



Annual Report

2005 - 2006





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Digital Multiforms Ltd.



Board of Directors

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

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 :

Oriental Bank of Commerce
G-2, Samedh Building
Near Associated Petrol Pump
C.G.Road
Ahmedabad - 380 006.



NOTICE

NOTICE is hereby given that the THIRTEENTH Annual General meeting of the members of the company will be held on Saturday the 30th September, 2006 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, 2006 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 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)

30th June, 2006

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 25th September, 2006 to 30th September, 2006 (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 13th Annual Report and Audited Accounts for the year ended on 31st March, 2006.

FINANCIAL RESULTS :

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

PARTICULARS	Current Year	Previous Year
Sales including jobwork	181.22	806.44
Profit /(Loss) before Depreciation and Taxation	(198.34)	(216.69)
Less: Depreciation provided during the year	36.26	38.18
Profit/(Loss) before Taxation	(234.60)	(254.87)
Less: Provision for Taxation		
A) Current Year	—	—
B) Deferred Tax Assets	—	106.33
Profit / (Loss) after Taxation	(234.60)	(148.54)
Prior Period Adjustments	—	—
Extra Ordinary items	—	—
Brought forward from the previous year	—	15.14
Less: Deferred Tax Liability	—	—
Net Profit/(Loss) carried to Balance Sheet	(237.61)	(133.39)

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. 234.60 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, 2006 was 2,62,56,243.

DIRECTORS :

Shri Nimish S Bhatt Directors of the company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. Shri Bharat Shah Director of the company resigned from directorship during the previous year. Board places on record appreciation of services rendered by him to the company.

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, 2006 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, 2006 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 Limited at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400 078.

Dated 31-12-2005 total 28,41,439 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 to mumbai stock exchange limited for the year 2005-06.

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. Chartered Accountants, Ahmedabad 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.

Digital Multiforms Ltd.

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

Particulars in accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 read with the Provisions of Section 217 (1) (e) of The Companies Act, 1956 is annexed herewith forming part of this report.

APPRECIATION :

The Board of Directors wish to place on record their deep appreciation and gratitudes 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)

30th June, 2006.



Digital Multiforms Ltd.**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 comprises of three independent , non- executive directors, Shri Nimish S. Bhatt, Shri Anish A Sheth and Smt. Sadguna S Kotwal with Shri Anish A. Sheth 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 five committee meetings during the year on 29-04-2005, 29-07-2005, 01-09-2005, 29-10-2005 and 28-01-2006 to consider an audited account and final account.

3.2 Remuneration committee

The remuneration committee was formed in the year 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 Nimish S. Bhatt, Shri Anish A Sheth and Smt. Sadguna S Kotwal with Shri Anish A. Sheth as chairman of the committee. No meeting of the committee was held during the year 2005-06.

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, 2004 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 Nimish S. Bhatt, Shri Anish A Sheth and Smt. Sadguna S Kotwal with Shri Anish A. Sheth as chairman of the committee. Twelve meeting of the committee was held during the year 2005-06.

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.

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

4 General Body Meetings.

Last three Annual General Meetings

AGM	Held at	Date	Time
10th	60/1, Village Palodia, Taluka Kalol, Dis Mehsana, Gujarat	29-09-2003	4.00 p.m.
11th	60/1, Village Palodia, Taluka Kalol, Dis Mehsana, Gujarat	27-09-2004	4.00 p.m.
12th	60/1, Village Palodia, Taluka Kalol, Dis Mehsana, Gujarat	30-09-2005	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 : 30-09-2006 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

	Event	2006-07
Announcement of Unaudited Results	(First Quarter)	By 4th week of July, 2006.
	(Second Quarter)	By 4th week of October, 2006
	(Third Quarter)	By 4th week of January, 2007
	(Fourth Quarter)	By 4th week of April, 2007
Announcement of audited results		By 1st week of September, 2007
Annual General Meeting		By 4th week of September, 2007.
Book closure dates for AGM for the year 2005-06		25th September, 2006 to
		30th September, 2006