



Annual Report

2001 - 2002



<u>Contents</u>	<u>Page No.</u>
Board of Directors	2
Notice	3
Directors' Report	4 to 6
Auditors' Report	7 to 8
Balance Sheet	9
Profit and Loss Account	10
Schedules and Notes	11 to 27
Balance Sheet Abstract & Company's General Business Profile	28 to 29
Cash Flow Statement	30 to 31
Attendance Card/Proxy Form	32

FOR, DIGITAL MULTIFORMS LTD.


DIRECTOR

Digital Multiforms Ltd.



Board of Directors

SHRI SURENDRA J. KOTWAL
SHRI NIPAM S. KOTWAL
SMT. SADGUNA KOTWAL
SHRI NIMESH BHATT

CHAIRMAN & MANAGING DIRECTOR
JOINT MANAGING DIRECTOR

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 Bank Ltd.
"JMC" House,
Opp. Parimal Garden,
Ellisbridge
Ahmedabad - 380 006.



NOTICE

NOTICE is hereby given that the NINETH Annual General meeting of the members of the company will be held on Friday the 27th September, 2002 at the Registered Office of the Company 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, 2002 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 Surendra J. Kotwal who retires by rotation, and being eligible offers himself for reappointment.
3. 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.

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

For and on behalf of the
Board of Directors

Surendra J. Kotwal
(Chairman & Managing Director)

31st August, 2002

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 23rd September, 2002 to 27th September, 2002 (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.

Digital Multiforms Ltd.**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in placing before you the 9th Annual Report and Audited Accounts for the year ended on 31st March, 2002.

FINANCIAL RESULTS:

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

PARTICULARS	(Rs. in lacs)	
	Current Year	Previous Year
Sales	1626.38	1620.24
Profit before Depreciation and Taxes	78.39	72.47
Less : Depreciation provided during the year	38.80	35.88
Profit before Tax	39.58	36.59
Less : Provision for Taxation	2.41	3.50
Profit after Taxation	37.17	33.09
Prior Period Adjustments	0.36	1.46
Add : Brought Forward From Previous Year	89.63	189.33
Less : Deferred Tax Liability	-	134.25
Net Profit carried to Balance Sheet	126.44	89.63

PROGRESS OF THE COMPANY

The Indian economy was characterised by slow down growth and especially the printing industry was in a very poor shape all the round. Despite of the adverse market conditions and overall recession prevailed throughout the year, the sales during the current period was almost maintained at the same level as in the previous year with a positive increase. Though more amount but upto the expectations in the operating profits of the year. Directors are very much satisfied with the results and are hopeful of better performance for the coming period.

DEPOSITS:

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

Company has filed the statement of Advertisement with Registrar of Companies, Gujarat and the same has been advertised in the The News Line dated 29-11-2001.

The total amount of loans/ fixed deposits remained due for repayment and unclaimed on 31st March, 2002 was NIL.

DIRECTORS:

Shri Surendra J. Kotwal, Director of the company retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to the Directors' responsibility statement it is hereby confirmed:

- (i) That in the preparation of accounts for the financial year ended 31st March, 2002 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement company is required to comply with the requirements of Corporate Governance by 31st March, 2003 because the paid up capital of the company is Rs. 422.10 lacs only. Company is sincerely planning to implement the schedule well before the last date.

POSTAL BALLOT :

The concept of postal Ballot has been introduced recently by the Companies (Amendment) Act, 2000 and hence the Company has not yet made use of the same.

DEMAT OF SHARES OF THE COMPANY :

Company has already demated its existing Equity shares as per the SEBI circular No. SMDRP/POLICY/ CIR- 2000 dated 29th May, 2000 .

The NSDL have activated the shares of the company on 13th September, 2000 and the securities of the company bears the ISIN No. INE927B01014. CDSL has activated the same w.e.f. 21-09-2000.

Company has appointed M/S Intime Spectrum Registry Pvt. Limited of 260 Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W) , Bombay- 400 080 as the connectivity agent.

Digital Multiforms Ltd.

LISTING :

The Equity shares of the company have been listed on the Ahmedabad and the Bombay stock exchanges and company has paid the listing fees for the year 2002-03.

AUDITORS:

The Auditors of the Company, M/s Parikh & Majmudar, Chartered Accountants retire at the conclusion of the ensuring 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 the limites prescribed under Section 217(2A) of the Companies Act, 1956 and hence information pursuant to the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) 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)

31st August, 2002

To
The Shareholders of
DIGITAL MULTIFORMS LIMITED,
AHMEDABAD - 380 014.

1. We have audited the attached balance sheet of M/s Digital Multiforms Ltd. as at 31st March 2002 and also the Profit and Loss A/c for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our auditing in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts & disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other companies (Auditor's Report) order, 1988 issued by the company law board in terms of section 227(4A) of companies act, 1956. We enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph - 3 above. we report as under.
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by the law have been kept by the company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
 - d) In our opinion the Profit & Loss Account and balance sheet comply with the accounting standard referred to in sec. 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors, as on March 31, 2002 and taken on record by the Board of Directors, We report that none of the directors of the company are disqualified as on March 31, 2002 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the companies act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us. Note No. of schedule 16 regarding non-obtention of balance confirmations in respect of outstanding balances & in respect of accounts receivables / payables, short term loans and secured loans. The said balance sheet & profit & loss account, read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - i) in the case of the balance sheet of the state of affairs of the company as at 31st March, 2002 and
 - ii) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date

DATE : 31-08-2002

**For PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

HITEN PARIKH
PARTNER

Digital Multiforms Ltd.**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph (3) of our report of even date

1. The company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets. According to the information and explanations given to us, Fixed assets have been physically verified by the management at the end of the year and no material discrepancies have been noticed on such verification as compared to the aforesaid records.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted during the year by the management in respect of finished goods, stores & Spare parts and raw materials. In our opinion, the frequency of such verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. As explained to us, there were no material discrepancies noticed between the physical stocks and the book records having regard to the size of the operations of the company.
6. On the basis of examination of stocks and other records and considering the method adopted for accounting, the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any secured or unsecured loans from companies, firms and other parties listed in the register maintained u/s 301 of the Companies Act, 1956 As explained to us, there are no companies under the same management within meaning of section 370 (1-B) of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.
9. The Company has given certain interest free loans to its employees who are repaying the principal amounts as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
11. The Company has not entered into any transaction of sale of goods in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 as aggregating during the year to Rs. 50,000/- (Rupees Fifty Thousand only) or more in respect of each party.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. As there is no loss, the question of provision for the same does not arise.
13. In our opinion and according to the information and explanation given to us, the company has not fully complied with the provisions of the section 58A of Companies Act 1956 and the companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. The company has not been regular in depositing provident fund dues with the appropriate authorities.
15. We have been informed that the companies operation do not generate any realisable scrap and by-products.
16. The company is having an in-house internal audit system. However, the same is required to be strengthened.
17. As explained to us, maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 has not been prescribed by the Central Government for this Company.
18. According to the information and explanations given to us, no undisputed amount in respect of Wealth-tax, Sales-tax and Custom duty were outstanding as on 31.03.2002 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The company is not a Sick Industrial Company within the meaning of clause (O) of Sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activity, we have been informed that the company has no damaged goods.

**For PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD
DATE : 31-08-2002**

**HITEN PARIKH
PARTNER**

BALANCE SHEET AS AT 31st MARCH, 2002

			Rupees as at	Rupees as at	Rupees as at	Rupees as at
(A)	SOURCES OF FUNDS	SCH.	31-03-02	31-03-02	31-03-01	31-03-01
1.	<u>Shareholder's Funds</u>					
a)	Share Capital	1	42,210,000		42,210,000	
b)	Reserve & Surplus	2	14,143,778		23,887,578	
				56,353,778		66,097,578
2.	<u>Loan Funds</u>					
a)	Secured Loans	3	52,198,053		53,898,574	
b)	Unsecured Loans	4	35,205,565		39,991,418	
c)	Differed Tax Liability (Net)		13,366,154		-	
				100,769,772		93,889,992
	CAPITAL EMPLOYED			157,123,550		159,987,570
(B)	APPLICATION OF FUNDS					
1.	<u>Fixed Assets</u>	5				
a)	Gross Block		89,123,322		87,564,527	
b)	Less : Depreciation		26,055,459		22,175,016	
c)	Net Block		63,067,863		65,389,511	
2.	Investments	6	675,000	675,000		65,389,511
3.	<u>Current Assets Loans & Advances</u>					675,000
a)	Inventories	7	39,975,900		35,606,500	
b)	Sundry Debtors	8	42,664,333		39,769,383	
c)	Cash & Bank Balances	9	1,363,974		5,815,356	
d)	Loans & Advances	10	17,057,706		17,519,862	
			101,061,913		98,711,101	
Less :	<u>Current Liabilities & Provisions</u>	11				
	Current Liabilities		9,971,086		7,630,430	
	Provisions		300,000		350,000	
			10,271,086		7,980,430	
	Net Current Assets			90,790,827		90,730,671
4.	<u>Miscellaneous Expenditure</u> [to the extent not written off or adjusted]	12		2,589,860		3,192,388
	EMPLOYMENT OF CAPITAL			157,123,550		159,987,570
Notes Forming Part of Accounts		18				
As per our report of even date attached.						

For PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

SURENDRA J. KOTWAL
CHAIRMAN & MANAGING DIRECTOR

NIPAM S. KOTWAL
JOINT MANAGING DIRECTOR

Place : Ahmedabad
Date : 31-08-2002

HITEN PARIKH
PARTNER

Place : Ahmedabad
Date : 31-08-2002

SADGUNA S. KOTWAL
DIRECTOR