

DIGITAL MULTIFORMS LIMITED

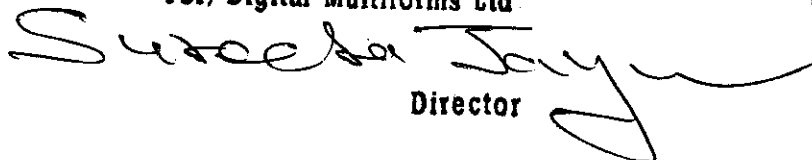
ANNUAL REPORT



Digital

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For, Digital Multiforms Ltd


Director

Digital Multiforms Ltd.

Board of Directors

SHRI SURENDRA J. KOTWAL
SHRI NIPAM S. KOTWAL
SMT. SADGUNA KOTWAL
SHRI ABHILASH R. PATEL
SHRI JITENDRA SHAH
SHRI NIMESH BHATT
SHRI HIRALAL BHAGWATI

CHAIRMAN & MANAGING DIRECTOR
JOINT MANAGING DIRECTOR

NOMINEE DIRECTOR (GIIC)

Registered Office & Factory:

60/1, Village Palodia,
Ta. Kalol, Dist. Mehsana,
Gujarat

Auditors :

M/s. Parikh & Majmudar
Chartered Accountant
204-5-6, Harsh Avenue,
Navjivan Press Road,
Opp.High Court,
Ahmedabad - 380 014.

Bankers :

ICICI Banking Corporation Ltd.
"JMC" House,
Opp. Parimal Garden,
Ellisbridge
Ahmedabad - 380 006.

NOTICE

NOTICE is hereby given that the SIXTH Annual General meeting of the members of the company will be held on Monday the 14th June, 1999 at the Registered Office of the Company at 60\1 , Village Palodia, Taluka : Kalol, Dist.: Mehsana at 4.00 p.m. to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date, alongwith the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Jitendra J Shah who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Smt. Sadguna S. Kotwal who retires by rotation, and being eligible offers herself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting upto the conclusion of the next Annual General meeting and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of sections 198, 269 and 309 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") the Company in General Meeting hereby grants its approval to the re-appointment of Shri Nipam S. Kotwal as MANAGING DIRECTOR of the Company for a further period of Five Years with effect from 1st April, 1999 on the terms and conditions as set out in the Explanatory Statement hereto annexed."

PROVIDED THAT where in any financial year during the currency of MANAGING DIRECTOR the Company has no profit or its profits are inadequate, remuneration by way of salary and perquisites not exceeding the limits specified hereinabove shall be paid to the aforesaid MANAGING DIRECTOR."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Shri Nipam S Kotwal which revision should be in conformity with any amendments to the relevant provisions of the Companies Act and/or such guidelines as may be announced by the Central Government from time to time without further reference to the Company in General meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such actions as may be necessary, to give full and final effect to the decision taken herein."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of sections 198, 269 and 309 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") the Company in General Meeting hereby grants its approval to the re-appointment of Shri Surendra J. Kotwal as CHAIRMAN AND MANAGING DIRECTOR of the Company for a further period of Five Years with effect from 1st April, 1999 on the terms and conditions as set out in the Explanatory Statement hereto annexed."

PROVIDED THAT where in any financial year during the currency of CHAIRMAN AND MANAGING DIRECTOR the Company has no profit or its profits are inadequate, remuneration by way of salary and perquisites not exceeding the limits specified hereinabove shall be paid to the aforesaid CHAIRMAN AND MANAGING DIRECTOR."

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"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Shri Surendra J Kotwal which revision should be in conformity with any amendments to the relevant provisions of the Companies Act and/or such guidelines as may be announced by the Central Government from time to time without further reference to the Company in General meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such actions as may be necessary, to give full and final effect to the decision taken herein."

For and on behalf of the Board of Directors

Regd. Office
60\1, Village Palodia,
Tal. : Kalol, Dist.: Mehsana.

Surendra J. Kotwal
(Chairman & Managing Director)

17th May, 1999.

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself. A proxy need not be a member of the company.
2. The Register of Members and the Share Transfer Book of the Company will remain closed from 10th June, 1999 to 14th June, 1999 (Both days inclusive)
3. Proxies, in order to be effective must be received at the company's Registered office not less than 48 hours before the meeting.
4. The members are requested to bring copy of their Annual Report at the meeting.
5. Members are requested to inform at the Registered Office / Corporate office of the Company for change of address and transfer of shares.
6. Members desiring any information on the accounts are requested to send their queries to the Company at least 7 days before the Annual General Meeting, so that information can be made available at the time of meeting.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business specified in the Notice is annexed hereto.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

The following statement sets out the material facts to the item No. 5 and 6 of the Notice.

Item No.5 and 6 :

Shri Nipam S Kotwal and Shri Surendra J Kotwal were re-appointed as Managing Director and Chairman & Managing Director of the Company respectively each for a period of Five years from 1st April, 1994 in the General Meeting of the Company and the further revision was made on 30th September, 1996 in the Fourth Annual General Meeting.

The said tenure of appointment of Shri Nipam S Kotwal and Shri Surendra J Kotwal has expired on 31st March, 1999. Both Shri Nipam S Kotwal and Shri Surendra J Kotwal are holding the offices as mentioned for the last five years and have vast experience to their credit in the management of the Company. The company has also achieved considerable progress and made rapid strides and reached at this level of profitability due to the efficient manner in which the affairs of the company are being carried out by them. The company is having the benefit of their valuable services since long. In view of this and also in view of their contribution to the progress and the development of the company, the Board of the directors have re-appointed them for the said offices respectively in the Board meeting held on 31st March, 1999. The Board is of the opinion that they should continue as Managing Director and Chairman & Managing Director of the Company respectively. The confirmation of the members for the said re-appointment is required.

The Board of the Directors therefore, recommend the resolutions set out at item No. 5 and point No. 6 of the Notice, be adopted.

Each of the Managing Director Shri Nipam S Kotwal and Chairman & Managing Director Shri Surendra J Kotwal will receive the following remuneration and their re-appointment shall be governed by the following mentioned terms and conditions as mentioned in Annexure - A w.e.f. 1st April, 1999.

ANNEXURE - " A "

1. MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR shall be entitled to perform all the duties and exercise and to do all such Acts and Deeds as the Company is authorised to exercise and do subject to the supervisions and control of Board of Directors. Provided that he shall not exercise any power or any act or thing which is directed or required by any Law or by the Memorandum or the Articles of the Company or otherwise to be exercised or done by the Company in General meeting or by a resolutions of the Board meeting.
2. The MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR shall unless provided by ill health or any other inevitable accident beyond his control throughout the term devote so much of his time and attention as will be necessary to manage the business and affairs of the Company and to promote the interest thereof.
3. MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR shall be entitled to resign from his office at any time upon giving the Company atleast three calendar months previous notice in writing intimating such intention.
4. The appointment of the MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR shall stand terminated as soon as he ceases to be a Director of the Company.
5. The MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR shall be entitled to the remuneration and perquisites as listed below subject to the change and varification by the Board, within the ceiling mentioned in schedule XIII of the Companies Act, 1956.
 - (A) SALARY :
Rs. 30,000 p.m. (Rupees Thirty thousand only) consolidated.
Annual increment of Rs. 5,000/- p.m.
 - (B) PERQUISITES
He shall be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above.
 - (a) Contribution to Provident fund, Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

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- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.
- (d) Children's education Allowance: limited to Rs. 2000 per month per child or actual expenses incurred whichever is less. This is admissible subject to maximum of Two Children.
- (e) Leave Travel Concession: Return passage for self and family in accordance with the rules specified by the company where it is proposed that the leave be spent in home country instead of anywhere in India.
- (f) All other facilities and perquisites like Telephones, Electricity, conveyance etc. as applicable to other employees of the company.

EXPLANATION: For this purpose family means and include spouse, dependent children, dependent parents of such person.

6. Notwithstanding anything hereinabove stated where in any financial year during the currency of the tenure of MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR, the company has no profits or its profits are inadequate, remuneration by way of salary and perquisites not exceeding the limits specified hereinabove shall be paid to the aforesaid MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR of the company.
7. The MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR so long as he functions as such shall not become interested directly through his wife, sons or unmarried daughters in any selling agency of the company without prior approval of the Central Government.
8. The MANAGING DIRECTOR / CHAIRMAN & MANAGING DIRECTOR will not divulge to any person any trade secret manufacturing process or any information concerning the business of the company.
9. All disputes and differences between the parties hereto shall be referred to arbitrations, one to be appointed by each of the parties to these presents and the proceedings of such arbitration shall be subject to the provisions the Arbitration Act, 1940

None of the Directors of the Company is in any way interested in resolution No. 5 and 6 except Shri Nipam S Kotwal, Surendra J Kotwal who are the appointees and their relative Smt. Sadguna S Kotwal who is a director of the company

For and on behalf of the Board of Directors

Regd. Office
60\1, Village Palodia,
Tal. : Kalol, Dist.: Mehsana.

Surendra J. Kotwal
(Chairman & Managing Director)

17th May, 1999.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in placing before you the 6th Annual Report and Audited Accounts for the year ended on 31st March, 1999.

FINANCIAL RESULTS:

The summarised financial results of the company have been given below:

PARTICULARS	(Rs. in lacs)	
	Current Year (18 Months)	Previous Year (18 Months)
Sales	1820.51	1448.38
Profit before Depreciation and Taxes	84.16	104.90
Less : Depreciation provided during the year	51.20	65.77
Profit before Tax	32.96	39.13
Less : Provision for Taxation	3.50	(6.20)
Profit after Taxation	29.46	45.33
Prior Period Adjustments	2.75	(0.84)
Add : Balance Brought Forward From Previous Year	126.87	82.38
Net Profit carried to Balance Sheet	159.08	126.87

PROGRESS OF THE COMPANY

Sales for the current period is 1820.51 Lacs, more than 25% increase over the previous period, despite of the adverse market conditions and overall recession prevailed throughout the year. However due increased cost of power and the materials the profits before tax were maintained at the lower level of Rs. 32.96 Lacs. Directors are hopeful of better performance for the coming period.

EXTENTION OF ACCOUNTING YEAR

The current year under review has been extended upto 31st March, 1999 so as to cover the period of eighteen months from 1st October, 1997 to 31st March, 1999. The required permission has been obtained in writing from the Registrar of Companies, Gujarat, under section 210(4) of the Companies Act, 1956.

Y2K PROBLEM

Company has taken effective steps to overcome the Y2K (millenium bug) problem. The existing software and the hardware available with the company have been tested and confirmed to be Y2K compliant. The risk of Y2K problem to the company due to the year 2000 has been brought down to the minimum. The company has a contingency plan and arrangement for addressing any unanticipated Y2K problem that may arise.

DEPOSITS:

Company has complied with the provisions of section 58 A of the Companies Act, 1956 and rules made thereunder while inviting the deposits.

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Company has filed the statement of Advertisement with Registrar of Companies, Gujarat and the same has been advertised in the newspapers on 27th March, 1998, for the invitation of public deposits.

The total amount of loans/ fixed deposits remained due for repayment and unclaimed on 31st March, 1999 was NIL.

DIRECTORS:

Shri Jitendra J. Shah and Smt. Sadguna J. Kotwal, Directors of the company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

Shri Surendra J. Kotwal was re-appointed as Chairman & Managing Director and Shri Nipam S Kotwal was re-appointed as Managing Director, during the year for 5 years w.e.f. 1st April, 1999. Their re-appointment is subject to the approval by the members.

AUDITORS:

The Auditors of the Company, M/s Parikh & Majmudar, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have furnished a certificate that their appointment, if made shall be within the limits laid down under section 224(1B) of the Companies Act, 1956. Your Directors recommend the reappointment of M/s Parikh & Majmudar as Auditors of the Company.

EMPLOYEES:

None of the employees of the were in receipt of the remuneration in excess of Rs. 50,000/- per month, if employed for the part of the year and Rs. 9,00,000 (proportionate period of 18 months) if employed throughout the financial year and hence information pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not furnished.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**(a) CONSERVATION OF ENERGY :**

The company is continuously striving for the energy consumption. Company has installed stabilisers and other energy saving devices to bring down the cost of power and avoid loss of and reduce the wastages in power consumption.

(b) Company is mainly relying on the indigenous technology and knowhow. However the company has imported and installed Web Offset printing Machine from Holland, which is one of the best sophisticated machineries in printing technology, to bring out quality product with economic cost.

(c) The information of foreign exchange earning and outgo during the year is furnished in the Notes to the Accounts.

APPRECIATION:

The Board of Directors wish to place on record their deep appreciation and gratitude for the services rendered by the workers, staff and executives of the company. Board of Directors also convey their gratitude to the Investing Shareholders, customers, Suppliers, Banks, Financial Institutions and various Private and Government Agencies for their continued co-operation and confidence reposed in the company.

Regd. Office:
60\1, Village Palodia,
Tal. : Kalol, Dist.: Mehsana.

For and on behalf of the
Board of Directors

Surendra J. Kotwal
(Chairman)

17th May, 1999.