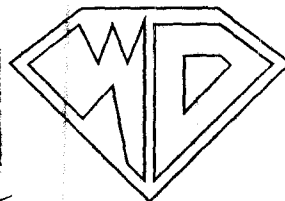

| | | | | |
|-----|-------------------------------------|-------------------------------------|-----|-------------------------------------|
| MD | <input checked="" type="checkbox"/> | | BKC | <input checked="" type="checkbox"/> |
| CS | NA | | DPY | NA |
| EO | NA | <input checked="" type="checkbox"/> | DNV | NA |
| TEA | NA | | AC | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | SEP | <input checked="" type="checkbox"/> |
| Y& | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> |



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White Diamond Industries Limited

8TH ANNUAL REPORT 1997-98

WHITE DIAMOND INDUSTRIES LIMITED

Board of Directors : Shri Ramesh P. Kothari - Chairman & Managing Director
 Shri Arun B. Mehta
 Shri Bharat C. Raghani
 Shri Jatin A. Mehta
 Shri Jaynish R. Kothari

AUDITORS : M/s. N. K. Jalan & Co.
 Chartered Accountants, Mumbai.

COMPANY LAW CONSULTANT : Omprakash Lalpuria & Co.
 Company Secretary

LEGAL ADVISER : Shri M. C. Shah
 Advocate, High Court

BANKERS : Punjab & Sind Bank
 Indian Overseas Bank
 Bank of India
 Union Bank of India

REGISTERED OFFICE & FACTORY : 17, Evergreen Industrial Estate,
 Shakti Mil Lane, Mahalaxmi,
 Mumbai - 400 011.

ADMINISTRATIVE OFFICE AND SHARE DEPARTMENT : Ratilal Mansion, 3rd floor,
 Parekh Street, Prathana Samaj,
 Mumbai - 400 004.

FACTORY : 545/8 Kangawad,
 Tarota Bazar,
 NAVSARI

SHARES LISTED AT : Mumbai & Ahmedabad

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**NOTICE**

NOTICE is hereby given that the Eighth Annual General Meeting of **WHITE DIAMOND INDUSTRIES LIMITED** will be held as Scheduled below:

DATE : 12th October 1998 DAY : Monday

TIME : 11.00 A.M. PLACE : 17, Evergreen Indl. Estate, Shakti Mill Lane, Mahalaxmi, MUMBAI - 11.

to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Accounts for the year ended 31st March, 1998 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Arun B. Mehta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :**4. Delisting of Shares**

To consider and if thought fit, to Pass with or without modification, the following Resolution as a Special Resolution.

"RESOLVED that the Board of Directors of the Company be and are hereby authorised to apply to non-regional stock exchanges, namely Delhi and Madras for delisting the Company's equity shares listed with them as may be deemed necessary by it in the interest of the Company.

RESOLVED FURTHER that the Board of Directors and is hereby authorised to take such steps and to make such arrangements as may be necessary or expedient and to do all such acts, deeds, matters and things as may be required to comply with the guide lines for voluntary delisting issued by Securities & Exchange Board of India (SEBI) and/or the concerned stock exchanges so as to give effect to this resolution and to resolve any question relating thereto and otherwise considered by the Board to be in the best interest of the Company"

5. Buy-Back of Shares

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :-

"RESOLVED that if and when permitted by the law and subject to all applicable provisions of the law and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board") or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Ordinary Shares of the Company, as may be thought fit, from the holders of the Ordinary Shares of the Company in such proportion and manner as may be permitted by the law, not exceeding such percentage of the present paid-up capital of the Company, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Ordinary Shares.

"RESOLVED FURTHER that nothing herein above contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy back any Ordinary Shares"

REGISTERED OFFICE :

17, Evergreen Indl. Estate,
Shakti Mill Lane,
Mahalaxmi, MUMBAI - 400 011.

BY ORDER OF THE BOARD OF DIRECTORS
For **WHITE DIAMOND INDUSTRIES LTD.**

Mumbai,
4th September, 1998

RAMESH P. KOTHARI
CHAIRMAN & MANAGING DIRECTOR

WHITE DIAMOND INDUSTRIES LIMITED

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, VOTE INSTEAD OF HIM/HER. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 9th October 1998 to Monday 12th October 1998 (both days inclusive).
3. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least seven days in advance of the meeting.
4. An Explanatory Statement pursuant to Section 173 of the Companies Act 1956, relating to Special Business to be transacted at this Annual General Meeting is attached.
5. Pursuant to Section 205A (5) of the Companies Act 1956, Unclaimed Dividend for the year ended 31st March 1995 will be transferred to General Reserve Account of the Central Government on 16th November 1998. Those members who have so far not encashed their dividend for the year ended 31st March 1995 may approach the Company for payment before 31st October 1998.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956.

Item 4 : As the trading in the company's equity shares on the non-regional stock exchanges was negligible and there was a considerable increase in the listing fee payable to them. Accordingly, in view of the above factors and as a measure of economy, the Board of Directors had decided to delist the Company's equity shares from the non-regional stock exchanges at Madras and New Delhi and applications for delisting the Company's shares were made to these stock exchanges. The Company has been now advised by SEBI to comply with their guidelines dated 29.4.1998 for voluntary delisting by Companies which, inter alia, require approval of shareholders by a special resolution passed at the General Meeting. Accordingly, this resolution is commended for your approval. The Directors holding shares in the Company may be deemed to be concerned or interested in the resolution to the extent of their shareholding.

Item No. 5 : The Act presently prohibits a company from purchasing its Own Shares. However, it is anticipated that the law may in future permit a company to buy back its own shares.

Subject to the buy-back of securities being legally permissible, it is proposed to enable the Company to buy back its Ordinary Shares, not exceeding such percentage of the paid-up capital of the Company from the Members of the Company either from the open market or from the share holders as may be permitted by the law. The buy-back of shares would be at the rate and from the funds permitted by the law as set out in the Resolution.

The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the date of passing the Resolution or such other time limit laid by the law.

The Directors commend the Resolution for acceptance by the Members.

REGISTERED OFFICE :

17, Evergreen Indl. Estate,
Shakti Mill Lane,
Mahalaxmi,
MUMBAI - 400 011.

Mumbai,
4th September, 1998

BY ORDER OF THE BOARD OF DIRECTORS
For **WHITE DIAMOND INDUSTRIES LTD.**

RAMESH P. KOTHARI
CHAIRMAN & MANAGING DIRECTOR



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in submitting the 8th Annual Report and the Audited Accounts of the Company for the year ended March 31, 1998.

FINANCIAL RESULTS

| | (Rs. in lacs) | |
|---------------------------------------|----------------------------------|-----------------------------------|
| | Current year ended 31-3-98 | Previous year ended 31-3-97 |
| Total Income | <u>525.88</u> | <u>693.04</u> |
| Profit before Interest & Depreciation | 125.69 | 90.49 |
| Less : Interest | 70.79 | 31.41 |
| Less : Depreciation | 9.47 | 9.50 |
| Profit before Tax | <u>45.43</u> | <u>49.58</u> |
| Provision for Taxation | 0.88 | 6.40 |
| Profit After Tax | <u>44.55</u> | <u>43.18</u> |
| Add : Balance brought forward | 440.29 | 402.11 |
| Profit available for appropriation | <u>484.84</u> | <u>445.29</u> |
| | ===== | ===== |
| APPROPRIATIONS | | |
| General Reserve | 5.00 | 5.00 |
| Balance carried to Balance Sheet | <u>479.84</u> | <u>440.29</u> |
| | <u>484.84</u> | <u>445.29</u> |
| | ===== | ===== |

DIVIDEND

Having regard to all the factors involved in your company's operations, specifically the recession in world market, your directors consider it essential to conserve funds to sustain operations and growth in the forth coming year and hence, are compelled to not recommend dividend pay out in the current year.

OPERATIONS AND PROSPECTS

During the year 1997-98, the working of the Company was affected by recessionary economic trends and demands for diamonds in export market. Export was only Rs. 258.76 lacs as against Rs. 563.57 lacs in the previous year. Inspite of the aforesaid, the company was able to achieve higher gross profit before interest and depreciation amounting to Rs. 125.69 lacs as against Rs. 90.49 lacs in previous year due to improvement in prices as well as U.S. dollar-rupee parity.

The Indian economy appears to be passing though a phase of low economic growth that has continued in first quarter of the ensuing year. However, all signs appear to suggest revival of economic activities in the months to come.

The company, expects to achieve better performance in the current year.

WHITE DIAMOND INDUSTRIES LIMITED**PROMISE Vs. PERFORMANCE**

In accordance with the clause 43 of the Listing Agreement, we give below a Comparative Statement of the projections for 1997-98 as stated in the Prospectus dated 02/11/1994 with the actual performance for the year :

Year ended March 31, 1998

| | (Rs. in lacs) | |
|-------------------|--------------------|----------------|
| | Projections | Actuals |
| Total Income | 4640.00 | 525.88 |
| Profit before tax | 437.40 | 45.43 |
| Profit after tax | 437.40 | 44.55 |

DIRECTORATE

Mr. Sunay S. Kothari and Shri Sangam S. Kothari have resigned as Directors of the Company During the year. Shri Jatin A. Mehta and Shri Jaynish R. Kothari were appointed as a director of a Company with effect from 16-2-98 to fill the casual vacancy caused by resignation of Shri Sunay S. Kothari and Shri Sangam S. Kothari. The Board places on record its appreciation to these promoter/Director for their Invaluable Services and contribution to the growth of the Company during their tenure of service.

In accordance with the provisions of Articles of Association of your company, Shri Arun B. Mehta retires by rotation and being eligible offer himself for re-appointment

FIXED DEPOSITS

The Company has not accepted any deposits during the year under review.

STATUTORY DISCLOSURES

The requirement regarding furnishing of the information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 relating to Conservation of Energy under Section 217(1)(e) of the Companies Act, 1956.

The operations of the Company involves very low energy consumption and energy conservation methods wherever possible are already implemented.

The Company has not carried out any research and development activity during the year under review, hence this information is not given.

FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Company's main line of business is to do Sawing and Kerfing and Drilling of diamond on Jobwork basis and export of Cut and Polished Diamonds.

The Company is making intensive efforts to increase exports by entering in new markets.

| | |
|-------------------------------|-----------------|
| Total Foreign Exchange used | Rs. Nil |
| Total Foreign Exchange earned | Rs. 302.66 lacs |

PARTICULARS OF EMPLOYEES

During the year, there is no employee whose information is required to be given as per section 217(2A), read with Companies (Particulars of Employees) Rules 1975, as amended.

CASH FLOW STATEMENT

As required by the ammended clause 32 of the Listing Agreement, a Cash Flow Statement is appended.

AUDITORS

The Company's Auditors M/s. N.K. Jalan & Co., Chartered Accountants, hold Office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their reappointment.

ACKNOWLEDGEMENT

Your Directors are extremely grateful to the Company's Bankers for their continued assistance guidance and Support. Your Director are also grateful to the employees, Shareholders and Customers for their Support and Confidence reposed in this company.

On behalf of the Board

PLACE : MUMBAI
DATE : 4th September 1998

RAMESH P. KOTHARI
CHAIRMAN & MANAGING DIRECTOR.



AUDITORS REPORT

TO THE SHAREHOLDERS OF WHITE DIAMOND INDUSTRIES LTD.

We have audited the attached Balance Sheet of WHITE DIAMOND INDUSTRIES LIMITED, for the year ended 31st March, 1998 and also the annexed Profit & Loss Account for the year ended on that date and report as under :-

- 1) As required by the manufacturing and other companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956 we give in the Annexure a statement of the matters specified in the paragraph 4 & 5 of the said order.
- 2) Further to the comments in the Annexure referred to in Paragraph-1 above, we report that :-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far it appears from our examination of those books ;
 - (c) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the Books of Account;
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note No. 10 in Schedule 'Q' of significant Accounting Rs. 52,03,750/- towards doubtful debts read together with other notes, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - (i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1998 and
 - (ii) In the case of Profit & Loss Account of the Profit of the Company for the year ended on that date.

FOR N.K. JALAN & CO.,
Chartered Accountants

MUMBAI
DATED : 04.09.1998.

N.K. JALAN
Proprietor

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH-1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of goods, have been physically verified by the management during the year at reasonable intervals.
4. In our opinion, the procedures followed by the management with regard to physical verification of stock as aforesaid are reasonable and adequate in relation to size of the company and the nature of its business.
5. The discrepancies noticed on such verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
6. In our opinion, the valuation of Stock of finished Goods, Store & Spare Parts and Raw Material has been fair & proper in accordance with normally accepted accounting principles and is on same basis as in earlier years.
7. The Company has taken interest free Unsecured Loans from Companies, Firms or Other Parties listed in the register maintained under section 301 of the Companies Act, 1956 or from Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956. The terms of the loans are not prejudicial in the interest of the company.
8. In our opinion and as per the explanation provided to us, the Company has granted loans and advances to the companies, firms or other parties listed in the register maintained under section 301 and to the Companies under the same management, as defined in sub-section (1B) of Section 370 of the Companies Act, 1956. As per the explanation & information provided to us by the management these loans and advances were given in the nature of current account & were for a short period and therefore no interest was receivable for the same. The loans have been recovered in full during the year.