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White Diamond Industries Limited

13TH ANNUAL REPORT 2002-2003

WHITE DIAMOND INDUSTRIES LIMITED

BOARD OF DIRECTORS : Shri Ramesh P. Kothari – Chairman & Managing Director
 Shri Jayant B. Mehta - Director
 Shri Jatin A. Mehta - Director
 Shri Jaynish R. Kothari - Director

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

REGISTERED OFFICE & SHARE DEPARTMENT : 32, Nanik Niwas, 4th Floor, Dr D. D. Sathe Marg,
 (Bénham Hall Lane), Girgaon, Mumbai 400004

SHARES LISTED AT : Mumbai, Ahmedabad, Delhi and Madras
 Stock Exchanges

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NOTICE is hereby given that the 13th Annual General Meeting of WHITE DIAMOND INDUSTRIES LIMITED will be held as Scheduled below:

DATE : 30th September, 2003 DAY : Tuesday
TIME : 10.00 AM PLACE : 102, Nilanjana, Near Nutan High School,
Marve Road, Malad (W), Mumbai - 400 064.

To transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Accounts for the year ended, 31st March 2003 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jatin A. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:
"RESOLVED THAT the resolution passed at the 12th Annual General Meeting of the Company held on 30-09-2002 relating to increase in authorised capital from Rs. 7 crores to Rs. 12 crores and consequently amendment in Article 3 of the Articles of Association be and are hereby as rescinded as the same is not acted upon."
5. "RESOLVED THAT the resolution passed at the 12th Annual General Meeting of the Company held on 30-09-2002 relating to further issue of capital not exceeding Rs. 10 crores (inclusive of premium to promoters/relatives/associates/by public issue/Rights Offer be and is hereby rescinded as the same is not acted upon.

For and on behalf of the Board,

Registered Office:
32, Nanik Niwas, Dr D. D. Sathe Marg
Benham Hall Lane,
MUMBAI-400 004.
Mumbai: 20th August, 2003.

RAMESH P. KOTHARI
Chairman & Managing Director

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Number 4 to 7 is annexed and forms part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Individual Shareholders can now avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as Bodies Corporate, Karta of Hindu Undivided Families, Partnership Firms, Societies, Trusts and holders of Power of Attorney. For further details, please contact the

WHITE DIAMOND INDUSTRIES LIMITED

4. Members are requested to:
 - (a) intimate to the Company's Registered Office, change, if any, in their respective addresses along with Pin Code Number at an early date.
 - (b) quote Folio Numbers in all their correspondence.
 - (c) consolidate holdings into one folio in case of multiplicity of Foltos with names in identical orders.
5. Shareholders seeking any information with regard to Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
6. The Company has already notified closure of Register of Members and the Transfer Books from 24th September, 2003 to 30th September, 2003 (both days inclusive).
7. Information on directors recommended for re-appointment at the Annual General Meeting in terms of Clause 49 of the Listing Agreement.
Shri Jatin A. Mehta (32 years), director, is a businessman and has been with the Company since the last 5 years. He has played an important role in the growth of the Company. He is well versed with the activities carried out by the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item 4 & 5:

The members of the Company had approved at the last AGM held on 30-09-2002 to increase the authorised capital of the Company from Rs. 7 crores to Rs. 12 crores and further issue of shares for an amount not exceeding Rs. 10 crores.
However, the Board of Directors of the Company subsequently decided not to implement the above Resolution looking to the condition prevailing in the capital market.
None of the Directors are interested in the above resolution.
The Directors recommend the above resolution for your approval.

For and on behalf of the Board

Registered Office:
32, Nanik Niwas, 4th Floor,
Dr. D. D. Sathe Marg, Girgaon
MUMBAI-400 004.
Mumbai: 20th August, 2003.

RAMESH P. KOTHARI
Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present herewith the 13th Annual Report and the Audited Accounts of the company for the Year ended 31st March, 2003.

FINANCIAL RESULTS:

	(Rs. in lacs)	
	CURRENT YEAR ENDED 31-03-2003	PREVIOUS YEAR ENDED 31-03-2002
Total Income	147.10	3.02
Profit/(Loss) before interest & depreciation	11.79	(355.92)
Less: Interest	52.54	43.39
Less: Depreciation	8.49	8.49
Profit/(Loss) before tax	(49.24)	(407.80)
Provision for Taxation	—	—
Profit/(Loss) after Tax	(49.24)	(407.80)
Prior Period Adjustment	—	(0.51)
	(49.24)	(408.31)
Balance brought Forward	(54.91)	353.40
Balance carried forward	(104.15)	(54.91)

DIVIDEND:

In view of the loss, your directors do not recommend any dividend for the year ended 31-03-2003.

OPERATIONS:

The year under review has been an unsatisfactory year for the Company.

During the year under review, the Company has achieved a turnover of Rs. 146.39 lacs against NIL in the previous year.

The Company has not been able to do any export business during 2002-03 due to lack of working capital funds. The Company is in the process of making repayment to the bank under one time settlement arrangement. During the year, the Company has suspended the activities of kerfing the diamonds as the kerfing charges have become unremunerative. The operations resulted in a loss of Rs. 49.23 lacs (previous year loss of Rs. 46.04 lacs) due to huge burden of Interest amounting to Rs. 52.54 lacs.

DIRECTORS:

In accordance with Articles of Association of the Company Shri Jatin A. Mehta retires by rotation, and being eligible offers himself for re-appointment. A brief profile of the retiring director is to be provided in terms of the Listing Agreement with Stock Exchanges and included elsewhere in the Annual Report.

FIXED DEPOSITS:

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

INFORMATION REGARDING CONSERVATION OF ENERGY:

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule (2) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under:

The operations of the Company involve 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.

WHITE DIAMOND INDUSTRIES LIMITED

FOREIGN EXCHANGE EARNING AND OUTGO:

The Company's main line of business is Sawing & Kerfing and Drilling of Diamond on Job work basis and export of Cut & Polished Diamonds.

Total Foreign Exchange used Rs. NIL

Total Foreign Exchange earned Rs. NIL

DIRECTORS' RESPONSIBILITY STATEMENT:

As required u/s 217A (2AA) the Directors confirm that they have: -

- followed in the preparation of annual accounts, the applicable accounting standards and given proper explanation relating to material departures in the respective notes to Accounts.
- selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of loss for that period.
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

A detailed Report on Corporate Governance prepared on compliance with the provisions stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is annexed and forms a part of this report.

PERSONNEL:

Relations between the employees and management continued to remain cordial during the year under review. There is no employee whose information is required to be disclosed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975.

AUDITORS:

The Company's Auditors M/s. N. K. Jalan & Co., Chartered Accountants, retire at the end of this Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their appointment.

AUDITORS' REPORT:

The observation made by the Auditors of the company in their report read with the Notes on Accounts, are self-explanatory and do not require any further clarifications.

SHARE TRANSFER AGENT:

The Company has appointed M/s Sharex (India) Pvt Ltd, 17/B, Dena Bank Building, Horniman Circle Fort, Mumbai 400 001 as the Registrar & Share Transfer Agent of the Company.

ACKNOWLEDGEMENT:

Your Directors would like to place on record their gratitude for the continuous support and co-operation received from the Bank of India and the Punjab & Sind Bank, the Central and State Government Departments, Customers and Suppliers. We also convey our heartfelt thanks to the shareholders for their unfailing trust, confidence and encouragement. The Directors place on record their appreciation of the contribution made by the employees and management to the continued satisfactory business performance during the year.

PLACE : MUMBAI.

DATE: 30 June, 2003

For and on behalf of the Board
RAMESH P. KOTHA
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development:

In view of the demand for diamond Jewellery there is a continuous growth in diamond business. There is enough potential in the Indian/Overseas market for the Companies engaged in diamond trade and export.

Opportunities and Strengths:

- a) General revival and a strong economy and more particularly the purchasing power available with the consumer determines the demand.
- b) Consumer patronage and confidence.
- c) Availability of ready product in the market.

Performance Review:

The Company has not been able to do any export business during 2002-03 due to lack of working capital funds. The process of repayment to the bank under one time settlement arrangements is continuing..

Risk and Concerns:

- a) Any upward movement in the price of imported rough diamonds will suppress the margins.
- b) Any increase in the exchange rate of the dollar will make the import of diamonds costly.
- c) Constant upgradation of new technology to meet the challenges of the market.

Internal Control Systems and their adequacy:

Your Company continues to place considerable emphasis and efforts on the internal control systems. Monthly internal audits, limited reviews by statutory auditors and meetings of Audit Committees focus on the quality of the Internal checks and balances in the finance and accounting aspects.

WHITE DIAMOND INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

White Diamond Industries Limited (WDIL) is committed to good Corporate Governance. The fundamental objective of WDIL's Corporate Governance is "enhancement of the long-term shareholder value while at the same time protecting the interests of other stakeholders and to carry on business operations with complete transparency."

The code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) is required to be implemented by your Company in terms of the Listing Agreement with the Stock Exchanges by 31st March, 2003.

II. BOARD OF DIRECTORS:

a) Composition of the Board:

The Board is comprised of four Directors, of which one is an Executive Director, while the rest are independent/non-executive Directors. The day-to-day management of the Company is conducted by the Managing Director. The Managing Director is a promoter Director. During the financial year 2002-03, 5 meetings of the Board were held. These meetings were held on 31st May, 2002, 31st July, 2002, 5th August, 2002, 31st October, 2002, 31st January, 2003.

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM held (Yes/No)
Mr. Ramesh P. Kothari	5	5	Yes
Mr. Jayant B. Mehta	5	5	Yes
Mr. Jaynish R. Kothari	5	5	Yes
Mr. Jatin Mehta	5	5	No

b) Details of Remuneration paid to Directors:

Name of Director	Remuneration
Mr. Ramesh P. Kothari Managing Director Salary & Allowances	96,000
Total	96,000

III. AUDIT COMMITTEE:

The Audit Committee headed by Mr. Ramesh P. Kothari is working according to the terms of reference under Section 292A of the Companies Act and the guidelines set out in the listing agreements, which, inter alia, include overseeing financial reporting processes, reviewing with the management the financial statements, accounting policies and practices, adequacy of internal control systems, adequacy of internal audit function and discussion with internal auditors on any significant findings, financial and risk management policies. During the year