



# Digital Multiforms Limited

*Annual Report*

*2003 - 2004*



<u>Contents</u>	<u>Page No.</u>
Board of Directors	2
Notice	3
Directors' Report	4 to 6
Corporate Governance	7 to 11
Auditors' Report	12 to 14
Balance Sheet	15
Profit and Loss Account	16
Schedules and Notes	17 to 30
Attendance Card/Proxy Form	31

Board of Directors

SHRI SURENDRA J. KOTWAL  
SHRI NIPAM S. KOTWAL  
SMT. SADGUNA KOTWAL  
SHRI NIMESH BHATT  
SHRI ANISH A. SHETH  
SHRI BHARAT P. SHAH

CHAIRMAN & MANAGING DIRECTOR  
JOINT MANAGING DIRECTOR

Registered Office & Factory:

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

Auditors :

H. M. PARIKH & CO.  
Chartered Accountant  
9, Basement Sahyog  
Opp. Dinbai Tower  
Lal Darwaja  
Ahmedabad - 380001.

Bankers :

Global Trust Bank Ltd.  
G-2, Samedh Building  
Near Associated Petrol Pump  
C.G.Road  
Ahmedabad - 380 006.

**Digital Multiforms Ltd.****NOTICE**

NOTICE is hereby given that the ELEVENTH Annual General meeting of the members of the company will be held on Monday the 27th September, 2004 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, 2004 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 Nimish S Bhatt who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Nipam S Kotwal who retires by rotation, and being eligible offers himself 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.

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)

4th September, 2004

**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 20th September, 2004 to 27th September, 2004 ( 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.

\*\*\*\*\*

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in placing before you the 11th Annual Report and Audited Accounts for the year ended on 31st March, 2004.

### **FINANCIAL RESULTS :**

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

PARTICULARS	Current Year	Previous Year
Sales	1104.73	1786.28
Profit before Depreciation and Taxes	(201.24)	68.41
Less: Depreciation provided during the year	39.22	39.07
Profit before Tax	(240.46)	29.34
Less: Provision for Taxation	94.13	20.17
Profit after Taxation	(146.33)	9.17
Prior Period Adjustments	0.82	0.35
Extra Ordinary items	25.28	—
Brought forward from the previous year	185.94	177.11
Less: Deferred Tax Liability	—	—
Net Profit carried to Balance Sheet	15.15	185.94

### **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 therefore have substantially reduced and the company suffered a heavy loss of Rs. 146.32 lacs after tax. However the Directors are expecting some positive performance in the next year to come.

### **DEPOSITS :**

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

The total amount of loans/ fixed deposits remained due for repayment and unclaimed on 31st March, 2004 was NIL.

### **DIRECTORS :**

Shri Nimish S Bhatt and Shri Nipam S Kotwal, Directors of the company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

**Digital Multiforms Ltd.****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, 2004 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, 2004 on a 'going concern' basis.

**CORPORATE GOVERNANCE :**

Your Company has been duly complying with the requirements of clause 49 of the Listing Agreement dealing with Corporate Governance and the details are set in the Annexure to this Report.

**DEMAT OF SHARES OF THE COMPANY :**

As reported in the previous year, all 42,21,000 equity shares of your company have been included in the compulsory dematerialisation list of Stock Exchange. Investors/ shareholders are requested to make use of the facility provided by the Company for dematerialisation of shares for which company has made arrangements with M/s Intime Spectrum Registry Private Limited at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup ( West ) Mumbai 400 078.

Till the date of Balance sheet total 12, 23,799 Equity shares of the company have been dematerialised.

**LISTING :**

The Equity shares of the company have been listed on the Ahmedabad and the Mumbai stock exchanges and company has paid the listing fees for the year 2004-05.

**AUDITORS :**

The Auditors of the Company, M/s H. M. Parikh & Co., 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 H. M. Parikh & Co. as Auditors of the Company.

**EMPLOYEES :**

None of the employees of the were in receipt of the remuneration in excess of the limits 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) 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)

4th September, 2004

**Digital Multiforms Ltd.****Corporate Governance :**

The brief report on matters to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreement is as under :

**1. Company's philosophy on code of corporate governance.**

Our corporate governance policies recognise the accountability of the Board of the Directors (The Board) and impact of the decisions made by the Board on the stakeholders, investors and employees of the company. It aims at adding value to the ultimate stake holders.

**2. Board of Directors :****2.1 Composition of Board of the Directors ( As on 31st March, 2004 )**

<b>Name of the Director</b>	<b>Business Relationship</b>	<b>Category</b>
Shri S J Kotwal	Chairman	Executive
Shri N S Kotwal	Managing Director	Executive
Shri S S Kotwal	Director	Non- Executive, Independent
Shri N S Bhatt	Director	Non- Executive, Independent
Shri B P Shah	Director	Non- Executive, Independent
Shri A A Sheth	Director	Non- Executive, Independent

Company has total Six members on the Board. Chairman is executive and four out of six directors and independent. Therefore Board's composition meets with stipulated requirement.

**2.2 Board Meetings/ Attendance of Directors**

During the year 2003-04, 11 meetings were held on 28-04-2003, 08-07-2003, 25-07-2003, 28-07-2003, 01-09-2003, 20-10-2003, 30-10-2003, 15-11-2003, 29-01-2003, 02-02-2004 and 31-03-2004. There was no time gap of four months or more between any two meetings. Atleast one meeting was held during each quarter. The attendance of the Directors at the Board Meetings(BM) and the 10th Annual General Meeting (AGM) held on 29th September, 2003 is as under :

<b>Sr.No.</b>	<b>Name of Director</b>	<b>No. of BMs Attended</b>	<b>Last AGM attended or not</b>	<b>No. of Directorship in other Boards As on 31-03-04</b>	<b>No. of chairmanship/ membership in other Board committees as 31-03-04</b>
01.	Shri S J Kotwal	11	YES	NIL	01
02.	Shri N S Kotwal	11	YES	NIL	01
03.	Shri S S Kotwal	11	YES	NIL	03
04.	Shri N S Bhatt	—	NO	NIL	NIL
05.	Shri B P Shah	11	NO	NIL	03
06.	Shri A A Sheth	11	NO	NIL	03

Note : This excludes alternate directorship/directorship held in private companies which are not subsidiaries or holding companies of public limited companies.



### 2.3 Board procedure :

The Board meets atleast once in a quarter to review the quarterly performance and the financial results. A detailed agenda is sent to each Director in advance. To enable the Board to discharge its responsibility effectively, the members of the Board are briefed at every Board meeting, on the overall performance of the company. The Board's role, functions and responsibilities are clearly defined.

### 3 Board committees :

The requirement that a Director shall not be a member of more than 10 committees and chairman of more than 5 committees has been complied with while constituting the committees of Directors. The quorum for the committee meeting is two directors.

#### 3.1 Audit Committee

This committee was formed on 31-03-2003 and comprises of three independent , non- executive directors, Shri Bharat P Shah, Shri Anish A Sheth and Smt. Sadguna S Kotwal with Shri Bharat P Shah as chairman of the committee . The Managing Director, , representatives of statutory auditors and the internal auditors are invitees to the Meeting. The quorum for the meeting is two directors.

There were three committee meetings during the year on 25-08-2003, 01-09-2003 and 25-01-2004.

#### 3.2 Remuneration committee

The remuneration committee was formed on 31-03-2003. The role of the committee is to consider the Company's policy on specific remuneration package for executive directors and determine the same within the overall limits provided in the Companies Act, 1956. The decisions of the committee shall be placed before the Board of the Directors at the ensuing meeting for its approval.

The committee comprises of three independent , non- executive directors, Shri Bharat P Shah, Shri Anish A Sheth and Smt. Sadguna S Kotwal with Shri Bharat P Shah as chairman of the committee. No meeting of the committee was held during the year 2003-04.

#### Remuneration to directors.

Name of Director	Salary	Perquisites	( Rs. Lacs)
			Total
01 Shri Surendra J Kotwal	3,60,000	NIL	3,60,000
02 Shri Nipam S Kotwal	3,60,000	NIL	3,60,000

No sitting fees are paid to directors for attending the Board meeting/ committee meeting.

Shri Surendra J Kotwal, Chairman & Managing Director and Shri Nipam S Kotwal, Managing Director have service contract of five year with the company w.e.f. 1st April, 1999 subject to termination with a notice period of 3. Months by either party.

The Company has no Stock Option Scheme for any of its Directors.

#### 3.3 Shareholders'/ Investors' Grievance Committee

This committee was formed on 31-03-2003 and comprises of three independent , non- executive directors, Shri Bharat P Shah, Shri Anish A Sheth and Smt. Sadguna S Kotwal with Shri Bharat P Shah as chairman of the committee. No meeting of the committee was held during the year 2003-04.

During the year all the complaints received from the shareholders have been resolved to the satisfaction of the shareholders and replies have been sent to them.

There were no pending share transfers as on 31st March, 2004.

Shri Nipam S Kotwal. Managing Director is the compliance officer.

**Digital Multiforms Ltd.**

\*\*\*\*\*

**4 General Body Meetings.**

Last three Annual General Meetings

AGM	Held at	Date	Time
8th	60/1, Village Palodia, Taluka Kalol, Dis Mehsana, Gujarat	29-09-2001	4.00 p.m.
9th	60/1, Village Palodia, Taluka Kalol, Dis Mehsana, Gujarat	27-09-2002	4.00 p.m.
10th	60/1, Village Palodia, Taluka Kalol, Dis Mehsana, Gujarat	29-09-2003	4.00 p.m.

All the resolutions, including the special resolutions, set out in the respective notices were passed by the members.

The company has not passed any resolution at any AGM which was required to be passed through postal ballot as per the provisions of the Companies Act , 1956 and the rules framed there under.

**5 Disclosures :**

- Pursuant to the Securities and Exchange Board of India ( Prohibition of insider Trading ) Regulations, 1992, as amended, the Company has formulated, adopted and implemented the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.  
Under the said Code, the company has appointed Shri Nipam S Kotwal,. Managing Director, as compliance officer.
- Disclosure regarding materially significant related party transactions are available separately in this report. Those transactions do not have any potential conflict with the interests of the Company at large.
- The Company has generally complied with all the requirements of the Listing agreements with Stock Exchanges as well as the regulations and guidelines of the Securities & Exchange Board of India. Therefore, no penalties or strictures were imposed on the Company by the said authorities or any statutory authority on any matter related to capital markets during the last three years.

**6 Communication with the Shareholders**

Quarterly results are taken on record by the Board and submitted to the Stock Exchanges in terms of the requirements of Clause 41 of the Listing Agreement.

Quarterly results are published in Gujarati in News Line and in Chanakya (English) The company also issues press releases regarding the results and other important information.

No presentation has been made to institutional investors or to analysts during the year under review.

Management Discussion & Analysis Report available as an Annxure to the Directors' Report which may be treated as part of this Corporate Governance Report.

**7 General Shareholders' Information****7.1 Annual General Meeting**

Date & Time : 27-09-2004 at 4.00 p.m.  
Venue : Plot No. 60/1, Village Palodia, Taluka Kalol, Dist - Mehsana,

**7.2 Financial Calender :**

Company's Financial Year : From 1st April to 31st March

\*\*\*\*\*