC Bank Limited-Surat Branch  
State Bank Of India-Surat Branch  
State Bank Of India-Mumbai Branch

❖ **STATUTORY AUDITOR**

NDJ & Co., Chartered Accountants  
T-720, Belgium Tower, Opp. Linear Bus stand, Ring Road, Surat-395 002.

❖ **INTERNAL AUDITOR**

M/s. RSM Astute Consultech Private Limited  
G/2-5, DTA-2, Gujarat Hira Bourse, G&J Park, Ichhapore, Surat-394510.

❖ **REGISTERED & SITE OFFICE**

**Regd Office**

67,1<sup>st</sup> Floor, Tapti Exports, Patel Faliya, Gotalwadi, Katargam, Surat-395004.

**Site Office**

Plot No. 177/P, DREAM CITY Behind Surat International Exhibition and Convention Centre, Khajod, Surat, Gujarat 395007.



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# SDB

## SURAT DIAMOND BOURSE

Promoted by SDB DIAMOND BOURSE A Section 8

Company Registered Under The Companies Act, 2013

CIN No.: U74140GJ2014NPL081370 | GST No.: 24AAVCS2416E1ZD

### AGM NOTICE

Notice is hereby given that the Sixth annual general meeting of the members of SDB Diamond Bourse ('SDB' or the 'Company') will be held on Tuesday, 20th October, 2020 at 04:00 PM (IST) through Video Conferencing ('VC')/other Audio Visual Means ('OAVM') facility to transact the following:

#### ORDINARY BUSINESS:

1. **To consider and adopt the Audited Financial Statements** of the Company for the financial year ended 31<sup>st</sup> March 2020, together with the Directors' and Auditors' Reports thereon.
2. **To consider passing of the following resolution as an ordinary resolution:**

**"RESOLVED THAT** Mr. Govindbhai Laljibhai Dholakia (DIN: 00524146), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

**Date: 28.09.2020**

**Place: Surat**

**On behalf of Board Of Directors**

**Sd/-**

**Mr. Vallabhbhai Patel**

**Director**

**(DIN: 00091715)**

#### Registered Office:

1st Floor, Tapti Exports, Patel Falia, Gotalawadi,  
Katargam, Surat -395004

CIN: U74140GJ2014NPL081370

E-mail: [info@sdbbourse.com](mailto:info@sdbbourse.com)

#### NOTES:

1. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM' or 'Meeting') through Video Conferencing ('VC') facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ('the Act'), and MCA Circulars, the 6th AGM of the Company is being held through VC/OAVM on Tuesday, 20th October, 2020 at 4:00 PM (IST). The deemed venue for the 6th AGM will be 1st Floor, Tapti Exports, Patel Falia, Gotalawadi, Katargam, Surat-395004.
2. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE**

**COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF THE AGM VENUE ARE NOT ANNEXED TO THIS NOTICE.**

3. The Members can join the AGM in the VC/OAVM mode before 15 minutes the scheduled time of the commencement of the Meeting, i.e. from 3:45 PM, by following the procedure mentioned in the Notice. The detailed instructions for joining the Meeting through VC/OAVM form part of the Notes to this Notice. This rule would however not apply to participation of Promoters, Directors, Key Managerial personnel, Auditors, etc. The Members will be able to view the proceedings on the National Securities Depository Limited's ('NSDL') e-Voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
4. The attendance of the Members attending the e-AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. In line with the MCA Circular dated May 5, 2020, the Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company. The Notice convening the 6th AGM has been uploaded on the website of the Company at [www.suratdiamondbourse.in](http://www.suratdiamondbourse.in).
6. Further, those members who have not registered their email addresses and in consequence could not be served the Annual Report for FY 2019-20 and Notice of sixth e-AGM, may contact on [info@sdbbourse.com](mailto:info@sdbbourse.com) for registering their e- mail ids on or before 13<sup>th</sup> October, 2020.
7. For ease of conduct, Members who would like to ask/express their views on the items of the businesses to be transacted at the meeting can send their questions/comments by e-mail through its registered email address to [info@sdbbourse.com](mailto:info@sdbbourse.com) to the Company or by written application submitted to Surat, Katargam office during the period starting from 14th October 2020 (10:00 a.m.) upto 16th October 2020 (5:00 p.m.) mentioning their name, Membership No./Office No., e-mail id, Mobile No., etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.
8. In case of joint holders, any single member will be able to participate in e-AGM and entitled to vote at the e-AGM.
9. The Register of Members shall remain closed from 14<sup>th</sup> October 2020 to 20<sup>th</sup> October 2020 (inclusive of both the days).
10. Instructions for remote e-voting and joining the e-AGM are as follows:

**A. Voting through electronic means:**

In terms of the provisions of Section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the rules' for the purpose of this section of the Notice), the company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice through electronic voting system, to members of the company as on 13<sup>th</sup> October 2020 (end of the day), being the cut-off date fixed or determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by the company or to vote at the e-AGM. Person who is not a member as on the cut-off date should treat this notice for information purpose only.

The remote e-voting period commences on 17th October, 2020 (9:00 am) and ends on 19th October, 2020 (5:00 pm). During this period members' of the Company as on the cut-off date of 13th October, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under:

### **How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

#### **How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> on Laptops, Smartphones, Tablets or iPads.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
4. EVEN Number followed by Membership Number registered with the company will be your User ID. (For example if Membership number is 1\*\*\* and EVEN is 101456 then user ID is 101456001)
5. Your password details are given below:
  - (i) If your email ID is registered with the company, your 'initial password' is communicated to you on your email ID through NSDL. Trace the email sent to you from NSDL from your mailbox.
  - (ii) Members may also use the OTP-based login either through Registered mobile or Email id for logging into the e-Voting system of NSDL.
6. After entering your password and verification code, tick on Agree to "Terms and Conditions" by selecting on the check box.
7. Now, you will have to click on "Login" button.
8. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

#### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for Members**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **B. Voting at e-AGM**

- I. Only those members, who will be present in the e-AGM through video conferencing facility and have not cast their vote through remote e-voting are eligible to vote through e-Voting at the e-AGM.
- II. However, members who have voted through remote e-voting will be eligible to attend the e-AGM.
- III. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
- IV. Upon declaration by any one Director about the commencement of e-voting at e-AGM, members shall click on the voting option appear on the video screen for voting at the e-AGM and follow the instructions to vote on the resolutions.

### **C. Instruction for attending/joining e-AGM**

- I. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system and they may access the same at <https://www.evoting.nsdl.com> under the Shareholders/Members login by using the remote e-Voting credentials. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM. Further, Members may also use the OTP-based login for logging into the e-Voting system of NSDL.
- II. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their



respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.

- III. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, membership No. and mobile number at [info@sdbbourse.com](mailto:info@sdbbourse.com) between Wednesday, October 14, 2020 (9.00 a.m. IST) and Friday, October 16, 2020 (5.00 p.m. IST). **Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM.** The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- IV. Members who need technical assistance before or during the AGM to access and participate in the Meeting may contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/1800-222-990 or contact Mr. Parag Jain, NSDL at [ParagJ@nsdl.co.in](mailto:ParagJ@nsdl.co.in)/+91 7819816130.

**D. The instructions for e-Voting during the AGM are as under:**

- I. The procedure for remote e-Voting during the AGM is same as the instructions mentioned above for remote e-Voting since the Meeting is being held through VC/OAVM.
- II. Only those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

**E. General Instructions:**

- I. The Board of Directors have appointed Shah Jainam Navinchandra as the scrutiniser to the e-voting process, and voting at the e-AGM in a fair and transparent manner.
- II. The Scrutiniser shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting and make a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the chairman, who shall countersign the same. The resolutions shall be deemed to be passed at the e-AGM of the company.

**Date:** 28.09.2020  
**Place:** Surat

**On behalf of Board Of Directors**

**Sd/-  
Mr. Vallabbhai Patel  
Director  
(DIN: 00091715)**



# SDB

## SURAT DIAMOND BOURSE

Promoted by SDB DIAMOND BOURSE A Section 8

Company Registered Under The Companies Act, 2013

CIN No.: U74140GJ2014NPL081370 | GST No.: 24AAVCS2416E1ZD

### DIRECTORS' REPORT

To,

The Members,

SDB DIAMOND BOURSE

Your Directors have the pleasure in presenting the 6<sup>th</sup> Annual Report together with the Audited Statement of Accounts of SDB Diamond Bourse for the year ended on 31st March, 2020.

#### 1) Financial summary:

Particulars	2019-20	2018-19
	(Amount In Rs.)	(Amount In Rs.)
Gross Income	15,12,78,60,273	35,19,21,592
Expenses Before Depreciation	15,12,08,04,997	8,98,25,978
Surplus/(Deficit) Before Depreciation	70,55,276	26,20,95,614
Less: Depreciation	6,63,59,686	6,62,51,932
Surplus / (Deficit) After Depreciation Before Extraordinary Item and Taxation	(5,93,04,410)	19,58,43,682
Less: Extraordinary Item	-	2,33,285
<b>Net Income / (Excess of Expenses over Income)</b>	<b>(5,93,04,410)</b>	<b>19,56,10,397</b>
Amount Transferred to Reserves (If any)	(5,93,04,410)	19,56,10,397

#### 2) State of the Company's affairs:

SDB Diamond Bourse, a not-for-profit company, within the meaning of section 8 of the Companies Act, 2013, was incorporated in India on 28<sup>th</sup> November, 2014. During the year under review, company has excess of expenses amounting to ₹ 5,93,04,410/-due to compliance of Accounting standard of Revenue recognition read with Guidance note on 'Accounting of Real Estate Transactions' after getting RERA approval as compared to earned net income amounting to ₹ 19,56,10,397/-in the previous year.

**Operational Review:**

**A) Trade Membership Fees Received :**

During the year under review, the Company had additionally given new Trade Membership for office space in the proposed Diamond Bourse at Khajod to 30 individuals or entities engaged directly or indirectly with the Diamond, Gems & Jewellery business due to partial transfer of EOI for office space in the Proposed Diamond Bourse at Khajod by the existing trade members in conformance to the Articles of the Company along with entrance fees of Rs. 1000 (Inclusive of Indirect Taxes) in the nature of Trade members limited by guarantee. The said membership fees being in the nature of corpus funds, it is shown as such.

Particulars	FY 2019-20		FY 2018-19	
	No. of Applications	Amount (Rs.) (Incl. of indirect taxes)	No. of Applications	Amount (Rs.) (Incl. of indirect taxes)
Members as on beginning of the year	3900	39,00,000	3880	38,80,000
Total Applications Received by cash for Trade Membership (EMD Received in FY 2014-15)	-	-	-	-
Total Applications Received by cheque for Trade Membership	30	30,000	20	20,000
Less: Applications Rejected	-	-	-	-
Less: Applications Pending Approval for Trade Membership	-	-	-	-
Applicants granted Trade Membership during the year	30	30,000	20	20,000
Members as at close of the year	3930	39,30,000	3900	39,00,000

**B) Amount received from members for Office Space:**

Amount has been received from 3,897 members (including 30 members added in FY 2019-20 through partial transfer of office space and 8 promoters holding office space) for office space in proposed bourse project. Further, there has been an increase of 6 Non-office holder members in FY 2019-20 due to full transfer of office space to other members. The said advance from members will be utilized for construction of the said bourse over the period of construction.

**C) Utilization of Fund:**

The above advances received from members are and will be utilized for construction of the said Diamond Bourse over the period of construction.

**3) Transfer to Reserves:**

The Company has transferred a loss of Rs. 5,93,04,410/-to reserves during the year under review.

**4) Dividend:**

SDB Diamond Bourse is a section 8 company and is not allowed to declare dividend during the year under review; hence this clause is not applicable to the company.

**5) Unclaimed Dividend**

SDB Diamond Bourse is a section 8 company and is not allowed to declare dividend during the year under review; hence this clause is not applicable to the company.

**6) Extract of Annual Return:**

In compliance of section 92(3), section 134(3)(a) and Rule 11 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return has been annexed with this report in Form MGT-9 as **Annexure - I**.

## 7) Number of meetings of the Board of Directors:

The notice of Board meeting was given well in advance to all the Directors. The Board met 9 times on 14<sup>th</sup> April, 2019; 1<sup>st</sup> May, 2019; 11<sup>th</sup> May, 2019; 24<sup>th</sup> June, 2019; 27<sup>th</sup> August, 2019; 24<sup>th</sup> September, 2019; 14<sup>th</sup> November, 2019; 16<sup>th</sup> January, 2020 and 7<sup>th</sup> February, 2020 during financial year 2019-20.

### Schedule of the meetings attended by each director:

Name of Director	Attendance at the last AGM	No. of Board meetings held and attended during tenure									% of attendance
		1	2	3	4	5	6	7	8	9	
Vallabhbhai Patel	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100
Laljibhai Patel	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	77.77
Govindbhai Dholakia	Yes	No	No	No	No	No	No	Yes	No	Yes	22.22
Mathurbhai Savani	No	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	77.77
Rajendrakumar Shah	Yes	No	No	No	No	No	No	No	No	Yes	11.11
Manubhai Davariya	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100
Jitendrabhai Shah	No	No	No	No	No	Yes	No	No	No	No	11.11

## 8) Audit Committee

The Company has an Audit Committee comprising of the following Persons:

Name	Designation	Category
Manubhai Davariya	Chairperson	Independent Director
Vallabhbhai Patel	Member	Director
Rajendrakumar Shah	Member	Independent Director
Jitendrabhai Shah	Member	Director
Dharambhai Patel	Member	Committee Member

The Audit Committee assists the Board in the effective discharge of its responsibilities for corporate Governance, financial reporting and internal control. In the discharge of its functions, the committee shall exercise the powers and responsibilities vested on it under the Companies Act, 2013, or any re-enactment thereof. The Board will continue to have the overall responsibility in respect of all such matters.

The committee has held three Meetings during the Financial Year 2019-2020 i.e. 1<sup>st</sup> May, 2019; 27<sup>th</sup> August, 2019 and 7<sup>th</sup> February, 2020.

#### 9) **Planning Committee**

The company has Planning Committee comprising of the following members:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Kishorbhai Koshiya	Chairperson	Vice President
Vallabhbhai Patel	Member	Director
Laljibhai Patel	Member	Director
Asheshbhai Doshi	Member	Vice President
Manekbhai Lathiya	Member	Secretary
Ishvarbhai Navadiya	Member	Secretary
Rajendrakumar Shah	Member	Vice Secretary
Dayabhai Jivani	Member	Vice Secretary
Manharbhai Saspara	Member	Treasurer
Tulsibhai Monpara	Member	Treasurer
Devjibhai Kakadiya	Member	Committee Member
Maheshbhai Gadhvi	Member	Chief Executive Officer

The Committee has held seven meeting during the Financial Year 2019-2020 i.e. 11<sup>th</sup> April, 2019; 30<sup>th</sup> July, 2019; 9<sup>th</sup> October, 2019; 14<sup>th</sup> December, 2019; 20<sup>th</sup> January, 2020; 7<sup>th</sup> February, 2020 and 20<sup>th</sup> February, 2019.

#### 10) **Committee for Transfer of Membership:**

The company has Committee for Transfer of Membership comprising of the following members:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Manubhai Davariya	Chairperson	Independent Director
Vallabhbhai Patel	Member	Director
Dharambhai Patel	Member	Committee Member

The Committee has held thirteen meetings during the Financial Year 2019-2020 i.e. 15<sup>th</sup> April, 2019; 1<sup>st</sup> May, 2019; 27<sup>th</sup> August,2019; 14<sup>th</sup> September,2019; 30<sup>th</sup> September,2019; 14<sup>th</sup> October, 2019; 14<sup>th</sup> November, 2019; 30<sup>th</sup> November, 2019; 9<sup>th</sup> December, 2019; 2<sup>nd</sup> January, 2020, 30<sup>th</sup> January, 2020; 20<sup>th</sup> February, 2020; 16<sup>th</sup> March, 2020.

**11) Directors' Responsibility Statement:**

The Company has taken utmost care in its operations, compliance, transparency, financial disclosures and the financial statements have been made to give a true and fair view of the state of affairs of the Company. As required under section 134(5) and 134(3)(c), and based upon the detailed representation, due diligence and inquiry thereof, the directors assures and confirms as under:

- a) In preparation of the accounts for the Financial Year Ended 31<sup>st</sup> March 2020, the applicable accounting standards had been followed and there are no material departures from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the years under review;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2020 have been prepared on a going concern basis;
- e) Internal financial controls have been laid down and are operating effectively; and
- f) Proper systems had been devised in compliance with the provision of all the applicable laws and such systems were adequate and operating effectively.

**12) Director's comment on qualified opinion of Auditor's:**

The Report of Statutory Auditor does not contain any qualification. Notes to Accounts and Auditor's remarks in their report are self-explanatory and do not call for any further comments. Secretarial Audit Report is not applicable to the Company.

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made there under.

**13) Secretarial standards of ICSI:**

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

**14) Declaration by Independent Directors:**

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013

**15) Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;**

The Company is registered under Section 8 of Companies Act, 2013 and hence it is not required to formulate a Nomination and Remuneration Committee and Stakeholders Relationship Committee under Section 178(1) of the Companies Act, 2013.

**16) 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:**

COVID-19: In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments across the globe to enforce lock-downs of all economic activity. For the company, the focus immediately shifted to ensuring health and well-being of all employees including contractors' employees and on minimizing disruption to services for all our members globally. In order to ensure smooth functioning, the labors were provided with up to date residential and food facilities and continuous medical assistance and also work from home facility was extended to all of the corporate employees of the company. Although there were uncertainties due to pandemic in the last quarter of FY 2020, inherent resilience of the business model did not affect the efficiency of the work and functioning of the company.



**17) Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

During the year under review, there have been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

**18) Change in the nature of business:**

There is no change in the nature of the business of the company.

**19) Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

**A) Conservation Of Energy:**

With regard to the particulars as prescribed under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, the company is in the process of finding ways of controlling and reducing energy consumption as a commitment to Global Environment; this will cover office facilities, communications and transport.

**B) Technology Absorption, Adoption And Innovation:**

The Company continuously makes efforts towards research and developmental activities and has been constantly active in harnessing and tapping the latest and best technology in the industry.

**C) Foreign Exchange Earnings And Outgo:**

During the year under review, no Foreign Exchange Earnings and Outgo was recorded.

**20) Risk Management Policy:**

Risk is an important element of corporate functioning and governance. The company has established the process of identifying, analyzing and treating risks, which could prevent the Company from effectively achieving its objectives. It ensures that all the risks are timely defined and mitigated in accordance with a well-structured risk management process.

Also, Risk Management Policy indicating development & implementation of risk management matrix and identification there in of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company, is formulated and in place.

**21) Corporate Social Responsibility Policy:**

The Company is having a Corporate Social Responsibility Committee comprising of the following Persons:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Vallabhbhai Patel	Chairperson	Director
Manubhai Davariya	Member	Independent Director
Mathurbhai Savani	Member	Director

Your Company works with a deep sense of social Commitment and contributes generously towards the welfare of the society that it is part of. For SDB Diamond Bourse, business priorities co-exist with social commitments to drive holistic development of people and communities. Company has constituted of CSR Committee and its initiatives are on the focus areas approved by the Board benefitting the community. However, the company has just embarked on the journey of ascertained CSR programs. The objective of our CSR is not just mere spending of amount, but every penny of spending amount has to reach the needy and the Company is endeavoured to ensure full utilization of the allocated CSR budget.

The committee has held two Meetings during the Financial Year 2019-2020 i.e. 27<sup>th</sup> August, 2019 & 16<sup>th</sup> January, 2020.

The Annual Report on Corporate Social Responsibilities (CSR) activities is annexed herewith marked annexure to this report.

**22) Vigil Mechanism Policy:**

In compliance with section 177 of the Companies Act, 2013 and relevant rules, the company has formulated a proficient and effective vigil mechanism policy in order to detect fraudulent activities, if any, in the company and during the year under review no such activities has been detected.

**23) Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 :**

The company is committed to provide safe, conducive and healthy working environment to the women employees without any kind of prejudice, gender discrimination and sexual harassment. The Company considers sexual harassment as a gross misconduct and has a zero tolerance for Sexual Harassment at workplace. Pursuant to the provisions of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,

2013” and rules made thereunder, the Company has adopted a “Policy on Protection of Women against Sexual Harassment at Work Place” to provide protection to its women employees against sexual harassment at work place. In line with the requirements of the policy the company has setup Internal Complaints Committee (ICC) with majority women Members.

During the financial year 2019-20, no case was reported under the purview of the said Policy.

**24) Particulars of contracts or arrangements with related parties:**

All related party transactions that were entered into during the year under report were on an arm’s length basis and in the ordinary course of business. There are no materially significant related party transactions made by the company during the year which may have potential conflict with the interest of the company. There are no material related party transactions which are not in Ordinary course of business or which are not on arm’s length basis. The details of the related party transactions are provided in Form AOC-2 as an annexure to this report. Members are requested to refer the same.

**25) Details of Subsidiary/Joint Ventures/Associate Companies & Performance and financial position of each of such companies :**

The Company has no subsidiaries as on March 31, 2020 Hence Form AOC-1 is not attached.

**26) Details of Directors/ Key Managerial Personnel Appointed/ Resigned:**

The constitution of Board of Directors and Top management of the Company were changed during the year under review and till the date of signing this report in the following manner:

Mr. Gopal Phophaliya was appointed for the post of Chief Financial Officer(CFO) w.e.f. 31.10.2017 and resigned from the post of Chief Financial Officer(CFO) w.e.f. 31.08.2019.

Mr. Rajendrakumar Dalpatlal Shah (DIN: 07269107) was re-appointed as an Independent Director (Non-Executive & Independent) of the Company in 5<sup>th</sup> Annual General Meeting to hold office till the conclusion of the 8<sup>th</sup>Annual General Meeting.

Mr. Manubhai Bholabhai Davariya (DIN: 05330035) was re-appointed as an Independent Director (Non-Executive & Independent) of the Company in 5<sup>th</sup> Annual General Meeting to hold office till the conclusion of the 8<sup>th</sup>Annual General Meeting.

**27) Deposits:**

The company has not accepted any deposits within the meaning of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**28) Insurance**

All the properties and the Insurable Interest of the company including building, plants and machinery and stocks wherever necessary and to the extent required have been adequately insured. The company keeps reviewing the insurance amount every year as per requirement.

**29) Particulars of Employees & Disclosure on Managerial Remuneration:**

The information required pursuant to section 197 (12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is applicable only for listed companies. Hence this clause is not applicable to the company.

None of the employees have drawn remuneration exceeding the limits prescribed under section 197 (12) read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (i.e. Rs. 102Lacs for full year, or Rs. 8.5 Lacs per month for part of financial year). Hence disclosure under this clause is not applicable.

**30) Auditors:**

Pursuant to the provisions of Sec. 139 of the Companies Act, 2013 and rules framed thereunder, the Statutory Auditors M/S NDJ & Co., Chartered Accountants (Firm Reg. Number 136345W), has been appointed as Statutory auditors from the conclusion of 2<sup>nd</sup> Annual General Meeting up to the 7<sup>th</sup> Annual General Meeting.

As per the Companies (Amendment) Act, 2017, the members of the Company are no longer required to ratify the appointment of auditors

**31) Auditors' Report:**

There are no qualifications or adverse remarks, in the Auditors' Report, which require any clarification/explanation. The Notes on financial statements are self-explanatory, and needs no further explanation. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made thereunder.

The Auditors' Report for the financial year ended on 31st March, 2020 is forming a part of the Financial Statement 2019-20.

**32) Internal Auditor:**

In compliance with section 138 of Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rule, 2014, the company is required to appoint internal auditors. Hence the company has appointed M/s. RSM Astute Consultech Private Limited as an internal auditor for FY 2019-20 and has developed a strong Internal Control System to safeguard the assets of the company and to ensure there are no material misstatements.

**33) Internal Financial Control:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

**34) Share Capital:**

No alterations or modifications were made in the share capital of the company.

**35) Enhancing Members Value**

The Company believes that its Members are among its most treasured stakeholders. Accordingly, the Company's operations are committed to the pursuit of achieving notable operating performance and cost competitiveness, consolidating and building for expansion, enhancing the productive asset and resource base and subsisting overall corporate reputation. The Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively affect the socio-economic and environmental dimensions and contribute to unceasing growth and development.

**36) Fraud Reporting**

During the financial year under review, no fraud had been reported by Auditors under Section 143(12) of the Companies Act, 2013.

**37) Particulars of loans, guarantees or investments under section 186:**

During the year under review, the Company has not advanced any loans/ given guarantees/ made investments

**38) Acknowledgements:**

The Board of Directors is pleased to place on record its appreciation for the continued guidance and support received from the Central and State Government Departments,

Organizations and Agencies. The Board is thankful to the Members, Auditors, Consultants, Service Providers, Insurers and all its Employees for their unstinted support and contribution.

The Board of Directors conveys their gratitude for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. Further, the Board sincerely conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

The Board also recognizes the contribution of the members by giving continuous support for the growth of the Company and keep trust in Committee members of the company and takes this opportunity to pledge the Company's commitment to serve them better.

*For and on behalf of the Board*

**SDB DIAMOND BOURSE**

**Sd/-**

***Mr. Vallabhbai Patel***

***Director***

***DIN: 00091715***

**Sd/-**

***Mr. Laljibhai Patel***

***Director***

***DIN: 01539972***

**Date: 28.09.2020**

**Place: Surat**

<b>Annexure-1</b>
<b>FORM NO. MGT 9</b>
<b>EXTRACT OF ANNUAL RETURN</b>
<b>as on financial year ended on 31.03.2020</b>
<b>Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.</b>

**I REGISTRATION & OTHER DETAILS:**

i	CIN	<b>U74140GJ2014NPL081370</b>
ii	Registration Date	28.11.2014
iii	Name of the Company	SDB DIAMOND BOURSE
iv	Category/Sub-category of the Company	Non-Govt Company, Company limited by Guarantee
v	Address of the Registered office & contact details	1 <sup>ST</sup> Floor, Tapti Exports, Patel Faliya, Gotalawadi, Katargam, Surat-395004 Gujarat Tel. No. 0261-2535400
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

**PRINCIPAL BUSINESS ACTIVITIES OF THE**

**II COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sr. No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Promote, develop, encourage and to encourage trade industries & profession of diamond bourse	74	0%

**PARTICULARS OF HOLDING ,  
SUBSIDIARY & ASSOCIATE**

**III COMPANIES**

No of Companies for which  
information is being filled

0

Sr. No	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION

( i ) **SHAREHOLDING PATTERN**

(Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian	-	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	5	5	62.5%	-	6	6	62.5%	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other (Partnership Firm)	-	3	3	37.5%	-	2	2	37.5%	-	-
	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A)</b>										
<b>(1)</b>		8	8	100%		8	8	100%	0	0
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-	-
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>		<b>8</b>	<b>8</b>	<b>100%</b>		<b>8</b>	<b>8</b>	<b>100%</b>	<b>0</b>	<b>0</b>
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL</b>										

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>(B)(1):</b>										
<b>(2) Non Institutions</b>										
a) Bodies corporate	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	-	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	-	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(2):</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for</b>	-	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>		8	8	100%		8	8	100%	0	0

(ii) **SHARE HOLDING OF PROMOTERS**

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Shri. Ashit Mehta(Nominee of Surat Rough Diamond Sourcing(India) Limited)	1	12.50%	-	1	12.50%	-	0%
2	Shri. Dharambhai Patel (Nominee of Tapti Exports)	1	12.50%	-	1	12.50%	-	0%
3	Shri. Nagjibhai Mohanbhai Sakariya (Nominee HVK International Private Limited)	1	12.50%	-	1	12.50%	-	0%

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
4	Shri. Laljibhai Tulsibhai Patel (Nominee of Dharmanandan Diamonds Private Limited)	1	12.50%	-	1	12.50%	-	0%
5	Shri. Diyalbhai Kalabhai Vaghani(Nominee of Kapu Gems LLP)	1	12.50%	-	1	12.50%	-	0%
6	Shri. Govindbhai Laljibhai Dholakia (Nominee of Shree Ramkrishna Exports Private Limited)	1	12.50%	-	1	12.50%	-	0%
7	Shri. Vallabhbhai Shamjibhai Patel (Nominee of Kiran Gems Private Limited)	1	12.50%	-	1	12.50%	-	0%
8	Shri Sevantilal Premchand Shah (Nominee of Venus Jewel)	1	12.50%	-	1	12.50%	-	0%
	<b>Total</b>	<b>8</b>	<b>100.00%</b>	<b>-</b>	<b>8</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>

(iii) **CHANGES IN SHAREHOLDING OF THE PROMOTERS**

Sr. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	No Change	No Change	No Change	No Change
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No Change	No Change	No Change	No Change
	At the end of the year	No Change	No Change	No Change	No Change

(iv) **SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)**

**Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	Nil	-	Nil	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / Sweat Equity etc):	NONE			

3	At the end of the year	Nil	-	Nil	-
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(v) **SHAREHOLDING OF DIRECTORS & KMP**

**i) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reasons	Cumulative Shareholding during the year (01/04/19 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019)/end of the year (31/03/2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Shri. Laljibhai Tulsibhai Patel	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-
2	Shri. Govindbhai Laljibhai Dholakia	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-
3	Shri. Vallabhbhai Shamjibhai Patel	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-
4	Mathurbhai Madhabhai Savani	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-
5	Manubhai Bholabhai Davariya	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-
6	Jitendrabhai Babulal Shah	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-

7	Rajendrakumar Dalpatlal Shah	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-
8	*Gopal Phophaliya	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-
9	Maheshkumar Arvinbhai Gadhavi	-	-	01/04/2019	-	-	-	-
		-	-	31/03/2020	-	-	-	-

\*Shri Gopal Phophaliya has resigned from the company w.e.f.31/08/2019.

(v) **INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	1,224,623,369.94	-	-	1,224,623,369.94
ii) Interest due but not paid	7,757,961.71	-	-	7,757,961.71
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,232,381,331.65</b>	<b>-</b>	<b>-</b>	<b>1,232,381,331.65</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction	317,824,839.54	-	-	317,824,839.54
<b>Net Change</b>	<b>(317,824,839.54)</b>	<b>-</b>	<b>-</b>	<b>(317,824,839.54)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	906,798,530.40	-	-	906,798,530.40
ii) Interest due but not paid	5,549,470.38	-	-	5,549,470.38
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>912,34,8000.78</b>	<b>-</b>	<b>-</b>	<b>912,34,8000.78</b>

( vi ) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
1	<b>Gross salary</b>	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit		
5	Others, please specify	-	-
	<b>Total (A)</b>	-	-
	Ceiling as per the Act	-	-
<b>B.</b>	<b>Remuneration to other directors:</b>		
Sr. No	Particulars of Remuneration	Name of the Directors	Total Amount
1	<b>Independent Directors</b>	-	-
	(a) Fee for attending board committee meetings	-	-
	(b) Commission	-	-
	(c) Others, please specify	-	-
	Director Remuneration	-	-
	Director Remuneration	-	-
	<b>Total (1)</b>	-	-
	(a) Fee for attending board committee meetings	-	-



Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
	(b) Commission	-	-
	(c) Others, please specify.	-	-
	<b>Total (2)</b>	-	-
	<b>Total (B)=(1+2)</b>	-	-
	Total Managerial Remuneration	-	-
	Overall Ceiling as per the Act		
<b>C.</b>	<b>REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD</b>		
Sr. No	Particulars of Remuneration	Name	Total Amount
		<b>Maheshkumar Gadhavi (CEO)</b>	
<b>1</b>	<b>Gross salary</b>	<b>19,20,000</b>	<b>19,20,000</b>
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	<b>19,20,000</b>	<b>19,20,000</b>
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
<b>2</b>	Stock option	-	-
<b>3</b>	Sweat Equity	-	-
<b>4</b>	Commission	-	-
	- as % of profit		
	- others (specify)		
<b>5</b>	Others, please specify	-	-
	<b>Total (C)</b>	<b>19,20,000</b>	<b>19,20,000</b>

(vii) **PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
<b>A.COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment					
Compounding					
<b>B.DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment					
Compounding					

*For and on behalf of the Board*

**SDB DIAMOND BOURSE**

**Sd/-**

**Mr. Vallabhbai Patel**

**Director**

**DIN: 00091715**

**Sd/-**

**Mr. Laljibhai Patel**

**Director**

**DIN: 01539972**

**Date: 28.09.2020**

**Place: Surat**

**ANNEXURE-2**  
**AUDIT COMMITTEE**

The Audit Committee of the Company comprises of 5 Members. The Committee members are Qualified and have requisite experience in the fields of Finance and Accounts, Banking and Management. The other Directors and Statutory Auditors are invitees to Audit Committee meetings.

The following is the Composition of the Audit Committee as at 31st March, 2020:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Manubhai Davariya	Chairperson	Independent Director
Vallabhbai Patel	Member	Director
Rajendrakumar Shah	Member	Independent Director
Jitendrabhai Shah	Member	Director
Dharambhai Patel	Member	Committee Member

Note: The Audit Committee was constituted on 29<sup>th</sup> day of September, 2018 by inclusion of above named Independent Directors.

The committee has held three Meetings during the Financial Year 2019-20 i.e. 1<sup>st</sup> May, 2019; 27<sup>th</sup> August, 2019; 7<sup>th</sup> February, 2020.

**ROLE OF AUDIT COMMITTEE**

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
- Matters required being included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.

- Compliance with listing and other legal requirements relating to finance statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Management Discussion and Analysis of financial condition and results of operations.
- To look into any other matter that may be referred to it by the Board.
- In addition to the above, the Committee shall have such functions / role / powers as may be specified in the Companies Act, Listing Agreement with Stock Exchanges or any other applicable law.

**Reviewing the following information:**

- The Management Discussion and Analysis of financial condition and results of operations
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management
- Management letters/letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses; and
- Reviewing the appointment, removal and terms of remuneration of the Chief internal auditor / internal auditor(s)

*For and on behalf of the Board*

**SDB DIAMOND BOURSE**

**Sd/-**

**Mr. Vallabhchai Patel**

**Director**

**DIN: 00091715**

**Sd/-**

**Mr. Laljibhai Patel**

**Director**

**DIN: 01539972**

**Date: 28.09.2020**

**Place: Surat**

<b>Annexure-3</b>
<b>Annual Report on Corporate Social Responsibility Activities</b>
<b>as on financial year ended on 31.03.2020</b>

**Brief outline of the CSR Policy:**

Your Company works with a deep sense of social Commitment and contributes generously towards the welfare of the society that it is part of SDB Diamond Bourse considers social responsibility as an integral part of its business activities and endeavours to utilize allocable CSR budget for the benefit of the society. Company has constituted of CSR Committee and its initiatives are on the focus areas approved by the Board benefitting the community. However, the company has just embarked on the journey of ascertained CSR programs. Since the company is itself a section 8 non-profit company, it has a challenge of articulating the exact programs for CSR. The objective of our CSR is not just mere spending of amount, but every penny of spending amount has to reach the needy and the Company is endeavoured to ensure full utilization of the allocated CSR budget.

The Corporate Social Responsibility committee (CSR committee) has formulated and recommended to the Board, draft corporate social responsibility (CSR) policy indicating the activities to be undertaken by the Company, which has been approved by the Board.

The Company has identified the following focus area:

- Education: Access to quality education, training and skill enhancement.
- Charitable Donation and education grants for serving the underserved sections of the society;
- Extending Support to various NGOs & charitable trust through monetary grants for education and livelihood of underprivileged children and women;
- Environment protection measures, conservation of natural resources and animal welfare.
- Reducing child mortality and improving maternal health, health care
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act.

The Company undertakes the activities either directly or extending support to various charitable trust and NGOs through monetary grants.

### **CSR committee:**

The Company is having a CSR Committee comprising of the following Directors:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Vallabhbai Patel	Chairperson	Director
Manubhai Davariya	Member	Independent Director
Mathurbhai Savani	Member	Director

<b>Particulars</b>	<b>Amount</b>
Average Net Profit of the Company for the Last 3 Financial Year	15,08,05,414
Prescribes CSR Expenditure (2% of Average Net Profits)	30,16,108
<b>Details of CSR Expense during the Financial Year:</b>	
Total Amount to be spent for the Financial Year	30,16,108
Amount Spent	Nil
Amount unspent	30,16,108

Out of total unspent amount given in above table, Rs. 43,72,340/- is spent after 31<sup>st</sup> March, 2020 till report signing date. The manner in which the amount was spent are provided below.

### **Reason for not spent CSR amount but spent in Financial Year 2020-21:**

The Company considers social responsibility as an Integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society. The CSR Committee of the Company keeps on looking for good projects, which may benefit the society asp whole. During the current financial year, the committee was working on various projects but was not able to finalize upon any single project.

Meanwhile the corona virus spread rapidly throughout the world and in the last month of FY 2020, forcing governments across the globe to enforce lock-downs of all economic activity due to Covid-19. Your company finally found the objective to help the society in this dreadful situation of Covid-19. The focus of the Company immediately shifted to ensuring health and well-being of the economically disadvantaged people including domestic servants, construction workers, etc. because with no source of income in the COVID-19 lockdown, an unprecedented migrant crisis unfolded. Since some daily wage jobs cannot be performed at home, so these workers are experiencing loss of livelihoods, uncertain job prospects post lockdown, and an arrested income flow affecting them and their households. The separation of urban wage workers from their income sources due to travel restrictions, they along with their families headed back to their villages already suffering from food insecurity and thus, cutting down on nutrition. Swiftly responding to this situation company spent Rs. 21,46,340/- by extended its support through distributing ration kit to 2385 migrant workers and their family in the first month of FY 2020-21.

Your Company believes that Education is a basic right of every Human on this Planet. Company found the “SMT. KANKUBEN DUNGARBHAI DALIYA CHARITABLE TRUST” which one of the objectives is to give education scholarship to needy students. Company supported the above mentioned trust to fulfil its objective by giving donation of Rs. 10,00,000/- in the Month of July,2020.

In India, out of pocket, Health-Care expenses are key driver of poverty & more so for families who come from economically weaker sections as they run from pillar to post for diagnostics and treatment. Health Justice can only be realized if vulnerable sections of the society get access to quality and affordable health care. Your Company believes that economically weaker people should also get medical treatment on time. “SHRI SARDAR PATEL HEALTH FOUNDATION” does various activities like running hospital with free of diagnostics and at low cost treatment of poor people, give medicines to economically poor patients free of cost and provide meals to poor patients without any charge. Company gave donation of Rs. 12,26,000/- in the Month of September,2020 to the said trust considering the activities performed by this trust.

**Responsibility Statement:**

The implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and policy of the company pursuant to provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014.

*For and on behalf of the Board*

**SDB DIAMOND BOURSE**

**Sd/-**

**Mr. Vallabhbhai Patel**

**Director**

**DIN: 00091715**

**Sd/-**

**Mr. Laljibhai Patel**

**Director**

**DIN: 01539972**

**Date: 28.09.2020**

**Place: Surat**

<b>Annexure-4</b>
<b>FORM NO. AOC-2</b>
<b><i>(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)</i></b>

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

**1. Details of contracts or arrangements or transactions not at arm's length basis**

Sr. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	<b>NIL</b>
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

**2. Details of material contracts or arrangement or transactions at Arm's length basis**

Sr. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Venus Jewel (Mr. Sevantilal Premchand Shah-Nominee of M/s. Venus Jeweland Promoter of SDB Diamond Bourse)
b)	Nature of contracts/arrangements/transactions	Additional Member's Contribution & for Delayed Payment Charges
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 11,42,07,520/- for Additional Member's Contribution Rs. 15,10,986/- for Delayed Payment Charges
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-



<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	Dharmanandan Diamonds Private Limited (Mr. Laljibhai Tulsibhai Patel- Director in Above mentioned company and SDB Diamond Bourse
b)	Nature of contracts/arrangements/transactions	Additional Member's Contribution
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 18,55,11,500/- for Additional Member's Contribution
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	HVK International Private Limited(Mr. Nagjibhai Mohanbhai Sakariya- Director in Above mentioned company and Promoter of SDB Diamond Bourse)
b)	Nature of contracts/arrangements/transactions	Additional Member's Contribution& for Delayed Payment Charges
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 4,71,40,875/- for Additional Member's Contribution Rs. 7,60,596/- for Delayed Payment Charges
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	Tapti Exports (Mr. Dharambhai Patel- Nominee of M/s. Tapti Exports and Promoter of SDB Diamond Bourse)
b)	Nature of	Additional Member's Contribution & Leave and

	contracts/arrangements/transactions	License agreement
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 1,20,54,000/- for Additional Member's Contribution Rs. 7,95,000/- for Rent Paid
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	Shree Ramkrishna Exports Private Limited (Mr. Govindbhai Laljibhai Dholakia- Director in above mentioned company and SDB Diamond Bourse)
b)	Nature of contracts/arrangements/transactions	Additional Member's Contribution & for Delayed Payment Charges
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 28,93,76,640/- for Additional Member's Contribution Rs. 5,50,083/- for Delayed Payment Charges
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	Kapu Gems LLP (Mr. Diyalbhai Kalabhai Vaghani-Nominee of M/s. Kapu Gems LLP and Promoter of SDB Diamond Bourse)
b)	Nature of contracts/arrangements/transactions	Additional Member's Contribution
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 7,44,63,200/- for Additional Member's Contribution
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	Kiran Gems Private Limited (Mr. Vallabhbai Samjibhai Patel - Director in above mentioned company and SDB Diamond Bourse)
b)	Nature of contracts/arrangements/transactions	Additional Member's Contribution & for Delayed Payment Charges
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 40,18,37,343/- for Additional Member's Contribution Rs. 2,72,024 /- for Delayed Payment Charges
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	Davariya Brothers Private Limited (Mr. Manubhai Bholabhai Davariya- Director in above mentioned company and SDB Diamond Bourse)
b)	Nature of contracts/arrangements/transactions	Additional Member's Contribution
c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 55,44,000/- for Additional Member's Contribution
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party and nature of relationship	Maheshkumar Arvindbhai Gadhavi
b)	Nature of contracts/arrangements/transactions	Employee Benefits Paid

c)	Duration of the contracts/arrangements/transactions	For the Year 2019-20
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 19,20,000/- for Employees Benefit
e)	Date(s) of approval by the Board, if any:	14.04.2019
f)	Amount paid as advances, if any	-

*For and on behalf of the Board*

**SDB DIAMOND BOURSE**

**Sd/-**

***Mr. Vallabhbhai Patel***

***Director***

***DIN: 00091715***

**Sd/-**

***Mr. Laljibhai Patel***

***Director***

***DIN: 01539972***

**Date: 28.09.2020**

**Place: Surat**

**Annexure-5**

**DETAILS OF MEMBERS, DEBENTURE HOLDERS AND OTHER SECURITY HOLDERS AS  
ON 31/03/2020**

<b>SR. No.</b>	<b>L.F No.</b>	<b>Shareholder's Name</b>	<b>Father/ Husband Name</b>	<b>Joint Holder's Name</b>	<b>Type of Share</b>	<b>No. of Share held</b>	<b>Amount of Share</b>	<b>% Holding</b>
1	1	Shri. Ashit Vasantlal Mehta (Nominee of Surat Rough Diamond Sourcing (India) Pvt. Ltd.)	N.A	-	Equity	1	100	12.50%
2	2	Shri. Dharambhai Patel (Nominee of Tapti Exports)	N.A	-	Equity	1	100	12.50%
3	3	Shri. Nagjibhai Mohanbhai Sakariya (Nominee of HVK International Pvt. Ltd.)	N.A	-	Equity	1	100	12.5
4	4	Shri. Laljibhai Tulsibhai Patel (Nominee of Dharamanandan Diamonds Pvt. Ltd.)	N.A	-	Equity	1	100	12.50%
5	5	Shri. Diyalbhai Kalabhai Vaghani (Nominee of Kapu Gems LLP)	N.A	-	Equity	1	100	12.50%
6	6	Shri. Govindbhai Laljibhai Dholakia(Nominee of Shree Ramkrishna Exports Pvt. Ltd.)	N.A	-	Equity	1	100	12.50%

SR. No.	L.F No.	Shareholder's Name	Father/ Husband Name	Joint Holder's Name	Type of Share	No. of Share held	Amount of Share	% Holding
7	7	Shri. Vallabhbhai Shamjibhai Patel (Nominee of Kiran Gems Private Limited)	N.A	-	Equity	1	100	12.50%
8	8	Shri. Sevantilal Premchand Shah (Nominee of Venus Jewel)	N.A	-	Equity	1	100	12.50%
<b>TOTAL</b>					<b>Equity</b>	<b>8</b>	<b>800</b>	<b>100%</b>

*For and on behalf of the Board*

**SDB DIAMOND BOURSE**

**Sd/-**

**Mr. Vallabhbhai Patel**

**Director**

**DIN: 00091715**

**Sd/-**

**Mr. Laljibhai Patel**

**Director**

**DIN: 01539972**

**Date: 28.09.2020**

**Place: Surat**

**Annexure 6**

**SIGNATORY DETAILS OF DIRECTORS AND KMP AS ON THE DATE OF SIGNING OF THE DIRECTOR'S REPORT:**

**Total No. of Directors and KMP: 8**

<b>No</b>	<b>Name</b>	<b>Designation</b>	<b>DIN\PAN</b>
1	Vallabhbhai Shamjibhai Patel	Director	00091715
2	Govindbhai Laljibhai Dholakia	Director	00524146
3	Laljibhai Tulsibhai Patel	Director	01539972
4	Mathurbhai Madhabhai Savani	Director	03032750
5	Manubhai Bholabhai Davariya	Director	05330035
6	Jitendra Babulal Shah	Director	07008037
7	Rajendrakumar Dalpatlal Shah	Director	07269107
8	Maheshkumar Arvindbhai Gadhavi	CEO(KMP)	ALSPG9786E

*For and on behalf of the Board*

**SDB DIAMOND BOURSE**

**Sd/-**

***Mr. Vallabhbhai Patel***

***Director***

***DIN: 00091715***

**Sd/-**

***Mr. Laljibhai Patel***

***Director***

***DIN: 01539972***

**Date: 28.09.2020**

**Place: Surat**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members,  
**SDB DIAMOND BOURSE,**  
Surat.

**Report on the audit of the financial statements****OPINION:**

We have audited the accompanying financial statements of **SDB DIAMOND BOURSE** (a company limited by guarantee and having share capital), registered under section 8 of Companies Act, 2013 ("the company"), which comprises the Balance Sheet as at March 31, 2020, the Statement of Income and Expenditure, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 March 31, 2020, its excess of expense over income and the Cash Flows for the year ended on that date.

**BASIS OF OPINION:**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements 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 thereunder, 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.

**CONCLUSIONS RELATING TO GOING CONCERN:**

We draw attention to Note 22 in the financial statements, regarding impact of COVID-19 on financial statements. As per Management Representation and as stated in Note 22, these events or conditions, along with other matters as set forth in Note 22, indicate that impact of COVID-19 may be for temporary period regarding recoverability of current and future receivables from members and thus as of audit signing date, there is no significant doubt on the company's ability to continue as a going concern. However, as auditor, we are unable to express a firm opinion about the going concern hypothesis given the fact that the situation is still not settled and is evolving.

**KEY AUDIT MATTERS:**

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, are not applicable to the company as it is a company limited by guarantee and having share capital registered under section 8 of Companies Act, 2013.



**EMPHASIS OF MATTERS:**

As more specifically explained in Note 22 to the financial statements, the Company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects temporary effect regarding recoverability of current and future receivables from members. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Our opinion is not modified in respect of this matter.

**OTHER MATTER:**

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 23, 2020, which was further extended till June 30, 2020 across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the entire audit was carried out based on remote access of the data as provided by the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

**INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON:**

The Company's board of directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS:**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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.

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.

The board of directors are also responsible for overseeing the Company's financial reporting process.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS:**

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

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

- 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 Companies Act, 2013, 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.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:**

1. Since the company is a company licensed to operate under Section 8 of the Companies Act, 2013, the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act is, at present, not applicable to the company.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Income and Expenditure and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its manager during the year is in accordance with the provisions of section 197 of the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 22 to the audited financial statements).
    - (ii) The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) The company is registered under section 8 of Companies Act, 2013 and therefore, this clause is not applicable.

**For NDJ & Co.  
Chartered Accountants  
Firm Reg. No.: 136345W**

**Sd/-**

**(CA. Shirish Shah)  
Partner  
M. No.: 035742  
UDIN:20035742AAAACN8221**

**Date : 28-09-2020  
Place : Surat**

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SDB DIAMOND BOURSE**

**(REFERRED TO IN PARAGRAPH 2 (F) UNDER ‘REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS’ SECTION OF OUR REPORT TO THE MEMBERS OF SDB DIAMOND BOURSE OF EVEN DATE)**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of SDB Diamond Bourse (“the company”) as of March 31, 2020 in conjunction with our audit of statement financial statements of the company for the year ended on that date.

#### **MANAGEMENT’S RESPONSIBILITY FOR THE INTERNAL FINANCIAL CONTROLS:**

The company’s management is responsible for establishing and maintaining internal financial controls 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 Act.

#### **AUDITOR’S RESPONSIBILITY:**

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We have 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 Act, to the extent applicable to an audit of internal financial controls. 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 were established and maintained and if such controls operated effectively in all material respects.

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

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

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SDB DIAMOND BOURSE**

**(REFERRED TO IN PARAGRAPH 2 (F) UNDER ‘REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS’ SECTION OF OUR REPORT TO THE MEMBERS OF SDB DIAMOND BOURSE OF EVEN DATE)**

**REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:**

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

**OPINION:**

In our opinion and according to information and explanation given to us, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For NDJ & Co.  
Chartered Accountants  
Firm Reg. No.: 136345W**

**Sd/-  
(CA. Shirish Shah)  
Partner  
M. No.: 035742  
UDIN:20035742AAAACN8221**

**Date : 28-09-2020  
Place : Surat**

**SDB DIAMOND BOURSE**  
(CIN: U74140GJ2014NPL081370)

**BALANCE SHEET AS AT MARCH 31, 2020**

Sr. No.	Particulars	Note	As at 31-03-2020	As at 31-03-2019
			(In Rs.)	(In Rs.)
<b>I</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1</b>	<b>Shareholders' Funds</b>			
(a)	Share Capital	1	800	800
(b)	Member's Corpus Fund	2	3,439,259	3,409,259
(c)	Reserves and Surplus	3	351,931,941	411,236,351
			<b>355,372,000</b>	<b>414,646,410</b>
<b>2</b>	<b>Non-Current Liabilities</b>			
(a)	Other Non-Current Liabilities	4	2,358,241,709	1,083,072,481
<b>3</b>	<b>Current Liabilities</b>			
(a)	Short Term Borrowings	5	906,798,530	1,213,338,989
(b)	Trade Payable	6		
	(A) total outstanding dues of micro enterprises and small enterprises;		7,396	50,000
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises		2,771,545	5,916,217
(c)	Other Current Liabilities	7	3,608,233,640	11,862,498,289
			<b>6,876,052,820</b>	<b>14,164,875,976</b>
	<b>Total</b>		<b>7,231,424,820</b>	<b>14,579,522,386</b>
<b>II</b>	<b><u>ASSETS</u></b>			
<b>1</b>	<b>Non-Current Assets</b>			
(a)	Property, Plant & Equipments			
	(i) Tangible Assets	8	443,468,041	6,147,620,677
	(ii) Intangible Assets	9	43,903	79,926
(b)	Non-Current Investments	10	110,185,709	1,190,304,840
(c)	Other Non-Current Assets	11	2,482,965,206	270,021,784
			<b>3,036,662,859</b>	<b>7,608,027,227</b>
<b>2</b>	<b>Current Assets</b>			
(a)	Construction Work-In-Process	12	734,044,745	4,692,305,263
(b)	Cash & Cash Equivalents	13	2,370,569,307	1,297,715,562
(c)	Short-Term Loans & Advances	14	1,090,147,909	981,474,334
			<b>4,194,761,961</b>	<b>6,971,495,159</b>
	<b>Total</b>		<b>7,231,424,820</b>	<b>14,579,522,386</b>

See accompanying notes to audited financial statements

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As per our audit report of even date attached

**For, NDJ & Co.**

**Chartered Accountants**

**Firm Reg.No.: 136345W**

For & on behalf of the Board of Directors

**SDB Diamond Bourse**

Sd/-

**(CA. Shirish Shah)**

**Partner**

**M. No.: 035742**

**Date : 28-09-2020**

**Place : Surat**

Sd/-

**Vallabhbhai Patel**

**Director**

**DIN : 00091715**

**Date : 28-09-2020**

**Place : Surat**

Sd/-

**Laljibhai Patel**

**Director**

**DIN : 01539972**

Sd/-

**Maheshkumar Gadhavi**

**Chief Executive**

**Officer**

**SDB DIAMOND BOURSE**  
(CIN: U74140GJ2014NPL081370)

**STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED ON MARCH 31, 2020**

Sr. No.	Particulars	Note	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
I	Income from Activities	15	14,928,154,937	-
II	Other Income	16	199,705,336	351,921,592
<b>III</b>	<b>Total Income</b>		<b>15,127,860,273</b>	<b>351,921,592</b>
<b>IV</b>	<b>Expenses</b>			
	Direct Expenses	17	15,033,274,786	-
	Employee Benefit Expenses	18	9,157,549	8,241,946
	Finance Cost	19	68,541,917	67,175,728
	Depreciation & Amortization Expenses	8 & 9	66,359,686	66,251,932
	Other Expenses	20	9,830,745	14,408,304
	<b>Total Expense</b>		<b>15,187,164,683</b>	<b>156,077,910</b>
<b>V</b>	<b>Excess of Income before Extraordinary Item &amp; Tax (III-IV)</b>		<b>(59,304,410)</b>	<b>195,843,682</b>
<b>VI</b>	<b>Exceptional Item:</b> Prior Period Items	21	-	233,285
<b>VII</b>	<b>Excess of Income before Tax (V-VI)</b>		<b>(59,304,410)</b>	<b>195,610,397</b>
<b>VIII</b>	<b>Tax expense:</b> (1) Current Tax (2) Deferred Tax		- -	- -
<b>IX</b>	<b>Excess of Income/(Excess of Expenses) for the year (VII-VIII)</b>		<b>(59,304,410)</b>	<b>195,610,397</b>

See accompanying notes to audited financial statements

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As per our audit report of even date attached  
For, **NDJ & Co.**  
Chartered Accountants  
Firm Reg.No.: 136345W

For & on behalf of the Board of Directors  
**SDB Diamond Bourse**

Sd/-

(CA. Shirish Shah)  
Partner  
M. No.: 035742  
Date : 28-09-2020  
Place : Surat

Sd/-

Vallabhshai Patel  
Director  
DIN : 00091715  
Date : 28-09-2020  
Place : Surat

Sd/-

Laljibhai Patel  
Director  
DIN : 00091715

Sd/-

Maheshkumar Gadhavi  
Chief Executive  
Officer

**SDB DIAMOND BOURSE**  
(CIN: U74140GJ2014NPL081370)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

Sr. No.	Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
<b>1</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net profit before taxation	(59,304,410)	195,610,397
	<b>Adjustments for Non Cash and non operating Items</b>		
	Depreciation and Amortization Expenses	66,359,686	66,251,932
	Transfer of Land cost	5,637,864,416	-
	Interest Received	(113,162,643)	(235,812,268)
	Interest Paid	67,608,753	66,847,392
	<b>Operating profit before working capital changes</b>	<b>5,599,365,802</b>	<b>92,897,453</b>
	<b>Change in working Capital</b>		
	(Increase)/ decrease in Short Term Loans & Advances	(59,687,117)	95,127,306
	(Increase)/ decrease in Other Current Assets	-	8,000
	Increase/ (Decrease) in Trade Payables	(3,187,276)	1,467,903
	Increase/ (Decrease) in Other Non -Current Liabilities	1,275,169,228	-
	Increase/ (Decrease) in Other Current Liabilities	(8,254,264,649)	533,847,967
	<b>Cash Generated from Operations before tax</b>	<b>(1,442,604,012)</b>	<b>723,348,629</b>
	Taxes Paid	(48,986,458)	(29,879,612)
	<b>Cash Generated from Operations after tax (A)</b>	<b>(1,491,590,470)</b>	<b>693,469,017</b>
<b>2</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Property, Plant & Equipments	(35,443)	(657,569)
	Addition To Construction Work-In-Process	3,958,260,518	(3,705,217,250)
	Increase/ (Decrease) in Non-Current Investments	1,080,119,131	(1,078,059,262)
	Increase/ (Decrease) in Other Non-Current Assets	(2,212,943,422)	197,142,123
	Interest Received	113,162,643	235,812,268
	<b>Cash Generated from Investing Activities (B)</b>	<b>2,938,563,427</b>	<b>(4,350,979,690)</b>
<b>3</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Contribution received towards Entrance Fees	30,000	13,303
	Interest Paid	(67,608,753)	(66,847,392)
	Proceeds from / (Repayment of) Short Term Borrowings	(306,540,459)	1,213,338,989
	<b>Cash Generated from Financing Activities (C)</b>	<b>(374,119,212)</b>	<b>1,146,504,900</b>
	<b>NET INCREASE/ DECREASE IN CASH (D=A+B+C)</b>	<b>1,072,853,745</b>	<b>(2,511,005,773)</b>
	<b>CASH AND CASH EQUIVALENTS</b>		
	Opening Balance	1,297,715,562	3,808,721,335
	Closing Balance	2,370,569,307	1,297,715,562
	<b>Net Increase/ Decrease in Cash as above</b>	<b>1,072,853,745</b>	<b>(2,511,005,773)</b>

See accompanying notes to audited financial statements 22

As per our audit report of even date attached  
For, NDJ & Co.  
Chartered Accountants  
Firm Reg.No.: 136345W

For & on behalf of the Board of Directors  
SDB Diamond Bourse

Sd/-

(CA. Shirish Shah)  
Partner  
M. No.: 035742  
Date : 28-09-2020  
Place : Surat

Sd/-

Vallabhbai Patel  
Director  
DIN : 00091715  
Date : 28-09-2020  
Place : Surat

Sd/-

Laljibhai Patel  
Director  
DIN : 01539972

Sd/-

Maheshkumar Gadhavi  
Chief Executive  
Officer



**SDB DIAMOND BOURSE**  
(CIN: U74140GJ2014NPL081370)

**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020**

**1 SHARE CAPITAL**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
<b>Authorised Share Capital:</b> 10,000 (Previous Year - 10,000) Equity Shares of Rs. 100/- each	1,000,000	1,000,000
<b>Issued, Subscribed and Paid up Share Capital:</b> 8 (Previous Year - 8) Equity Shares of Rs.100/- each fully paid-up	800	800
<b>Total</b>	<b>800</b>	<b>800</b>

**(A) Details of reconciliation of the number of shares outstanding:**

Particulars	FY 2019-20		FY 2018-19	
	In Nos	Amount (In Rs.)	In Nos	Amount (In Rs.)
Opening Share Capital	8	800	8	800
Issued during the year	-	-	-	-
<b>Closing Share Capital</b>	<b>8</b>	<b>800</b>	<b>8</b>	<b>800</b>

**(B) Terms / rights attached to Equity shares:**

The Company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share. If upon winding-up or dissolution of the Company, there remains, after the satisfaction of all its debts and liabilities and subject to the rights of occupancy over Stipulated Premises as provided herein, any property whatsoever, the same shall not be paid to or distributed amongst the Members of the Company but shall be given or transferred to some other Association or Associations or Company or Companies having objects similar to the objects of this Company, to be determined by the Members of the Company at or before the time of dissolution or in default thereof.

**(C) Details of shares in the company held by each shareholder holding more than 5 percent:**

Name of Shareholders	FY 2019-20		FY 2018-19	
	In Nos	In %	In Nos	In %
<b>Equity shares:</b>				
Shri Ashit Vasantlal Mehta (Nominee of Surat Rough Diamond Sourcing (India) Ltd)	1	12.50%	1	12.50%
Shri Dharambhai Patel (Nominee of Tapti Exports)	1	12.50%	1	12.50%
Shri Nagjibhai Mohanbhai Sakariya (Nominee of HVK International Pvt Ltd)	1	12.50%	1	12.50%
Shri Laljibhai Tulsibhai Patel (Nominee of Dharmanandan Diamonds Pvt Ltd)	1	12.50%	1	12.50%
Shri Diyalbhai Kalabhai Vaghani (Nominee of Kapu Gems LLP)	1	12.50%	1	12.50%
Shri Govindbhai Laljibhai Dholakia (Nominee of Shree Ramkrishna Exports Pvt Ltd)	1	12.50%	1	12.50%
Shri Vallabhbhai Shamjibhai Patel (Nominee of Kiran Gems Pvt Ltd)	1	12.50%	1	12.50%
Shri Sevantilal Premchand Shah (Nominee of Venus Jewel)	1	12.50%	1	12.50%
<b>Total</b>	<b>8</b>	<b>100.00%</b>	<b>8</b>	<b>100.00%</b>

**SDB DIAMOND BOURSE**  
(CIN: U74140GJ2014NPL081370)

**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2021**

**2 MEMBER'S CORPUS FUND**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Opening Balance	3,409,259	3,395,956
(+) Entrance Fees received during the year	30,000	19,390
(-) Amount transferred to Advance received from members for Office Space	-	6,087
<b>Total</b>	<b>3,439,259</b>	<b>3,409,259</b>

**(A) Details of reconciliation of the number of Members:**

Particulars	FY 2019-20			FY 2018-19		
	In Nos	Amount (excluding Indirect tax) (In Rs.)	Amount (including Indirect tax) (In Rs.)	In Nos	Amount (excluding Indirect tax) (In Rs.)	Amount (including Indirect tax) (In Rs.)
Subscribers to MOA-AOA	8	-	-	8	-	-
Opening No. of Trade Members	3,900	3,409,259	3,900,000	3,880	3,395,956	3,880,000
(+) New Trade Members Limited by Guarantee	30	30,000	30,000	20	19,390	20,000
(-) Amount transferred to Advance received from members for Office Space	-	-	-	-	6,087	-
<b>Members As At the end of the year</b>	<b>3,930</b>	<b>3,439,259</b>	<b>3,930,000</b>	<b>3,900</b>	<b>3,409,259</b>	<b>3,900,000</b>

**(B) Terms / rights attached to Trade members Limited by Guarantee:**

The company is Limited by Guarantee and having Share Capital. The Trade Members are the class of members whose liability is limited by guarantee. Every Trade Member including subscribers to MOA-AOA limited by guarantee undertakes to contribute to the assets of the company in the event of its winding up, such amount as may be required, not exceeding a sum of Rs. 5,000, as per the Article of Association of the company.

**3 RESERVES AND SURPLUS**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Opening Balance of Surplus/ (Deficit) of Income & Expenditure	411,236,351	215,625,954
(+) Excess of Income/(Excess of Expenditure) for the year	(59,304,410)	195,610,397
<b>Amount available for Appropriation</b>	<b>351,931,941</b>	<b>411,236,351</b>
(-) Appropriations (If any)	-	-
<b>Total</b>	<b>351,931,941</b>	<b>411,236,351</b>

**SDB DIAMOND BOURSE**  
(CIN: U74140GJ2014NPL081370)

**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020**

**4 OTHER NON-CURRENT LIABILITIES**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Retention Money (Contractors)	228,757,209	90,317,481
Deposit received for Parking	2,129,484,500	992,755,000
<b>Total</b>	<b>2,358,241,709</b>	<b>1,083,072,481</b>

**5 SHORT TERM BORROWINGS**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Overdraft Against Term Deposits with State Bank of India	906,798,530	1,003,338,989
Overdraft Against Term Deposits with HDFC Bank Ltd.	-	210,000,000
<b>Total</b>	<b>906,798,530</b>	<b>1,213,338,989</b>

**Note:**

Overdraft Against Term Deposits with State Bank of India is repayable on demand bearing interest rate of 7.25% p.a.  
Overdraft Against Term Deposits with HDFC Bank Ltd. is repayable on demand bearing interest rate of 8.70 % p.a.

**6 TRADE PAYABLE**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
<b><u>Dues of micro enterprises &amp; small enterprises*:</u></b>		
Dues of micro enterprises & small enterprises less than 45 days	7,396	50,000
<u>Dues of micro enterprises &amp; small enterprises more than 45 days</u>		
- Principal Amount Outstanding	-	-
- Interest Due on Principal Amount	-	-
- Interest Paid under MSMED, 2006	-	-
- Interest Due and Payable for the year	-	-
- Interest due and unpaid at the year end	-	-
<b>Total Outstanding dues of micro enterprises &amp; small enterprises (A)</b>	<b>7,396</b>	<b>50,000</b>
<b><u>Dues of creditors other than micro enterprises &amp; small enterprises:</u></b>		
Trade Payable for Expense	2,771,545	5,866,217
Trade Payable for Fixed Assets	-	50,000
<b>Total Outstanding dues of other than micro enterprises &amp; small enterprises (B)</b>	<b>2,771,545</b>	<b>5,916,217</b>
<b>Total (A+B)</b>	<b>2,778,941</b>	<b>5,966,217</b>

**Disclosure pursuant to Micro, small and medium enterprise Act, 2006:**

The company has established process of identification of suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises provided here are based on the details provided by the management with regards to registration status of its creditors as MSME or otherwise. Further, as per the representation given by the management that the payment terms as agreed with the vendors takes care of the same in the rates and hence have not received any claims for interest from any supplier as at balance sheet date.

**7 OTHER CURRENT LIABILITIES**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Advance received from members for office space <sup>(Refer Note)</sup>	3,593,584,395	8,716,542,120
<b><u>Other Payables</u></b>		
Provision against Leasehold Land	-	3,119,172,948
Statutory Liability Payable	14,341,619	25,210,851
Expense Payable	307,626	1,572,370
<b>Total</b>	<b>3,608,233,640</b>	<b>11,862,498,289</b>

**Note:**

\*(Refer Note 22 regarding Advance received from members for office space)

**SDB DIAMOND BOURSE**  
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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020**

**PROPERTY, PLANT & EQUIPMENTS**

**8 TANGIBLE ASSETS**

Sr. No.	Particulars	Useful Life In Years	Gross Block			Depreciation/Amortisation				Net Block		
			As on 01-04-2019	Addition during the year	Adjustment/ Deletion during the year (Refer Note)	As on 31-03-2020	As on 01-04-2019	For the year	Deletion during the year	As on 31-03-2020	WDV as on 31-03-2020	WDV as on 31-03-2019
1	Lease hold Land	97	6,269,694,368	-	5,637,864,416	631,829,952	126,746,081	64,608,726	-	191,354,807	440,475,145	6,142,948,287
2	Computer Systems	3	864,369	35,443	-	899,812	717,615	96,587	-	814,202	85,610	146,754
3	Furniture & Fixtures	10	3,134,132	-	-	3,134,132	975,473	558,877	-	1,534,350	1,599,782	2,158,659
4	Furniture & Fixtures (in rented premises)	5	6,815,037	-	-	6,815,037	5,507,771	589,185	-	6,096,956	718,081	1,307,266
5	Office Equipments	5	3,042,683	-	-	3,042,683	2,021,153	460,404	-	2,481,557	561,126	1,021,530
6	Vehicles	10	59,691	-	-	59,691	21,510	9,885	-	31,395	28,296	38,181
<b>Total</b>			<b>6,283,610,280</b>	<b>35,443</b>	<b>5,637,864,416</b>	<b>645,781,307</b>	<b>135,989,603</b>	<b>66,323,663</b>	<b>-</b>	<b>202,313,266</b>	<b>443,468,041</b>	<b>6,147,620,677</b>
<b>Previous Year's Figures</b>			<b>6,282,952,711</b>	<b>657,569</b>	<b>-</b>	<b>6,283,610,280</b>	<b>69,803,249</b>	<b>66,186,353</b>	<b>-</b>	<b>135,989,603</b>	<b>6,147,620,677</b>	<b>6,213,149,461</b>

**Note:**

- (i) The Leasehold land is for 97 years and has been amortized based on the period of lease. The proportionate value of land for booked area (WDV as on 31.3.2019 less amortisation during the year) has been transferred to Income and Expenditure Account.
- (ii) The company has taken furnished premises on rent for a period of five years. Accordingly, the useful life of furniture & fixtures purchased for the said rented premises is taken as five years.

**9 INTANGIBLE ASSETS**

Sr. No.	Particulars	Useful Life In Years	Gross Block			Depreciation/Amortisation				Net Block		
			As on 01-04-2019	Addition during the year	Deletion during the year	As on 31-03-2020	As on 01-04-2019	For the year	Deletion during the year	As on 31-03-2020	WDV as on 31-03-2020	WDV as on 31-03-2019
1	Software License	5	762,210	-	-	762,210	682,284	36,023	-	718,307	43,903	79,926
<b>Total</b>			<b>762,210</b>	<b>-</b>	<b>-</b>	<b>762,210</b>	<b>682,284</b>	<b>36,023</b>	<b>-</b>	<b>718,307</b>	<b>43,903</b>	<b>79,926</b>
<b>Previous Year's Figures</b>			<b>762,210</b>	<b>-</b>	<b>-</b>	<b>762,210</b>	<b>616,705</b>	<b>65,579</b>	<b>-</b>	<b>682,284</b>	<b>145,505</b>	<b>79,926</b>

**SDB DIAMOND BOURSE**  
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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020**

**10 NON-CURRENT INVESTMENTS**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
<b>INVESTMENT IN TERM DEPOSITS</b>		
Term Deposits With SBI	-	1,086,511,310
Term Deposits With HDFC	110,000,000	30,000,000
Accrued Interest on Term Deposits	185,709	73,793,530
<b>Total</b>	<b>110,185,709</b>	<b>1,190,304,840</b>

**Note:**

Term Deposits are having maturity of more than 12 months.

**11 OTHER NON-CURRENT ASSETS**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Installments Receivable From Members	2,463,104,452	250,161,030
Service Tax Refundable*	19,860,754	19,860,754
<b>Total</b>	<b>2,482,965,206</b>	<b>270,021,784</b>

**Note:**

\*(Refer Note 22 regarding contingent liabilities with regards to Service Tax Refundable)

**12 CONSTRUCTION WORK IN PROGRESS**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Construction Work-In-Process	734,044,745	4,692,305,263
<b>Total</b>	<b>734,044,745</b>	<b>4,692,305,263</b>

**13 CASH AND CASH EQUIVALENTS**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Cash on Hand	122,394	41,799
Balance with Banks	17,962,365	42,495,313
Term Deposits with Banks	2,352,484,548	1,255,178,450
<b>Total</b>	<b>2,370,569,307</b>	<b>1,297,715,562</b>

**Note:**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Term deposits (including accrued interest thereon) are having maturity of less than 12 months from Balance Sheet date.

**14 SHORT TERM LOANS & ADVANCES**

Particulars	As at 31-03-2020 (In Rs.)	As at 31-03-2019 (In Rs.)
Advance to PSP Projects Ltd. (Net of Liability)	863,690,421	427,961,620
Advance to Creditors	21,739	824
Balance with Statutory Authorities	223,740,431	549,885,463
Prepaid Expenses	75,068	1,007,927
Security Deposits	2,620,250	2,618,500
<b>Total</b>	<b>1,090,147,909</b>	<b>981,474,334</b>

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020**

**15 INCOME FROM OPERATIONS**

Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
Revenue on Construction	14,928,154,937	-
<b>Total</b>	<b>14,928,154,937</b>	<b>-</b>

\*(Refer Note 22 regarding Revenue on construction)

**16 OTHER INCOME**

Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
Interest Income	113,162,643	235,812,268
Delayed Payment Charges	86,430,057	116,050,561
Miscellaneous Income	112,636	58,763
<b>Total</b>	<b>199,705,336</b>	<b>351,921,592</b>

**17 DIRECT EXPENSES**

Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
Leasehold Land	5,637,864,416	-
Construction Work In Progress	9,395,410,370	-
<b>Total</b>	<b>15,033,274,786</b>	<b>-</b>

\*(Refer Note 22 )

**18 EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
Salary, Wages & Allowances	8,883,500	7,975,429
Contribution to Statutory Funds	274,049	258,945
Staff Welfare Expense	-	7,572
<b>Total</b>	<b>9,157,549</b>	<b>8,241,946</b>

**19 FINANCE COST**

Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
Interest on Overdraft	66,853,074	66,001,837
Interest on Loan Against Term Deposits	755,679	845,555
Bank Guarantee Commission	933,164	328,336
<b>Total</b>	<b>68,541,917</b>	<b>67,175,728</b>

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020**

**20 OTHER EXPENSES**

Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
Administrative & General Expenses	6,607,211	8,384,965
Advertisement Expense	10,351	77,765
CSR Expenditure <sup>(Refer Note)</sup>		1,000,000
Office Rent Expenses	795,000	720,000
Payment To Auditor (- as an auditor)	226,250	240,000
Rates & Taxes	2,709	2,729,909
Repair and Maintenance (Building)	631,103	470,432
Stationery & Printing Expense	1,558,122	785,233
<b>Total</b>	<b>9,830,745</b>	<b>14,408,304</b>

**21 PRIOR PERIOD ITEMS**

Particulars	For the year ended on 31-03-2020 (In Rs.)	For the year ended on 31-03-2019 (In Rs.)
Prior Period Expenses	-	233,285
<b>Total</b>	<b>-</b>	<b>233,285</b>

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

**I. CORPORATE INFORMATION:**

SDB DIAMOND BOURSE is a company incorporated under section 8 of the Companies Act, 2013 as a company limited by guarantee and having share capital. The main object of the Company is to encourage the Diamonds, Gems & Jewellery trade and industry by establishing a Diamond Bourse. The company was incorporated on November 28, 2014. The company is developing a 30,74,648 Sq.ft.(office space) Diamond Bourse under the name of 'Surat Diamond Bourse' in DREAM city, Khajod, Surat for the benefit of its members and promotion of trade. The said project has received RERA vide ref. no.PR/GJ/SURAT CITY/Others/CAA05247/100419 dated April 10, 2019.

**II. IMPACT OF COVID-19:**

The company continues to closely monitor the situation and take appropriate action, as necessary to scale up construction operations, in due compliance with the applicable regulations. The company has made an assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets as at the balance sheet date and has made appropriate provision, wherever required, on account of COVID-19. The company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact arising from COVID-19 in the preparation of the financial statements and continues to monitor any material changes to future economic conditions and assess the impact on company.

**III. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis of Preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention following the going concern concept and on accrual basis of accounting except otherwise mentioned in Point No.5, in conformity with the accounting principles generally accepted in India and comply with the accounting standard referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rule, 2014.

The company is incorporated under section 8 of the Companies Act, 2013 as a Company Limited by Guarantee and having Share Capital, as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the company has complied with the Accounting Standard as applicable to the Company registered under section 8 of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**2. Use of Estimates:**

The preparation of Financial Statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as on the date of financial statements and reported amounts of revenue and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which results are known to materialize.



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**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 in carrying amount of assets and liabilities. In Developing the assumptions and estimate relating to the uncertainties at the Balance sheet date in relation to the recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of the financial statement and has used the internal and external sources of information to the extent determined by it as relevant. The Actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

**3. Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby Excess of Income/(Excess of Expense) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**4. Construction Work-in-Process:**

Costs and expenditures incurred directly for the purpose of construction of proportionate area which is un-booked or to be used by the Company itself in the proposed Bourse have been stated as 'Construction work-in-Process' under Current Assets after recognizing the same on percentage completion method in Income & Expenditure account for allotted offices.

**5. Revenue Recognition:**

- Revenue from the real estate transactions are recognised when all significant risks and rewards of ownership are transferred as per the terms and conditions of the agreement for sale or any similar enforceable document(s) and when there is no significant uncertainty that exists regarding the amount of consideration that will be derived from the sale of offices as also when it is not unreasonable to expect ultimate collection of revenue from buyer members, in line with AS-9 - "Revenue Recognition" read with Guidance note on 'Accounting of Real Estate transactions'.
- The revenue (and related costs) are recognized using the Percentage completion method for the transactions and activities of the Company as they have the same economic substance as construction contracts.
- Interest income from a financial asset is recognized using the effective interest rate method on a time proportion basis taking into account the amount outstanding when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.
- Delayed Payment charges on outstanding instalments from members is accounted on receipt basis given the significant uncertainty as to its measurability or collectability.
- Other Revenue / Income, unless specifically referred to otherwise, are accounted on accrual basis.
- Expense, unless specifically specified, are accounted on accrual basis.

**Impact of COVID-19 on Revenue Recognition:**

The company has concluded that the impact of Covid-19 is not material based on evaluation by the management. The company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods given the nature and duration of Covid-19.

**6. Property, Plant & Equipment's:**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other current/non-current assets, as the case may be. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Income and Expenditure when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale of the asset and the resultant gains or losses are recognized in the Statement of Income and Expenditure.

The company depreciates property, plant and equipment over their estimated useful lives as stated in Schedule II of the Companies Act, 2013 using the written down value method. Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. The leasehold land has been amortised over the period of lease.

In accordance with Schedule II, the property, plant & equipment are shown at Residual Value where the life of assets exhausted as at balance sheet date.

**7. Investments:**

Investments are classified into non-current investments and current investments based on intent of managements at the time of making the investments which are intended to be held for more than one year are classified as non-current and those which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value wherever the decline is other than a temporary decline. Current investments are valued at the lower of cost or fair value. Cost of investments includes attributable acquisition charges such as brokerage, fees and duties.

**8. Employee Benefits:**

Defined Contribution Plan:

The company considers "Government Provident Fund" as Defined Contribution Plan and the contributions as required by the statute are charged to the Statement of Profit and Loss as incurred for eligible employees.

Defined Benefit Plan:

Currently the Company is not required to provide any other long-term employee benefits.

Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits that are expected to be paid in exchange for services rendered by an employee is recognized during the period/year when the employee renders the services.

**9. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised 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 cost are charged to the Statement of Income & Expenditure.

**10. Segment Reporting:**

Business Segment:

The Business Segment has been considered as the primary segment. The Company's primary business segment are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system. The company's primary business comprises of encouragement of Diamonds, Gems & Jewellery trade and

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

industry by establishing a Diamond Bourse. Since, it is the only reportable segment as envisaged in Accounting Standard 17 'Segment Reporting', no separate information / disclosure is required to be made in the financial statements of the company.

Geographical Segment:

The company operates in one Geographical Segment namely "within India" and hence, no separate disclosure is required.

**11. Operating Leases:**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the Lessee, are recognized as operating leases.

Lease rentals proportionate to un-booked area and space to be utilized by the Company is recognized in the statement of profit and loss as per the tenure of agreement on a straight-line basis.

Entire Leasehold land cost proportionate to the offices booked is recognized in the statement of profit and loss.

**12. Earnings Per Share:**

The Company is a Non-Profit Organisation, limited by guarantee and is registered under section 8 of the Companies Act, 2013. The earnings of the Company will be utilised for welfare of the Company and its members and are non-distributable to its shareholders. Thus, earnings per share are not a relevant parameter for the Company.

**13. Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect 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 recognised only to 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 recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same.

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.

The company is registered under section 12A, claiming exemption under section 11 of the Income Tax Act, 1961. Consequently, the company is not required to provide for any liability towards payment of Income Tax.

The company is incorporated under section 8 of the Companies Act, 2013 and since there is no liability towards payment of tax, no temporary difference arises that requires reversal to account for deferred tax.

**14. Intangible Assets:**

Intangible assets are stated at cost less accumulated amortization and impairment. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

Intangible assets are amortized over their respective individual estimated useful lives as stated in Schedule II of the Companies Act, 2013 using Written Down Value method, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Amortization methods and useful lives are reviewed periodically including at each financial year end.

**15. Impairment of Assets:**

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired.

An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset other than goodwill is reversed if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

In assessing the recoverability of company's assets such as Investment, Loan, Intangible assets, Inventories etc. the company has considered internal and external information up to the date of approval of these financial statements. The company has performed sensitivity analysis on the assumptions used based on the internal and external information / indicators of future economic conditions and expects to recover the carrying amount of the assets.

**16. Provisions, Contingent Liabilities And Contingent Assets:**

A provision is recognized if, as a result of a past event, the company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

Contingent liability is disclosed as notes to financial statements where no reliable estimate can be made. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

**IV. CONTINGENT LIABILITIES & CAPITAL COMMITMENTS:**

**1. Contingent Liabilities:**

- (a) The Company has paid service tax "under protest" in FY 2016-17 on demand raised by service tax department. Further, Company has determined its liability towards service tax and has filed declaration with advance ruling authority regarding the same claiming refund of excess payment made in FY 2017-18. The department has since confirmed its order against the Company for which the company has approached the Honourable Gujarat High Court for relief. The proceedings and decision regarding the same are pending before the High Court as also before the authority of

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

advance ruling. The management is confident that the stand taken by the Company would finally prevail.

- (b) Outstanding Bank guarantee given to State Environment Impact Assessment secured against the pledge of fixed deposits with the banks under lien are as follows:

<b>Bank</b>	<b>Amount of Guarantee (In Rs.)</b>	<b>Secured</b>
HDFC Bank Ltd.	5,00,00,000	100% Fixed Deposits
HDFC Bank Ltd.	50,00,000	100% Fixed Deposits
HDFC Bank Ltd.	1,50,00,000	100% Fixed Deposits
HDFC Bank Ltd.	50,00,000	100% Fixed Deposits
HDFC Bank Ltd.	3,50,00,000	100% Fixed Deposits

**2. Capital Commitments:**

<b>Particulars</b>	<b>FY 2019-20 (In Rs.)</b>	<b>FY 2018-19 (In Rs.)</b>
Estimated Amount of Unexecuted Contracts for Construction Activities	6,74,24,38,451	13,19,25,62,031

**V. Details about Capital Commitment and % completion**

**REVENUE RECOGNITION BASIS**

<b>Particulars</b>	<b>Booked Sq. Ft</b>	<b>Un-booked Sq. Ft</b>	<b>Total</b>
Super Built up area	2,982,365	233,006	3,215,372
% of total	92.75	7.25	
Carpet area	1,938,537	59,982	1,998,520
Appro. cost /Sq.Ft for members Rs.	8000		
Value at booking Rate Rs.	23,858,921,840		23,858,921,840
Amt Called /Sq.Ft from Members Rs.	6200		
% of total booking rate	77.5		
Value called RS.	18,490,664,426		18,490,664,426

**COST RECOGNIZED IN I & E A/c**

<b>Cost Incurred till 31-3-2020</b>	<b>Amount (In Rs.)</b>	<b>% of Total Cost considered for I &amp; E a/c</b>	<b>Amount Recognized in I &amp; E a/c based on Booked area</b>
*Rs.Land Cost after Amortization up to March 31, 2020 Rs.	6,078,339,561	100	5,637,864,416
**Construction WIP as on March 31, 2020 Rs.	10,129,455,115	50.00	9,395,410,370
Total Cost Incurred Rs.	16,207,794,676		15,033,274,786

\* Lease hold land Gross Cost on 1-4-2019 Rs.6269694368 less Amortization till 31-03-2020 Rs.19,13,54,807/-

\*\* Out of Total estimated construction cost of Bourse of Rs. 2003.22 Crs as per table below, incurred till 31-03-20 Rs.1012.95 Crs., which is 50% as certified by PMC.

**SDB DIAMOND BOURSE****(CIN: U74140GJ2014NPL081370)****NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED ON MARCH 31, 2020****22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS****REVENUE RECOGNIZED IN I & E A/c**

*Out of Called amount of Rs.6200, for land 100% considered. Rs.	5,637,864,416
**Out of Estimated total cost of Construction of Rs. 2003.22 Crs, since 50% incurred till B/S date, 50% recognized based on Booked area. Rs.	9,290,290,521
<b>Total Revenue recognized</b>	<b>14,928,154,937</b>

\* For Lease hold land 100% payment has been done hence based on 92.75% Booked office space, out of called amount till date equivalent to 77.50 % taken

\*\* For Construction work since 50% spent till date, revenue recognized based on booked office space for total construction cost of Rs.2003.22 Crs.

**Summary of Total Construction Cost of Bourse**

<b>Item</b>	<b>Booked Rs.</b>	<b>Un-booked Rs.</b>	<b>Total Rs.</b>
Architect Fees	166,963,119		166,963,119
Construction	9,332,510,192	7,824,989,808	17,157,500,000
Construction cess	10,906,347		10,906,347
Construction Premium	3,750,000		3,750,000
Consultancy Fees	50,523,901		50,523,901
FSI Premium	161,923,668		161,923,668
PMC Consultancy	74,333,142		74,333,142
Interest on installment of Land	59,882,162		59,882,162
Scrutiny Fee	9,662,623		9,662,623
SDB Project (Model)	2,026,000		2,026,000
Service Tax on Advance from Members	250,245,261		250,245,261
Technical Service Fees	6,728,700		6,728,700
Other Consultants fees		123,700,000	123,700,000
Unawarded Contracts		1,868,000,000	1,868,000,000
PSP 5% charges		86,100,000	86,100,000
<b>TOTAL</b>	<b>10,129,455,115</b>	<b>9,902,789,808</b>	<b>20,032,244,923</b>

Note : Percentage of construction work completed is certified by the Project Management Consultants of the Company – Ms. Masters Management Consultants (I) Pvt. Ltd., duly signed by its authorized signatory Mr. Kashyap Desai (G.M.-Projects).

**VI. TRADE MEMBERSHIP OF COMPANY:**

During the year under review, the Company had additionally given new Trade Membership for Office Space in the proposed Diamond Bourse at Khajod to 30 individuals or entities engaged directly or indirectly with the Diamonds, Gems & Jewellery business due to partial transfer of expression of interest for office space in the proposed Diamond Bourse at Khajod by the existing trade members in conformance to the Articles of the Company along-with entrance fees of Rs. 1,000 (inclusive of Indirect Taxes) in the nature of Trade members limited by guarantee. The said membership fees being in the nature of corpus funds, is as under-

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

Particulars	FY 2018-19	
	No. of Applications	Amount (Rs.) (Inclusive of applicable indirect taxes)
Members as on beginning of the year	3,900	3,900,000
Applicants granted Trade Membership during the year	30	30,000
Members as at close of the year	<b>3,930</b>	<b>3,930,000</b>
(-) Non-office holder members	41	41,000
<b>Office Holder Members</b>	<b>3,889</b>	<b>3,889,000</b>

Details of Total Members -

Particulars	FY 2018-19	
	No. of Applications	Amount (Rs.) (Inclusive of applicable indirect taxes)
Members as on beginning of the year	3,880	3,880,000
Total Applications Received by cheque for Trade Membership	20	20,000
Applicants granted Trade Membership during the year	20	20,000
Members as at close of the year	<b>3,900</b>	<b>3,900,000</b>
(-) Non-office holder members	35	35,000
<b>Office Holder Members</b>	<b>3,865</b>	<b>3,865,000</b>

Instalments have been received from 3,897 members (including 30 members added in FY 2019-20 through partial transfer of office space and 8 promoters holding office space) for office space in proposed bourse project. Further, there has been an increase of 6 Non-office holder members in FY 2019-20 due to full transfer of office space to other members. The said advance from members will be utilised for construction of the said bourse over the period of construction.

**VII. RELATED PARTY DISCLOSURE:**

**1. LIST OF RELATED PARTY:**

Name of related party	Relationship
Govindbhai Laljibhai Dholakia	Director - Key Management Personnel
Rajendrakumar Dalpatlal Shah	
Vallabhbbhai Shamjibhai Patel	
Laljibhai Tulsibhai Patel	
Mathurbhai Madhabhai Savani	
Jitendrabhai Babubhai Shah	
Manubhai Bholabhai Davariya	
Maheshkumar Arvindbhai Gadhavi	CEO - Key Management Personnel
Surat Rough Diamond Sourcing (India) Ltd	Individuals/ Enterprises who are in a position to significantly influence the enterprise
Tapti Exports	
HVK International Pvt Ltd	
Dharmanandan Diamonds Pvt Ltd	
Kapu Gems LLP	
Shree Ramkrishna Exports Pvt Ltd	
Kiran Gems Pvt Ltd	
Venus Jewel	
Davariya Brothers Pvt Ltd	

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

**2. TRANSACTIONS DURING THE YEAR WITH RELATED PARTIES:**

<b>Sr. No.</b>	<b>Nature of Transaction</b>	<b>FY 2019-20 (In Rs.)</b>	<b>FY 2018-19 (In Rs.)</b>
<b>1</b>	<b>Deposit Received</b>		
	Venus Jewel	11,42,07,520	1,52,32,000
	Dharmanandan Diamonds Pvt Ltd	18,55,11,500	3,24,87,264
	HVK International Pvt Ltd	4,71,40,875	91,35,750
	Tapti Exports	1,20,54,000	21,00,000
	Shree Ramkrishna Exports Pvt Ltd	28,93,76,640	4,73,20,000
	Kapu Gems LLP	7,44,63,200	1,24,88,000
	Kiran Gems Pvt Ltd.	40,18,37,343	6,72,00,000
	Davariya Brothers Pvt Ltd	55,44,000	19,32,000
<b>2</b>	<b>Delayed Payment Charges received</b>		
	Venus Jewel	15,10,986	-
	HVK International Pvt Ltd	7,60,596	-
	Shree Ramkrishna Exports Pvt Ltd	5,50,083	-
	Kiran Gems Pvt Ltd.	2,72,024	-
<b>3</b>	<b>Rent Paid</b>		
	Tapti Exports	7,95,000	7,20,000
<b>4</b>	<b>Employee Benefits Paid</b>		
	Maheshkumar Gadhavi salary	19,20,000	15,00,000

**Note:**

- The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS) -18 "Related Party Disclosures" and the same is provided by the management and we have been relied upon by the auditors.
- The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year.

**VIII. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and manipulation, promoting education, art and culture, health care, destitute care and rehabilitation, environment sustainability, disaster relief, COVID – 19 relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilize through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

<b>Particulars</b>	<b>FY 2019-20</b>
Carry forward unspent amount of Previous Years	11,52,714
Gross Amount required to be spent by the company during the year	30,16,108
<b>Spent During the Year</b>	
Total Spent During the year	-
Yet to be spent	41,68,822



**SDB DIAMOND BOURSE**

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**NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON MARCH 31, 2020**

**22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AUDITED FINANCIAL STATEMENTS**

Out of total unspent amount given in above table, Rs. 21,46,345/- is spent after 31<sup>st</sup> March, 2020 till report signing date towards COVID Relief and Rs. 22,26,000/- towards donation to trust.

- IX.** In the opinion of the directors and to the best of their knowledge & belief, the GST provisions were properly complied, to the extent applicable to the company for the year under audit. Difference, if any, between the figures as per books of account and the GST Returns, are reconciled and would be corrected in next period GST returns and in Annual Returns. The said differences do not have any material impact on the financial statements regarding classification, tax liability and other requirement of the GST Provisions.
- X.** In the opinion of the Board and to the best of their knowledge & belief, the assets other than Property, Plant and Equipment and non-current investments are approximately of the value stated, if realized in the ordinary course of business, which is at least equal to the amount at which they are stated in the balance sheet. The provisions for all determined liabilities are adequate and not in excess of the amount reasonably required.
- XI.** All the figures in the report have been rounded off to the nearest multiple of one rupee and previous years' figures have been regrouped, rearranged, reclassified to compare with that of the current years' figures. Previous years' figures have been restated wherever necessary.

**SIGNATURES TO NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS**

As per our audit report of even date attached  
**For, NDJ & Co.**  
**Chartered Accountants**  
**Firm Reg. No.: 136345W**

For & Behalf of Board of Directors  
**SDB Diamond Bourse**

Sd/-

Sd/-

Sd/-

Sd/-

**(CA. Shirish Shah)**  
**Partner**  
**M. No.: 035742**  
**Date : 28-09-2020**  
**Place : Surat**

**Vallabhbai**  
**Patel Director**  
**DIN : 00091715**  
**Date : 28-09-2020**  
**Place : Surat**

**Laljibhai Patel**  
**Director**  
**DIN :1539972**

**Maheshkumar**  
**Gadhvi**  
**Chief Executive**  
**Officer**