



White Diamond Industries Limited

17th ANNUAL REPORT 2006-2007

WHITE DIAMOND INDUSTRIES LIMITED

BOARD OF DIRECTORS: Shri. Ramesh P. - Chairman & Managing Director
 Shri. Jatin A. Mehta - Director
 Shri. Jaynish R. Kothari - Director
 Shri. Nalin A. Shah-Director

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

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

BANKERS : Punjab & Sindh Bank
 Indian Overseas Bank
 Bank of India

REGISTERED OFFICE & SHARE DEPARTMENT : 23, Nirmala Mahel, 3rd Floor,
 12 Bomanji Pefit Road, Mumbai - 400 036.

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

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NOTICE

NOTICE is hereby given that the 17th ANNUAL GENERAL MEETING of the Members of the Company will be held at 11.30 a.m. on Thursday, the 12th July, 2007 at 23, Nirmal Mahal, 3rd Floor, Bomanji Petit Road, Mumbai 400 026.

ORDINARY BUSINESS :

1. To adopt the Profit & Loss Account for the Financial Year ended 31st March, 2007 and the Balance Sheet as at that date and Reports of the Board of Directors and the Auditor 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 re-appoint Statutory Auditor for the Financial Year 2007-2008, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 18th Annual General Meeting and to authorise the Board of Directors to decide his remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Ordinary Resolution**:

"RESOLVED THAT Shri Nalinkumar A Shah, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 23rd March, 2007 and who holds office as such up to the date of 17th Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Nalinkumar A Shah as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors

Registered Office :
23, Nirmala Mahal, 3rd Floor,
12, Bomanji Petit Road,
Mumbai 400 026.
Date 29th May 2007

Flamesh P. Kothari
Chairman & Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ALSO ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

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2. Register of Members and Share Transfer Books of the Company shall remain closed from 14.05.2007 to 19.05.2007 (both days inclusive)
3. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Company Secretary, so as to reach him at least seven days before the date of Meeting.
4. Members/Proxies attending the Meeting are requested to bring their Attendance Slip, sent herewith, duly filled in and also their copies of the Annual Report.
5. The Company's Shares are listed on Stock Exchanges at Mumbai, Madras, Delhi and Ahmedabad.
6. All queries relating to Share Transfer and allied subjects should be addressed to

Sharex India Pvt. Ltd.

(Unit : WDIL)

17-B, Dena Bank Bldg., 2nd Floor,
Horniman Circle, Fort, Mumbai 400 001.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies act, 1956)

Item No. 4

Shri Nalinkumar A Shah has passed inter college. He is having a experience of more than 30 years in engineering field i.e. manufacturing of auto mobile parts he has also having more 7 years experience in Diamond Trading activity.

He was appointed as additional Director on 23rd March, 2007 in accordance with the provisions of section 260 of the Companies Act, 1956 and therefore holds office upto the date of this 17th Annual General Meeting.

In view of Shri Nalinkumar A Shah vast work experience in the Industry and outstanding his appointment as a Director is proposed on the terms and conditions as set out in the Ordinary Resolution at Item No. 4.

None of the Directors except Shri Nalinkumar A Shah is concerned or interested in these Resolutions.

The Board recommends the Resolutions at items Nos. 4.

By Order of the Board of Directors

Registered Office :

23, Nirmala Mahal, 3rd Floor, 12,
Bomanji Petit Road, Mumbai - 26

Ramesh P. Kothari
Chairman & Managing Director

Date : 29th May, 2007

WHITE DIAMOND INDUSTRIES LIMITED

DIRECTORS' REPORT

To,
The Members,

Your Directors present Seventeenth Annual Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2007

1. FINANCIAL RESULTS :

PARTICULARS	CURRENT YEAR 2006-2007 (Rs. in Lacs)	PREVIOUS YEAR 2005-2006 (Rs. in Lacs)
Sales & Other Income	209.35	247.30
Gross Profit before Depreciation and Interest	101.51	1.15
Less : Interest & Financial Charges	Nil	Nil
Depreciation	8.45	8.48
Profit / (Loss) before Tax	93.06	(7.38)
Less : Provision for Tax	(7.80)	NIL
Profit/(Loss) after Tax	93.06	(7.33)
Prior Period Adjustment	0.01	Nil
Add : Balance Carried from earlier year	(62.51)	(55.18)
Balance Carried to Balance Sheet	3.50	(62.51)

Note : The figures of the previous year have been re-grouped to bring these in line with this years -figures, wherever required.

OPERATIONS :

The year under review has been very satisfactory year for the Company. Your Company has achieved a turnover of Rs. 209.35 lacs in comparison to Rs.249.30 lacs during the previous year. Your Company has also recorded higher gross profit of Rs.101.51 lacs in comparison to Rs.1.15 lacs during the previous year. i.e. an increase of more than 88 times.

After a long gap of 5 years, your Company was successful in completely wiping-out the accumulated losses,

The Company have not been able to do any export business during 2006-2007 due to lack of working capital funds. The Company has made full & final settlement with Bank under one time settlement arrangement and has made the substantial amount to the Bank.

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However, keeping the further consolidation of financial strength in view, the Board of Directors do not recommend any dividend.

3. MANAGEMENT DISCUSSION AND ANALYSIS :

Pursuant to Clause 49 (V) (A) & (B) of the Listing Agreement your Directors wish to report as follows:

a. 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.

b. Opportunities and Threats

Opportunities are plenty and there are no serious threats to the industry. However, in view of the prevailing and future scenario in the International Market, each Company in the Industry has to be very judicious in its business decisions.

c. Segment wise or Product wise Performance

Segment wise or product wise analysis or performance is not applicable to your Company under Accounting Standard 17.

d. Outlook

The outlook for the Industry and consequently for your company during the current financial year is reasonably good subject however, to the effects of prevailing disturbed scenario in the different parts of the world. Your Company is putting a lot of efforts to revive its financial position and tying up with various Banks national & multinational for working capital so as to expand its operations and export business.

e. Risks and Concerns

Domestic and International market conditions could be the only risk which may be faced by the Diamond Industry. Other risks or concerns related to finance, production, stocks, insurance, etc. are being managed adequately and efficiently by your Company.

f. Internal Control Systems and their adequacy

Your Company has put effective internal control systems into operation and is having regular internal audit mechanism to monitor and review the same under the overall control and supervision of the statutory Auditor and the Audit Committee of Directors. These systems have improved substantially

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and resulted into better management and effective controls. Continue improvement in this regard is on going.

g. Discussion on Financial Performance with respect to Operational Performance

The Financial performance with respect to the operational performance during the year under review was very satisfactory during the year under review an increase of more than 88 times in the gross profit i.e. Rs. 101.51 lacs was made by the Company as compared to Rs.1.15 lacs during the previous year.

h. Material Development in Human Resources / Industrial Relations Front, Including Number of People Employed

Your Company is constantly endeavoring to introduce Human Resources Development activities for overall improvement of its team. Your Company has cordial and healthy industrial relations at all levels.

i. Material Financial and Commercial Transactions :

There are no material significant financial and commercial transactions with the related parties viz. Promoters, Directors or the Management, their Companies / firms or relatives conflicting with the interest of the Company. The Promoters and the Directors are not dealing in the Shares of the Company.

4. CORPORATE GOVERNANCE :

Your Company has been very active in introduction and implementation of corporate governance norms. Your Company has taken all the mandatory steps as required in Clause 49 of the Listing Agreement. A detailed report on Corporate Governance along with a certificate from the Auditors confirming the compliance is annexed hereto (Annexure) and forms part of the Directors' Report.

5. AUDIT COMMITTEE :

The Meeting of the Audit Committee of Directors as required under Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement which consists of three Non-Executive Independent Directors took place on 10th April, 2006, 31st July, 2006, 4th August, 2006, 27th October, 2006 and 10th January, 2007 respectively. The said Committee is discharging its due obligations and responsibilities as required.

DIRECTORS :

In accordance with the provisions Section 255 & 256 of the Companies Act, 1956, Shri Jatin A Mehta, retire by rotation and being eligible, offer himself

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for re-appointment. The Board of Directors recommend their re-appointment.

Shri Nalinkumar A Shah, who was appointed as additional Director by the Board on 23rd March, 2007, now appointed as Director on the Board of the Company. Shri Mahesh R Mehta Director of the Company who resigned from Board of Directors of the Company w.e.f. 23rd March, 2007, who was relieved by the Board. The Board of Directors places on record a gratitude and thanks to him for his long contribution and valuable services rendered to the Company.

PARTICULARS OF EMPLOYEE U/S 217(2A) OF THE COMPANIES ACT, 1956:

Information required for particulars of Employee as required under Section 217 (2A) of the Companies Act, 1956 is not given as none of the Employees draws salary and other perks . above the prescribed limit.

DIRECTORS' RESPONSIBILITY :

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. Appropriate Accounting Policies have been selected and applied consistently, and have 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 as at 31st March, 2007 and of the Profit and Loss Account for the financial year 1st April, 2006 to 31st March, 2007.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
4. The Annual Accounts have been prepared on a going concern basis.

AUDITORS :

Notes to the Accounts as referred in the Auditors' Report are self explanatory and therefore, do not call for any further comments or explanations.

M/s. N K Jalan & Co., Chartered Accountant, Statutory Auditor of the Company will retire at the ensuing Annual General Meeting and is eligible for re-appointment. The said Auditors have confirmed that his appointment if made, shall be within the limits of Section 224(1B) of the Companies Act,

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1956. The Board of Directors recommend appointment of M/s. N K Jalan & Co, Statutory Auditor of the Company and fix his remuneration.

FIXED DEPOSITS :

Your Company has not accepted Deposits from Public u/s.58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.

INSURANCE :

Your Company could not take an adequate insurance cover for all its Assets, which will be done for the next financial year.

LISTING OF SECURITIES:

Listing of Securities : All the Equity Shares issued and allotted by the Company so far have been duly listed with the Bombay Stock Exchanges Limited (BSE) at Mumbai, Madras, Delhi and Ahmedabad.

DEMAT OF SECURITIES :

Nearly 28.53 of total Equity Share Capital is held in dematerialized form with NSDL/CDSL.

SUSIDIARY COMPANY:

The Company does not have any Wholly Owned Subsidiary Company.

DISCLOSURES :

Information of conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given herebelow :

The Company's main line of business is Sawing & Kerling 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

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their deep sense of gratitude to the Central, State Governments and Local Governments, Financial Institutions and Banks for their continued support , co-operation and guidance

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At this point your Directors like to place on record their sincere appreciation for the total commitment, dedication and hard work put in by every Employee of the Company.

And to you our Shareholders, we are deeply grateful for the confidence and faith that you have always placed in us.

Your Directors express their deepest gratitude to the esteemed customers of the Company for their continuous confidence and faith, which they have in the products and services of your Company.

For and on behalf of the Board

Place : Mumbai
Date : 29th May, 2007

Ramesh P Kothari
Chairman & Managing Director

