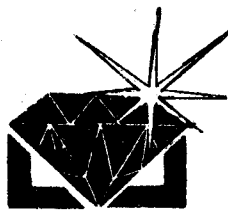


# **TWELFTH ANNUAL REPORT 2005-2006**

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# **LASER DIAMONDS LIMITED**

**LASER DIAMONDS LIMITED****BOARD OF DIRECTORS**

1. Mr. Lalit Kumar Samdaria
2. Mr. Rikhab Chand Samdaria
3. Mr. Sajjan Chand
4. Mr. S. Goutham

**BANKERS**

1. ABN Amro Bank, Chennai

**AUDITOR**

M/s Bharat Kumar N. Jain  
Chartered Accountants  
376, Mint Street, 2nd Floor  
Chennai - 600 079.

**REGISTERED OFFICE**

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



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## LASER DIAMONDS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the Company will be held on Thursday the 28<sup>th</sup> day of September 2006 at 10:30 AM at "RAGAAS" No:47, 1<sup>st</sup> Avenue, Shastri Nagar, Chennai – 600020 for transacting the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss account of the Company for the financial year ended 31.03.2006 and the balance sheet as at 31.3.2006 together with the director's report and auditor's report thereon.
2. To appoint Director in place of Mr.Sajjan Chand who retires by rotation being eligible offer himself for reappointment.
3. To appoint Auditors of the Company to hold office from conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting of the company at a remuneration to be decided by the Board of Directors.

#### SPECIAL BUSINESS:

TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTION:

##### ITEM NO:1

RESOLVED THAT subject to the provisions of the Companies Act, 1956 Securities Contracts(Regulations)Act, 1956 and the rules framed there under, listing agreement, SEBI (Delisting of Securities) Guidelines, 2003 and such other applicable laws, rules, regulations and guidelines and subject to such approvals, permission and sanctions, as may be necessary, the Board of directors of the company be and is hereby authorized to seek voluntarily delisting of its securities from The Ahmedabad Stock Exchange Limited.

RESOLVED FURTHER THAT the securities of the company shall continue to be listed on the stock exchange having nation wide trading terminals viz., Bombay Stock Exchange Ltd., Mumbai and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exit opportunities need to be given to the shareholders of the company.

RESOLVED FURTHER THAT the Board of directors of the company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution.

##### ITEM NO: 2

RESOLVED THAT pursuant to Section 293(1) (a) and other provisions if any applicable, of the Companies Act, 1956 consent be and is hereby accorded to the Board of Directors to dispose off the entire Machineries of the company at such price and on such terms and conditions as may be agreed upon between the Board of Directors and the buyer.

RESOLVED FURTHER THAT the consent be and is hereby accorded to the Board of Directors to complete the sale of machineries and to sign and enter into any contract, agreement, deeds and to do such other acts and things as may be necessary and expedient in the interest of the company.

Date : 1.9.2006  
Place : Chennai

By Order of the Board  
for Laser Diamonds Limited  
**RIKHABCHAND SAMDARIA**  
Sd/-  
Director

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING.
2. Shareholders / proxy holders are requested to bring their copy of the annual report with them at meeting and to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.

## LASER DIAMONDS LIMITED

3. Members desirous of getting any information about the accounts and operation of the Company are requested to address their query to the Company at the registered office of the Company well in advance so that the same may reach at least seven days before the date of meeting to enable the management to keep the required information readily available at the meeting.
4. The Register of Members of the Company will remain closed from 22.09.2006 to 28.09.2006.
5. The Explanatory Statement pursuant to Sec.173 (2) of the Companies Act, 1956 is annexed hereto.

### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

#### ITEM No:1

The Securities and Exchange Board of India (SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per the clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003 as exit opportunity to the shareholders need not be given where securities of the company remain listed on the stock exchange having nation wide trading terminal, i.e Bombay Stock exchange Ltd., Mumbai

At present the equity shares of the company are listed at Madras Stock Exchange Ltd, Chennai, Bombay Stock Exchange Ltd Mumbai and The Ahmedabad Stock Exchange Ltd., Ahmedabad. Considering the negligible volume of trading and as a part of its cost reduction measure, the consent of members is sought for getting its securities delisted from the Ahmedabad Stock Exchange Ltd. as proposed in the Special Resolution. The securities of the company shall continue to be listed on Bombay Stock Exchange Ltd., Mumbai.

#### ITEM NO:2:

You are well aware that the company's MEPZ unit was closed and vacated the premises after paying all dues to the MEPZ authorities, Chennai. The MEPZ authorities are also given letter to that effect. The management has already shifted the Machinery to the Registered Office at Chennai. The Management has got opinion from the experts that the machineries can not be used because of the cost of maintenance. The cost of reusing the machineries will be more than the cost of new machineries. Hence the Management has decided to sell the entire Machineries under a public auction scheme.

It is necessary to obtain the shareholders permission as per the provisions of the Companies Act, 1956 to sell the Machineries of the company.

The Board recommends the aforesaid resolutions for approval of members.

None of the directors is, in any way, concerned or interested in the said resolution.

Place : Chennai  
Date : 1.9.2006

By order of the Board  
For LASER DIAMONDS LIMITED  
RIKHABCHAND SAMDARIA  
Director

## LASER DIAMONDS LIMITED

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### DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 12th Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2006.

### FINANCIAL RESULTS

	(Rs.In '000)	(Rs.In '000)
	Year ended 31.03.2006 (Audited)	Year ended 31.03.2005 (Audited)
Income	10110	7062
Total Expenditure	10293	8317
Nett Loss	183	1255

### BUSINESS OPERATIONS:

The company has continued its Export activities and has improved its performance compared to last year.

There is no manufacturing activities carried out during the financial year 2005-06. Hence no depreciation is being provided on Machinery.

Trading of Diamonds are good at present and hence the management has decided to concentrate on this.

As required under Corporate Governance, the Management's Discussion and Analysis Report which is forming a part of this report, is a reflection of the current state of business. It also deals with the opportunities and challenges faced by your Company and the outlook in future.

### STATUTORY DISCLOSURES:

The company had no employee covered by the provisions of section 217(2A) of the Companies Act, 1956. The company has no activity relating to Conservation of Energy, or Technology Absorption. There was no foreign exchange outflow but had a foreign exchange inflow of Rs.100.54 lacs (FY. Rs.69.24 lacs) during the year.

### DIRECTORS :

Mr. Sajjan Chand retires by rotation and offer himself for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures to the extent possible ;
2. That the Directors had 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 as at 31st March, 2006 and of the profit or loss of the Company for the year ended 31st March, 2006;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Director had prepared the annual accounts on a going concern basis.

## LASER DIAMONDS LIMITED

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### Auditors

Mr.BHARAT KUMAR .N.JAIN , Chartered Accountant, Chennai, Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### Corporate Governance

The company has complied with all the mandatory requirements of corporate Governance norms as enumerated in clause 41 of the Listing Agreement with the Stock Exchange to the extent possible by it . A report of compliance of Corporate Governance is annexed together with a Certificate from the auditors and CEO of the company on compliance.

### General

Your Board of Directors is grateful to the Bankers, Suppliers, Customers and the shareholders for the support extended from time to time. Your Board of Directors also wish to place on record the whole hearted cooperation given by employees, at all levels, during the year.

Date : 25.08.2006

Place : Chennai

for LASER Diamonds Ltd.  
Rikhabchand Samdaria  
Sd./-  
Chairman

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Annexure-A)

### 1. OVERALL REVIEW

The operation of the Company has improved and it has reduced its Loss Compare to its previous year.

### 2. INDUSTRY OUTLOOK

We do not foresee any major change in the year 2006-07 as the industry faced the same kind of pressure.This trend is expected to continue.

### 3. OPPORTUNITIES

The Trading activities in these business are more profitable and presently the company is concentrating on trading and exporting of Diamonds.

### 4. CHALLENGES

Pending Legal Suits , Tight Financial Conditions , margins under pressure and financial condition of the company to be improved , these are the few challenges before the company.

### 5. COMPANY OUTLOOK

The Company is though financially weak but is certainly if can improve the pending issue are resolved

### 6. RISK AND CONCERNS

Prices of raw stones , legal issues , Processing cost ETC.are few concerns which has to be addressed from time to time .

### 7. INTERNAL CONTROL SYSTEMS AND ADEQUACY

The company have adequate internal control mechanism commensurating with the size of operations of the company. The management continuously reviews the internal control system and procedures.Critical review is also done to reduce non value added paper work.

### 8. CAUTIONARY STATEMENT

Certain statements in this report on "Management's Discussion and Analysis" are forward looking statements and which have been issued as required by applicable Securities Laws and Regulations. There are several factors which would be beyond the control of Management and as such, may affect the actual results which could be different from that envisaged

## LASER DIAMONDS LIMITED

### STATEMENT AND REPORTS ON CORPORATE GOVERNANCE:

#### A MANDATORY REPORTS ON CORPORATE GOVERNANCE:

##### I. Company's Philosophy on Corporate Governance:

The Company's philosophy is aimed at exhibiting maximum transparency to the investors by providing them with more information. This is done not only with the information that are to be revealed under mandatory provisions but also with those information which according to the Management and the Board are relevant to the investors and other Statutory Authorities to whom these Reports are addressed to:

##### II. BOARD OF DIRECTORS:

Name	Designation	Category	No of Board Meetings attended during 2005-06	Whether attended the Last AGM	No of Directorships in public companies	No of other Board committees in which he/she is Member or Chairperson
Mr. Lalit Kumar Samdaria	Director	Executive	7	Yes	Nil	Nil
Mr. Rikhabchand Samdaria	Director	Executive	7	Yes	Nil	Nil
Mr. S. Goutham *	Director	Non-Executive	6	Yes	Nil	Nil
Mr. Sajjanchand *	Director	Non-Executive	6	Yes	Nil	Nil

\* Appointed on 4.7.2005

The Board of Directors comprise of Two Executive Directors, and two Independent Directors.

##### BOARD MEETINGS:

Seven Board Meeting were held on the following dates:

30.4.2005, 4.7.2005, 30.7.2005, 22.8.2005, 31.8.2005, 31.10.2005 and 31.1.2006.

None of the Directors is member in more than 10 committees or acting as Chairman of more than Five Committees.

##### III. AUDIT COMMITTEE:

###### Constitution:

The Committee consists of 3 Directors.

1. Mr. S. Goutham – Chairman
2. Mr. Sajjan Chand – Director
3. Mr. Rikhab Chand Samdaria – Director

The Committee is chaired by Mr. S. Goutham

###### TERMS OF REFERENCE:

The charter of the committee is as prescribed under clause 49 of the Listing Agreement viz.,

1. Oversight of Company's Financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval of any other services.
3. Reviewing with the management the annual financial statements before submission to the Board focusing primarily on:
  - i) Any charges in accounting policies and practices.
  - ii) Major accounting entries based on exercise of judgment by Management.
  - iii) Qualification in draft audit report.
  - iv) Significant adjustments arising out of audit.
  - v) The 'Going Concern' assumption.
  - vi) Compliance with Accounting Standards.