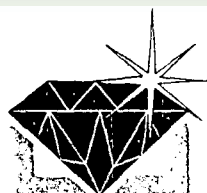


MD		BKC	
CS		DPY	1/4
RO		DIV	1/2
TRA		AC	1/2
AGM		SHI	1/2
YE			

THIRD ANNUAL REPORT 1996-97

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LASER DIAMONDS LIMITED

LASER DIAMONDS LIMITED**BOARD OF DIRECTORS**

1. Mr. Lalit Kumar Samdaria, (Managing Director)
2. Mr. Rikhab Chand Samdaria, (Director)
3. Mrs. Kanchan Samdaria, (Director)
4. Mrs. Hemlatha Samdaria, (Director)
5. Mr. Trilok Chand Chordia, (Director)
(Alternate Director to Mrs. Hemlatha Samdaria)
6. Mrs. Chanchal Devi Chordia

BANKERS

1. Bank of America, Chennai.
2. Punjab National Bank, Chennai.
3. Karnataka Bank, Chennai.

AUDITORS

M/s. R. Subramanian & Co.
Chartered Accountants
Chennai.

REGISTERED OFFICE

No. 41, Veerappan Street,
Sowcapet,
Chennai-600 079.

FACTORY

SDF Phase II
Shed No. 30
MEPZ, Tambaram,
Chennai-600 045.

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LASER DIAMONDS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the members of Laser Diamonds Limited will be held on Friday, 26th September 1997 at 10.00 A.M. at "Ragaas", 1st Avenue, Shastri Nagar, Chennai-600 020.

ORDINARY BUSINESS:

1. To consider and adopt the audited accounts of the company for the financial year ended March 31, 1997 Balance sheet as at that date and the report of the Directors and Auditors thereon.
2. To elect a Director in the place of Mrs. Kanchan Samdaria who retires by rotation and being eligible offers herself for re-election.
3. To elect a Director in the place of Mrs. Hemlatha Samdaria who retires by rotation and being eligible offers herself for re-election.
4. To appoint Auditors and fix their remuneration. The retiring auditors M/s. R. Subramanian & Co., Chartered Accountants, Chennai are eligible for reappointment.

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 pursuant to section 257 and all other applicable provisions, if any of the companies Act, 1956 Mrs. Chanchal Devi be and is hereby appointed as Director of the company liable to retire by rotation".
6. To Consider and if thought fit, to pass with or without modification the following resolution as special resolution.
 "RESOLVED THAT pursuant to section 31 and other applicable provisions if any of the companies act 1956, the Articles of Association of the company be and are hereby altered as follows :
 (i) By renaming existing article 3 as article 3(a) and inserting clause (b) after article 3 (a).
 (a) In the event it is permitted by the law and subject to such limits, terms, conditions and consents as may be prescribed and laid down for the purpose, the company shall have powers to buy back its own shares, whether or not there is any consequent reduction of capital. If and to the extent permitted by law the company shall also have the power to reissue the shares so bought back."
 (ii) By renaming existing article 15 as article 15 (a) and inserting clause (b) after article 3 (a).
 (b) "The Board of Directors shall have power to decline any request for sub-division of a certificate into two or more certificates unless each certificate after sub-division represents the market units of shares".

Place : Chennai.

Date : 29.08.97

By order of the Board
RIKHAB CHAND SAMDARIA
 Director.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. A blank proxy form is sent herewith. The instrument appointing the proxy should be deposited at the registered office of the company no less than 48 hours before the commencement of the meeting.
2. An explanatory statement pursuant to section 173 (2) of the companies Act. 1956 in respect of item No. 5 of the notice is annexed hereto.
3. The Register of members and share transfer books of the company will remain closed from 19th September to 26th September 1997 (both days inclusive).
4. Members desiring any information/clarification on the accounts are requested to write to the company at least 10 days in advance, so as to enable the management to keep the information ready at the Annual General Meeting.
5. Members are requested to bring their copies of the Report to the meeting. Members are also requested to bring the Attendance slip duly filled in and handover the same at the entrance of the meeting hall.

LASER DIAMONDS LIMITED

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 173 (2) of the companies Act, 1956.

ITEM No. 5

Mrs. Chanchal Devi Chordia was appointed as additional Director by the Board pursuant to Section 260 of the Companies Act, 1956. The additional Director holds office upon the date of Annual General Meeting. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose her as a candidate for the office of Director.

Mrs. Chanchal Devi Chordia has wide experience in this field. The company would be benefited by her presence in the Board and accordingly resolution in Item No. 5, is recommended to your approval. Only Mr. Trilokchand Chordia is interested in this resolution since he is related to Mrs. Chanchal Devi Chordia.

ITEM No. 6

- i) Proposals are being mooted from time to time for broadening the capital market. One of such measures proposed is to permit companies within the regulatory framework to buyback their own shares on certain terms and conditions. The proposed amendment of the Articles will enable the company to buy back its own shares. As per the provisions of the companies act 1956, amendments to the articles of association requires approval by a special resolution of the shareholders in general meeting. Given the foregoing the resolution set in the notice is commended for the approval of the shareholders. None of the directors of your company is concerned or interested in the said resolution.
- ii) Splitting of share certificates which are issued in marketable lots into non-marketable lots causes lot of difficulty in servicing them. In order to have uniformity, the Articles of association of the company need amendment. Accordingly the above resolution is recommended for your approval.

Place : Chennai.

Date : 29.08.97

By order of the Board
RIKHAB CHAND SAMDARIA
Director

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LASER DIAMONDS LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report of your company along with the Audited statement of accounts for financial year ended March 31, 1997. The financial results are briefly indicated below :

PARTICULARS

	(Rs in Thousands) Year ended 31.3.97
Net Sales	5946
Total expenditure	12978
Gross Profit before Interest	(6087)
Interest and Finance charges	771
Depreciation	965
Provision for Taxation	NIL
Profit after Tax	(6859)
Balance carried to Balance sheet	(6859)

PERFORMANCE

Your company achieved an export turnover of 59.46 lakhs during the year. Non delivery of some of the key machineries by our machinery supplier and some of the machineries delivered being of sub-standard quality hampered our production.

Your company is expected to do well in the next financial year.

BUSINESS OUT LOOK

Your company is running a Non Trading office in Los Angeles (USA) to promote the company's exports and foreign exchange earnings.

COMPANY ACTIVITIES

Your company has not received delivery of Double spindle Bruting Machines from our machinery supplier to whom necessary advances have been made. The EGS rotating bruting sticks bought by your company was found to be of substandard quality and could not be put to use. Your company has proceeded legal against such suppliers for loss of production/profit and recovery of dues.

ECONOMIC SCENE

Recession in the diamond industry stagnated our growth. We expect a vibrant economy in the coming year to boost our growth.

Place : Chennai.

Date : 29.08.97

For and on behalf of the Board of Directors.
RIKHAB CHAND SAMDARIA
Director

ANNEXURE TO DIRECTORS REPORT

Particulars as required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. However efforts for conservation of energy in all areas are made on a continuous basis which has resulted in bringing down the consumption of fuel and electricity.

B) TECHNOLOGY ABSORPTION

1) Research and Development

- i) Specific areas in which R & D is carried out by the company.
 - a) Designing and devising improved/cost efficient means.
 - b) Developing test methods to meet the foreign buyer specifications and in-house designing.
- ii) Benefits derived as a result of R & D.
 - a) Improvement in productivity
 - b) Cost control and cost reduction
 - c) Improvement in quality
 - d) Wider product display facilitating customers to have better choice
- iii) Expenditure on R & D
Negligible