



WHITE DIAMOND INDUSTRIES LTD.

A handwritten signature in black ink, appearing to read 'G. M. ...', is written over a horizontal line.

Director



White Diamond Industries Limited

18th ANNUAL REPORT 2007-2008

WHITE DIAMOND INDUSTRIES LIMITED

BOARD OF DIRECTORS: Shri. Ramesh P. Kothari
 Chairman & Managing Director
 Shri. Jaynish R. Kothari - Director
 Shri. Nalin A. Shah - Director
 Shri. Nirup P. Kothari - Director
 Shri. Ushakant C. 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 : 524, Sandhurst Bldg., S. V. P. Road,
 Opera House, Mumbai - 400 004.

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

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NOTICE

NOTICE is hereby given that the 18th ANNUAL GENERAL MEETING of the Members of the Company will be held at 10.00 a.m. on Tuesday, the 30th September, 2008 at Kothariwadi, Bld. No. 2, 2nd Floor, S. V. Road, Opp. Axis Bank, Malad (W) Mumbai - 400 064.

ORDINARY BUSINESS :

1. To adopt the Profit & Loss Account for the Financial Year ended 31st March, 2008 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 Jaynish R Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Nalin A Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Statutory Auditor for the Financial Year 2008-2009, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 19th Annual General Meeting and to authorize the Board of Directors to decide his remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Ushakant C Shah, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 12th July, 2007 and who holds office as such up to the date of 18th 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 Ushakant C Shah as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri Nirup P Kothari, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 12th July 2007 and who holds office as such up to the

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date of 18th 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 Nirup P Kothari as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269 & 309 read with Schedule XIII or any amendment thereto from time to time or other applicable provisions of the Companies Act, 1956, subject to other approvals if any Articles of Association of the Company, approval of the Company be and is hereby accorded to the re-appointment of Shri Ramesh P Kothari as Chairman & Managing Director of the Company for a further period of 5 years with effect from 15th April, 2008 on remuneration and perquisites set out here below :

- a) Salary : Rs.15000/- per month
- b) Commission @ not exceeding 1% of the Company's net profits computed in the manner laid down in Section 309(5) of the Act, as the Board may in its sole and absolute discretion determine from time to time, provided that such commission shall not exceed 50% of his annual salary or Rs.90,000/- per annum whichever is lesser.
- c) Perquisites : in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

Category A

- (i) Housing : Free unfurnished residential accommodation in Mumbai in a house or flat owned or leased by the Company upon the condition that 10 percent of the salary shall be deducted by the Company thereof, Gas, Electricity, water and the monetary value of which evaluated as per the Income Tax Rules, 1962 shall be subject to a ceiling of 10% of the Salary.
- (ii) Medical Reimbursement : expenses incurred for the Chairman & Managing Director and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) Leave Travel Allowance : For the Managing Director and his family once in a year incurred in accordance with the rules of the Company.
- (iv) Club Fees : Maximum of two clubs. This does not include admission and life membership fee.

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- (v) Personal Accident Insurance : Premium not exceeding Rs.4000 per month.

Category B

1. Contribution to the Provident Fund, Superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall not exceed half a month's salary for each completed year of service.
2. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling of perquisites.

Category C

Provision of car for the use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

The terms and conditions of the said appointment and/ or agreement may be varied/enhanced from time to time by the Board of Directors of the Company as it may in its discretion deem fit within the maximum amount payable to Managing Director as per Schedule XIII of the Companies Act, 1956 or any amendment thereto.

"RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby accorded to the Board of Directors to alter and vary the terms and conditions of appointment of Shri R P Kothari, including remuneration payable to him in accordance with the provisions of Schedule XIII of the Companies Act, 1956 as the Board of Directors may deem fit and as may be agreed to by Shri R P Kothari."

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell, lease, transfer and / or otherwise dispose of the whole or any of the Company's undertaking comprising of the plant with all assets such as land, building, plant & machinery located at 545/8 Kanga Wad, Tarota Bazar, Navsari, Gujarat. Or

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any part of its assets and liabilities as a going concern on such terms and conditions and in such form and in such manner as the Board of Directors of the Company may decide in the interest of the Company, with full power and authority to the Board of Directors to do all such acts and things as may be necessary to implement this Resolutions."

By Order of the Board of Directors

Registered Office :
524 Sandhurst Building,
S.V.P. Road, Opera House,
Mumbai 400 004.

Ramesh P. Kothari
Chairman & Managing Director

Date 12th August, 2008

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.
2. Register of Members and Share Transfer Books of the Company shall remain closed from 24.09.2008 to 30.09.2008 (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.

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EXPLANATORY STATEMENT

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

Item No. 5 & 6

Shri Ushakant C Shah. He is B.E.Civil Engineer. He is having an experience of more than 28 years in the diamond trade. He is actively involved in trading of Cut and Polished Diamonds. He is of good help for marketing and sales.

Shri Nirup P Kothari is in the Diamond trade since last 30 years. He specializes in trading of Cut and Polished Diamonds.

They were appointed as additional Directors on 12th July, 2007 in accordance with the provisions of section 260 of the Companies Act, 1956 and therefore they holds office upto the date of this 18th Annual General Meeting.

In view of the above Shri Ushakant C Shah and Shri Nirup P Kothari having vast work experience in the Industry their appointments as a Directors are proposed on the terms and conditions as set out in the Ordinary Resolution at Item No. 5 & 6.

None of the Directors except Shri Ushakant C Shah and Shri Nirup P Kothari are concerned or interested in these Resolutions.

The Board recommends the Resolutions at item Nos. 5 & 6.

Item No. 7

Shri Ramesh P Kothari was re-appointed as Chairman and Managing Director on 15th April, 2008, for the period of 5 years and his appointment was not subject to the retie by rotation for a further period of 5 years w.e.f. 15th April, 2008.

The terms and conditions of the appointment of Shri Ramesh P Kothari as Chairman & Managing Director as set out in the Ordinary Resolution at item no. 7 shoul be regarded as an abstract of the terms and conditions in respect of Section 302 of the Companies Act, 1956.

Non of the Directors are concerned or interested in this Resolution except Shri Ramesh P Kothari and Shri Jaynish Kothari son of Shri Ramesh P Kothari.

The Board recommends the Resolutions at item Nos. 7.

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Item No. 8

The Company had acquired the Plant located at 545/8 Kanga Wad, Tarota Bazar, Navsari, Gujarat, in the present liberated economic scenario, opportunities are arising for organizations to concentrate and consolidate their main areas of operations, thereby imparting synergy to them.

The present manufacturing facilities at the plant at Navsari being part of the Company, make it difficult to attract the required potential sources of the technology would prefer to have equity participation and a long term stake in the venture

It is therefore, proposed to disposed off the present plant including land, plant, building, machinery at Navsari and take a appropriate place at Mumbai to carry out the present business more efficiently and lucratively. Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall not, without the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking /s of the Company, Accordingly the sanction of the shareholders is sought to this Resolution.

None of the Directors are concerned or interested in this Resolution.

The Board recommends the Resolutions at item Nos. 8.

By Order of the Board of Directors

Registered Office :
524 Sandhurst Building,
S.V.P. Road, Opera House,
Mumbai 400 004.
Date 12th August, 2008.

Ramesh P. Kothari
Chairman & Managing Director

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DIRECTORS' REPORT

To,
The Members,

Your Directors present Eighteenth Annual Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2008.

1. FINANCIAL RESULTS :

PARTICULARS	CURRENT YEAR 2007-2008 (Rs. in Lacs)	PREVIOUS YEAR 2006-2007 (Rs. in Lacs)
Sales & Other Income	528.78	209.35
Gross Profit before	(05.24)	101.51
Depreciation and Interest		
Less : Interest & Financial Charges	Nil	NIL
Depreciation	(8.45)	(8.45)
Profit / (Loss) before Tax	(13.69)	93.06
Less : Provision for Tax	(1.58)	(7.83)
Profit/(Loss) after Tax	(15.27)	85.23
Prior Period Adjustment	21.83	(19.06)
Add : Balance Carried from earlier year	3.50	(62.67)
Balance Carried to Balance Sheet	10.06	3.50

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

2. OPERATIONS :

The year under review has been very satisfactory year for the Company. Your Company has achieved a turnover of Rs.528.78 lacs in comparison to Rs.209.35 lacs during the previous year.

The Company has not been able to do any export business during 2007-2008. However the company has done very good domestic business of cut and polished diamonds with a reputed sight holder company.

The Company has made full & final settlement with Bank under one time settlement arrangement and paid the entire amount to the Bank.

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

3. MANAGEMENT DISCUSSION AND ANALYSIS :

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

a. Industry Structure and Development

In view of the demand for Cut and Polished Diamonds and Diamond Studded Jewellery there is a continuous growth in diamond business. There is enough potential in the Indian and 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 strengthen its financial position by increasing its 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.