

EIGHTEENTH ANNUAL REPORT

2011-2012

Certified True Copy

For LASER DIAMONDS LIMITED

Rikhabchand

Director



LASER DIAMONDS LIMITED

LASER DIAMONDS LIMITED

BOARD OF DIRECTORS

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

BANKERS

1. The Royal Bank of Scotland,
No.1, Harrington Road, Chetpet, Chennai-600 031.
2. ING Vysya Bank Ltd
No.185, Anna Salai, Mount Road, Chennai – 600 006.

AUDITOR

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

REGISTERED OFFICE

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

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LASER DIAMONDS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Friday the 28th day of September 2012 at 10:30 AM at "RGAAS" No: 47, 1st 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 31.03.2012 and the balance sheet as at 31.03.2012 together with the director's report, auditor's report thereon and Compliance certificate of Whole time company Secretary thereon.
2. To appoint Director in place of Mr. Rikhab Chand Samdaria who retires by rotation being eligible offer himself for reappointment.
3. To appoint Auditors of the Company to hold office from conclusion of this 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:

APPOINTMENT OF DIRECTOR:

4. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION, WITH OR WITHOUT MODIFICATION, AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT Mr. TARUN CHORIA who was appointed as an additional Director of the Company at the meeting of the Board of Directors held on 07th October 2011 and who holds office as such up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of the Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, things which may be required to give effect to the above resolution."

DELISTING OF EQUITY SHARES IN MADRAS AND AHMEDABAD STOCK EXCHANGE:

- 5 **To Consider, and if thought fit, to pass the following resolution, with or without modification, as a SPECIAL Resolution:**

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) 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 MADRAS STOCK EXCHANGE and AHMEDABAD STOCK EXCHANGE."

"RESOLVED FURTHER THAT the securities of the company shall continue to be listed on the stock exchange having nationwide trading terminals viz the stock exchange Mumbai and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exit opportunity 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 immediately."

6. **To Consider, and if thought fit, to pass the following resolution, with or without modification, as a SPECIAL Resolution:**

SALE OF PROPERTY:

"RESOLVED THAT pursuant to the provisions of section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Members be and is hereby accorded to the Board of Directors to sell the property of the company which is located at 1st Floor, 41, Veerappan Street, Sowcarpet, Chennai 600 079 which is most beneficial interest of the company immediately."

"RESOLVED FURTHER that the Board of Directors of the company be and is hereby empower to take necessary steps to sell the said property of the company and to sign and execute the necessary papers, documents, deeds. Papers and to do such other acts, deeds and things which are necessary to complete the process immediately."

Date : 24.08.2012

Place : Chennai

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

LASER DIAMONDS LIMITED

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/HERSELF. 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.
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 21.09.2012 to 28.09.2012. (Both days inclusive)
5. The Members are requested to intimate to the Registrar and Transfer Agents, Cameo Corporate Services Limited, Subramanian Building, No.1 Club House road, Mount Road, 5th Floor, Chennai-600 002, change of address if any at the earliest quoting their registered folio number.

Date : 24.08.2012
Place: Chennai

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF :

ITEM NO 4::APPOINTMENR OF DIRECTOR:

Mr. TARUN CHORDIA was appointed as an additional director by the Board of Directors at their meeting held on 7th October 2011 pursuant to Section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. TARUN CHORDIA as a candidate for the Office of Director of the Company. Aged about 24 Years is a Engineering Graduate[B.E.,] with experience in industry and business. His appointment as a non-executive independent Director will strengthen the Board. Other Directorships / Committee memberships in other companies are NIL.

The Board recommends the resolution for approval of share holders.

None of the directors are interested or concerned in this resolution except Shri. TARUN CHORDIA.

ITEM NO: 5: DELISTING OF SECURITIES:

The Securities & Exchange Board of India (SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per SEBI (Delisting of Securities) Guidelines, 2003 an 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., The Stock Exchange, Mumbai, the National Stock Exchange of India and any other stock exchange that may be specified by SEBI in this regard.

At present the equity shares of the company are listed at MUMBAI, AHMEDABAD and MADRAS. 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 MADRAS and AHMEDABAD stock exchanges as proposed in the special resolution. The securities of the company shall continue to be listed on the Stock Exchange, Mumbai.

The Board of Directors have passed necessary Resolution on 18th day of July 2012 in this connection.

The Board recommends the resolution for approval of members.

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

ITEM NO: 6: SALE OF PROPERTY:

The property of the company Located at 1st Floor, No: 41, Veerappan Street, Sowcarpet, Chennai 600 079 has dispute with the property owner and presently, the said property has totally damaged and unfit for habitation . The management has also taken necessary steps to restore the said property by filing case before the Honourable court. In order to avoid heavy Legal expenses and time duration , the management has decided to settle the issues amicably to sell the said property which is most beneficial interest of the company.

Hence it is necessary to get prior approval of the Members in their General Meeting. The Board recommends the resolution for approval of members. Directors are interested in the said resolution.

LASER DIAMONDS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 18th Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

(Rs. in '000)

Particulars	Year ended 31 st March 2012	Year ended 31 st March 2011
Income	15957.86	10655.14
Expenditure	16945.50	15719.08
Net Profit before Depreciation and tax	(987.64)	(5063.94)
Depreciation	8.39	0
Taxes	8.04	0
Net Profit	(1004.07)	(5063.94)

MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes & Commitments, which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of the report affecting the financial position of the company.

RESERVES:

The company does not propose to carry any amount to reserves during the financial year in view of the loss incurred by the company.

DIVIDEND:

Your directors do not wish to recommend any dividend in view of the loss incurred by the company.

Operation and Business performance:

Kindly refer to Management Discussion & Analysis covered under corporate governance and forms part of this Annual Report.

Business Operations:

The operations of the company is satisfied. During the year, the sales volume has increased by 44.10% when compared with the previous year. Your directors are hopeful that the market will improve in the coming years also. The company is continuing its Export of Diamond activities in the current year also. There is no manufacturing activities carried out during the financial year 2011-12.

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. The details of foreign Exchange during the year ended 31st March 2012 are as follows: Foreign Exchange earned: Rs: 174.97 lacs [Previous year Rs: 128.71 lacs] foreign exchange out go : Nil

DEPOSITS : The Company has not accepted any deposit from the public during the Financial year.

DIRECTORS :

Shri Rikhab Chand Samdaria, Director of the company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers themselves for reappointment. Shri. Tarun Chordia was appointed as Additional Director with effect from 7th October 2011 who holds office till the conclusion of ensuing annual general meeting. Mr. Sharad Parekh have submitted his resignations with effect from 7th October 2011 and his contribution to the organization during their tenure of office of Director was appreciate and placed on record.

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

LASER DIAMONDS LIMITED

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, 2012 and of the profit or loss of the Company for the year ended 31st March, 2012

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.

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 himself for reappointment.

AUDITORS REPORT :

There are no reservations, qualifications or adverse remarks contained in the Auditors Report.

CORPORATE GOVERNANCE :

Your Company has always striven to incorporate appropriate standards for good corporate governance. The company's philosophy of Corporate Governance 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. It has taken adequate steps to ensure that all mandatory provisions of corporate governance as prescribed under the amended listing agreements of the stock exchanges, with which the company is listed are complied with.

A separate report on Corporate Governance is produced as a part of the Annual Report of the Company.

The Auditors of the Company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are complied with by the Company and their Certificate is annexed to the Report on Corporate Governance.

SECRETARIAL COMPLIANCE CERTIFICATE :

A certificate from Whole time Company Secretary has been obtained as per the provision of section 383A(I) of the Companies Act, 1956 and Companies Amendment Act 2000 is enclosed and form part of the report.

Acknowledgement :

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 : 24.08.2012

Place : Chennai

for Laser Diamonds Ltd.

Tarun Chordia

Sd./-

Director

Rikhabchand Samdaria

Sd./-

Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS (Annexure A)

1. OVERALL REVIEW & INDUSTRY OUT LOOK:

The slow down in demand from US and Europe has not impacted the diamond trade in India. Development of Asian and domestic market in the last of couple of years has changed the dynamic and Asian market's contribution are more in the global market. The overall review of the Trading of Diamonds are well fetched globally. The Company do not foresee any major change in the coming years. The trend of export of Diamonds are expected to continue.

2. OPPORTUNITIES:

The Development of Asian and Domestic market, the trading activities for the cut and polished diamonds are more profitable and presently the company is concentrating on trading and exporting of cut and polished Diamonds only.

3. 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.

4. COMPANY OUTLOOK

The Company, though financially weak but it certainly improve the pending issue are resolved .

5. RISK MANAGEMENT :

Risk evaluation and management is an ongoing process in the company.

6. 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.

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7. HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Your company continues to have cordial relations with its employees.

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.

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 2011-12	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	4	Yes	Nil	1 Chairman
Mr. Rikhabchand Samdaria	Director	Executive	6	Yes	Nil	2 Members
Mr. S. Goutham	Director	Non-Executive	6	Yes	Nil	1 Chairman 2 Members
Mr. Sharad Parekh [part]	Director	Non-Executive	3	Yes	Nil	1 Chairman 2 Members
Mr. Tarun Chordia [part]	Director	Non-Executive	3	No	Nil	1 Chairman 2 Members

Mr. Sharad Parekh Resigned and Mr. Tarun Chordia was Appointed on 7th October 2011

BOARD MEETINGS:

Six Board Meeting were held on the following dates:

27.04.2011, 20.07.2011, 25.08.2011, 31.10.2011, 23.01.2012 and 12.03.2012

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. Tarun Chordia Director
3. Mr. Rikhab Chand Samdaria Director

The Committee is chaired by Mr. S. Goutham

Change in constitution of the Audit Committee

Consequent upon resignation of Mr. Sharad parekh and appointment of Mr. Tarun Chordia with effect from 7th October 2011 the audit committee was also changed and Mr. Tarun Chordia was replaced in place of Mr. Sharad Parekh.

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 changes 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.

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- vii) Any related party transaction i.e., transaction of the company of material nature with promoters of the management and their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large.
4. Reviewing with management, external and internal audit function including the structure of internal control system.
 5. Reviewing the adequacy of internal audit function including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 6. Discussing with internal auditors any significant findings and follow up thereon.
 7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud and irregularity or a failure of internal control systems of a material nature and reporting the matter of the Board.
 8. Discussing with the external auditors before the audit commences, nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
 9. Reviewing the company's financial and risk management policies.
 10. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividend) and creditors.

Meetings and attendance:

The Audit committee met 4 (four) times during the year i.e., on 27.04.2011, 20.07.2011, 31.10.2011 and 23.01.2012 and all the director have attended the meetings.

IV. REMUNERATION COMMITTEE:-

Constitution:

The Committee consists of 3 (Three) directors.

- | | |
|------------------------------|----------|
| 1. Mr. Tarun Chordia | Director |
| 2. Mr. S. Goutham | Director |
| 3. Mr. Rikhab Chand Samdaria | Director |

The committee is headed by Mr. Tarun Chordia.

Change in constitution of the Remuneration Committee

Consequent upon resignation of Mr. Sharad parekh and appointment of Mr. Tarun Chordia with effect from 7th October 2011 the audit committee was also changed and Mr. Tarun Chordia was replaced in place of Mr. Sharad Parekh

TERMS OF REFERENCE:

The Remuneration committee has been constituted to recommend and review the remuneration packages of the Directors and to formulate a broad policy for management remuneration.

REMUNERATION POLICY:

The Remuneration Policy as outlined by the committee aims at recognizing and rewarding performances and achievements, while fixing the remuneration of Directors, their contribution by way of their professional. This policy is in tune with current national and international practices.

MEETINGS AND ATTENDANCES:

During the year 2011-12, the committee met twice i.e. on 27.04.2011 and 31.10.2011.

DETAILS OF REMUNERATION OF DIRECTORS:

Remuneration of Rs: 10,000/- [Rupees Ten Thousand only] has been paid to a Director Mr. Rikhab Chand Samdaria.

V. SHARE HOLDERS COMMITTEE:

Constitution:

The Committee consists of 3 (Three) Directors.

- | | |
|-----------------------------|----------|
| 1. Mr. Lalit Kumar Samdaria | Director |
| 2. Mr. S. Goutham | Director |
| 3. Mr. Tarun Chordia | Director |

The Committee is headed by Mr. Lalit Kumar Samdaria

Change in constitution of the Share Holders Committee:

Consequent upon resignation of Mr. Sharad parekh and appointment of Mr. Tarun Chordia with effect from 7th October 2011 the audit committee was also changed and Mr. Tarun Chordia was replaced in place of Mr. Sharad Parekh
Name and designation of the Compliance Officer: Mr. Lalit Kumar Samdaria
Pending Share Transfers: There are no pending transfers.

Details of the last three AGMs held are given below:

Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions passed at AGM
29.09.2011	10.30 a.m.	"RAGAAS" No. 47, 1 st Avenue, Shastri Nagar, Chennai-600 020	Nil
17 th AGM			
28.09.2010	10.30 a.m.	"RAGAAS" No. 47, 1 st Avenue, Shastri Nagar, Chennai-600 020	Nil
16 th AGM			
29.09.2009	10.30 a.m.	"RAGAAS" No. 47, 1 st Avenue, Shastri Nagar, Chennai-600 020	Nil
15 th AGM			

No special resolution has been passed by way of postal ballot.