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For WHITE DIAMOND INDUSTRIES LTD:

R. J. Rother

Director

WHITE DIAMOND INDUSTRIES LIMITED

19th ANNUAL REPORT 2008-2009

WHITE DIAMOND INDUSTRIES LIMITED

BOARD OF DIRECTORS : Shri. Rameshchandra P. Kothari -
Chairman & Managing Director
Shri. Jaynish R. Kothari - Director
Shri. Nalinkumar 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 : Smt. Anjana Gupta
Advocate, Esplanade Court

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

REGISTERED OFFICE & SHARE DEPARTMENT : 524, Sandhurst Building, S.V.P. Road,
Opera House, Mumbai - 400 004.

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

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WHITE DIAMOND INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 19th ANNUAL GENERAL MEETING of the Members of the Company will be held at 10.00 a.m. on Tuesday, the 30th September, 2009 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, 2009 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 Ushakant C Shah, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint a Director in place of Shri Nirup P Kothari, who retires by rotation and being eligible, offers him for re-appointment.
4. To re-appoint Statutory Auditor for the Financial Year 2009-2010, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 20th Annual General Meeting and to authorise the Board of Directors to decide his remuneration.

By Order of the Board of Directors

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

Mumbai - 400 004.
Date: 11th August, 2009.

Rameshchandra 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.
2. Register of Members and Share Transfer Books of the Company shall remain closed from 24.09.2009 to 30.09.2009 (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 Dynamic (India) Pvt. Ltd. (Unit : WDIL)
17-B, Dena Bank Bldg.,
2nd Floor, Horniman Circle, Fort,
Mumbai - 400 001.

WHITE DIAMOND INDUSTRIES LIMITED**DIRECTOR'S REPORT**

To,
The Members,

Your Directors present the Nineteenth Annual Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2009

1. FINANCIAL RESULTS:

PARTICULARS	CURRENT YEAR 2008-2009 (Rs. in Lacs)	PREVIOUS YEAR 2007-2008 (Rs. in Lacs)
Sales & Other Income	1183.35	528.78
<i>Gross Profit before</i>		
Depreciation and Interest	20.82	(05.24)
Less : Interest &		
Financial Charges	Nil	Nil
Depreciation	(8.19)	(8.45)
Profit / (Loss) before Tax	12.63	(13.69)
Less : Provision for Tax	(4.96)	(1.58)
Profit/(Loss) after Tax	7.67	(15.27)
Prior Period Adjustment	376.74	21.83
Add : Balance Carried		
<i>from earlier year</i>	10.06	3.50
Balance Carried to		
Balance Sheet	394.47	10.06

Note: The figures of the previous year have been re-grouped to bring these in line with this year's 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.1183.38 lacs in comparison to Rs.528.78 lacs during the previous year.

The Company has not been able to do any export business during 2008-2009. However the Company has done very good domestic business of cut and polished diamonds with a reputed sight holder Company.

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

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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, there is reduced demand in diamond business owing to global economic slowdown. These are unpredictable times but Companies which will manage to maintain high standards of quality will see potential in the Indian / Overseas market in diamond trade and export.

b. Opportunities and Threats:

Opportunities are there for Companies who maintain their standards of quality but the global slowdown poses some threat to the industry. Hence, 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 reasonable, subject however, to the effects of prevailing global slowdown in the different parts of the world. Your Company is putting a lot of efforts to maintain high standards of quality and strengthen its financial position and is attempting to tie 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.

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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 and resulted into better management and effective controls. Continuous 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 two and quarter times in turnover was made by the Company.

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.

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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 14th April, 2008, 27th July, 2008, 12th October, 2008 and 19th January, 2009 respectively. The said Committee is discharging its due obligations and responsibilities as required.

6. DIRECTORS:

In accordance with the provisions Section 255 & 256 of the Companies Act, 1956, Shri Ushakant C Shah and Shri Nirup P Kothari retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

7. 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.

8. DIRECTOR'S 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, 2009 and of the Profit and Loss Account for the financial year 1st April, 2008 to 31st March, 2009.
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;

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4. The Annual Accounts have been prepared on a going concern basis.

9. AUDITORS:

Notes to the Accounts as referred in the Auditor's 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, 1956. The Board of Directors recommends appointment of M/s. N K Jalan & Co, Statutory Auditor of the Company and fixes his remuneration.

10. 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.

11. INSURANCE:

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

12. 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 and de-listing application are in the process for getting the shares delisted from Madras, Delhi and Ahmedabad Stock Exchanges.

13. DEMAT OF SECURITIES:

Nearly 29.95% of total Equity Share Capital is held in dematerialized form with NSDL / CDSL.

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14. SUBSIDIARY COMPANY:

The Company does not have any Wholly Owned Subsidiary Company.

15. 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 here below :

The Company's main line of business is Trading, Manufacturing, Import and Export of Rough and Cut & Polished Diamonds.

Total Foreign Exchange used Rs. Nil.

Total Foreign Exchange Earned: Rs. Nil

16. 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.

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,

Rameshchandra P. Kothari.
Chairman & Managing Director.

Place : Mumbai

Date : 11th August, 2009.

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ANNEXURE – III

REPORT ON CORPORATE GOVERNANCE

1. INTRODUCTION

The Company's Philosophy on Corporate Governance

The Company has incorporated sound Corporate Governance practices since long. The Company has all along believed in and practiced fair business and corporate practices with all its stakeholders and associates. The Board of Directors has always had adequate competent independent Directors. For effective discharge of its functions and proper deliberations, Board has constituted various committees.

Given below is the report of Directors on the practices prevalent on Corporate Governance in the Company.

2. BOARD OF DIRECTORS

2.1 Composition:

The Board of Directors comprises of Five Directors. The composition is as under:-

Name of the Director	Brief Particulars	Category
Mr Rameshchandra P. Kothari	He is an Industrialist and joined the Board as the Promoter Director since incorporation of the Company in the Year of 1990. He is SSC and having more than 45 years experience in the Diamond Industries.	Chairman & Managing Director.
Mr. Jaynish R. Kothari	He is an Industrialist and joined the Board in the year of 1998. He is a commerce graduate and having a vast experience in the Diamond Industries.	Non – Executive Director
Mr. Nalinkumar A. Shah	He is having a experience of more than 31 years in engineering field i.e. manufacturing of auto mobile parts he also having more 7 years experience in Diamond Trading activity. He has passed inter college. He joined the Board on 23 rd March 2007.	Non – Executive Independent Director
Mr. Ushakant C. Shah	He is a B.E Civil Engineer. He is in the diamond trade since last 30 specializes in trading of cut and polished diamonds. He joined the board on 12 th July 07.	Non – Executive Independent Director