

DIGJAM

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DIGJAM LIMITED

ANNUAL REPORT 2007/08

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Board of Directors

Sri S. K. Birla
Chairman
Sri Sidharth Birla
Vice Chairman
Sri R. K. Choudhury
Dr. G. Goswami
Sri Sujit Gulati
Sri G. Momen
Sri A. C. Mukherji
Sri C. L. Rathi
Managing Director

Company Secretary

Sri G.K. Sureka
Company Secretary & Executive Vice President (Legal)

Senior Executives

Digjam Division

Sri R. K. Kedia
President
Sri P. K. Das
Vice President (Exports)
Sri Virender Gupta
Vice President (Exports)
Sri Ravinder Sharma
Vice President (Sales & Marketing)

Registered Office & Digjam Division

Aerodrome Road
Jamnagar 361 006, Gujarat

Corporate Office

801, Bhikaji Cama Bhawan
11, Bhikaji Cama Place
New Delhi 110 066

Registrars & Share Transfer Agents

MCS Ltd.
77/2A, Hazra Road
Kolkata 700 029

Auditors

M/s Deloitte Haskins & Sells
'Heritage', 3rd Floor
Near Gujarat Vidhyapith
Off Ashram Road
Ahmedabad 380 014

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Fifty-eighth Annual General Meeting of the Members of the Company will be held on Friday, September 26, 2008 at 10.30 a.m. at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006 (Gujarat), to transact the following business:

1. To consider and adopt the Directors' Report and audited Balance Sheet and Profit & Loss Account as at and for the year ended March 31, 2008.
2. To appoint Directors in place of Sri S. K. Birla and Sri A. C. Mukherji, who retire from office by rotation and being eligible, offer themselves for re-election.
3. To appoint Auditors and fix their remuneration and for the purpose, to consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED that M/s Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and are hereby authorized to fix their remuneration."

Special Business

To consider and if thought fit to pass with or without modification the following Resolution:

4. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 141.a of the Articles of Association of the Company be modified and altered by substituting the words 'one Director' between the words 'to nominate' and 'on the Board' for the words 'two Directors' appearing therein."

The Register of Members of the Company will remain closed from September 16, 2008 to September 26, 2008 (both days inclusive).

Registered Office:

Aerodrome Road
Jamnagar 361 006
(Gujarat)
Dated, April 25, 2008

BY ORDER OF THE BOARD

G. K. SURÉKA
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.
2. The instrument appointing a proxy has to be deposited at the Company's Registered Office at Aerodrome Road, Jamnagar 361 006 (Gujarat) not less than 48 hours before the time for holding the aforesaid meeting.
3. Members attending the meeting are requested to complete the enclosed slip and deliver the same at the entrance of the Meeting Hall.
4. Persons attending the Annual General Meeting are requested to bring their copies of the Annual Report as the practice of distribution of copies of the Annual Report at the meeting has been discontinued.

5. For any further information regarding the above Accounts, advance intimation be given and the Members should ensure that it reaches the Company's Registered Office at Aerodrome Road, Jamnagar 361 006 (Gujarat) at least 10 days before the date of the ensuing meeting.
6. Pursuant to the unanimous approval of the Members at the Extraordinary General Meeting of the Company held on March 17, 2008, the name of the Company has been changed to 'DIGJAM Limited' after the receipt of the necessary approval of the Central Government U/s 21. of the Companies Act, 1956 and Fresh Certificate of Incorporation Consequent upon Change of Name from the Registrar of Companies, Gujarat.
7. The Company has entered into necessary arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to enable the Shareholders to dematerialise their shareholding in the Company, for which they may contact the depository participants of either of the above Depositories. The shares of the Company are compulsorily required to be traded in dematerialised form by all investors w.e.f. May 8, 2000. The ISIN No. is INE471A01023.
8. The Committee of the Board of Directors of the Company pursuant to the Scheme of Arrangement which became effective from March 30, 2006, have on May 22, 2006 allotted 2 new Equity Shares of Rs.10/- each for every 10 Equity Shares of Rs.10/- each held as on May 5, 2006, the Record Date, and the old Share Certificates held in physical form were deemed to be cancelled and non-est and not tradeable on any Stock Exchange or otherwise from and after the said Record Date. Accordingly, the Company's Registrars and Transfer Agents have dispatched the new Share Certificates to the Members who continued to hold their shares in physical form. Such Members may consider dematerialising their shareholding in view of the requirement for compulsory trading of the shares of the Company in dematerialised form.
9. Shareholders who continue to hold Shares in physical form are requested to intimate the Company's Registrars and Transfer Agents – M/s. MCS Ltd., 77/2A Hazra Road, Kolkata 700 029 changes, if any, in their registered address including PIN CODE Number. Members holding Shares in dematerialized form are required to get their change of address recorded with their Depository Participant (DP).
10. EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956 ("the Act")/SEBI Code for Corporate Governance:

Item No. 2: A brief resume of the Directors offering themselves for re-election is given below:

Sri S. K. Birla, Chairman of the Board of Directors, aged 73 years, is an entrepreneur and Director of various companies. He has vast experience spread over 55 years in the fields of Finance, Marketing, General Management, Board level Corporate Governance, Strategic Issues, Corporate and Finance Structuring, Resource Mobilization and Planning and Budgeting. Sri S. K. Birla is Chairman of Birla Eastern Ltd. and Director of Birla Brothers Pvt. Ltd., Dormeuil Birla VXL Ltd., Ganga Properties Ltd. and Nathdwara Investment Co. Ltd. He is past President of various leading Chambers of Commerce like Federation of Indian Chambers of Commerce and Industry, New Delhi, Indian National Committee of International Chamber of Commerce, New Delhi and Indian Chamber of Commerce, Kolkata. He has represented the country as a member of the Indian delegation to several international bodies like Chamber of Commerce of G-77

Countries of United Nations, New York, UNCTAD and CAFEA and was a Member of the Prime Minister's National Integration Council, Delhi, between 1991-96. He is also associated with several education and philanthropic institutions.

Sri S. K. Birla is Chairman of the Committee of Directors of our Company.

Sri S. K. Birla holds 37,589 Equity Shares of Rs. 10/- each in the Company.

Except Sri S. K. Birla and his son, Sri Sidharth Birla, no other Director is interested in the aforesaid Resolution.

Sri A. C. Mukherji, aged 82 years, is the past Chairman of The New India Assurance Co. Ltd. having vast knowledge and experience. Sri Mukherji is a Director on the Board of Aekta Ltd., Asiatic Oxygen Ltd., Kirlskar Pneumatic Co. Ltd., NPR Finance Ltd., Sahara India Life Insurance Co. Ltd., U.T. Ltd., VXL Technologies Ltd. and Trans Africa Assurance Co. Ltd., Uganda.

He is the Chairman of Audit Committee of Directors and a member of the Shareholders/Investors Grievance Committee, Remuneration Committee and Committee of Directors of the Company. He is Chairman of Audit Committees of Aekta Ltd., Sahara India Life Insurance Co. Ltd., U.T. Ltd. and Kirlskar Pneumatic Co. Ltd. and a member of Audit Committee of Asiatic Oxygen Ltd., NPR Finance Ltd. and VXL Technologies Ltd. He is also a member of Shareholders/Investors Grievance Committee of U.T. Ltd.

Sri A. C. Mukherji jointly with his wife holds 116 Equity Shares of Rs. 10/- each in the Company.

Except Sri A. C. Mukherji, no other Director is interested in the aforesaid Resolution.

Item No. 4: The composition of the Board of Directors is governed by the Corporate Governance Code as stipulated in the Listing Agreement with the Stock Exchanges. After the recent amendments to the said Code, the norms thereunder, as applicable to the Company, stipulate that if the non-executive chairman is a promoter

of the company, at least one-half of the Board should consist of independent directors. The Government of Gujarat is entitled to nominate two Directors on the Board of Directors of the Company pursuant to Article 141.a of the Articles of Association. The nominees of Government of Gujarat have over time made invaluable and substantial contribution to the deliberations of the Board. While the proportion of shareholding of the Government of Gujarat in the Company was as much as 37.55% in 1981, in due course of time after several issues of securities as well as restructuring of the Share Capital consequent to the Scheme of Arrangement coming into effect from March 30, 2006, their shareholding now stands at 1.80%. Keeping this in view and also to broad base and right-sizing the Board, a representation was made to the Government to consider reduction in the number of Directors being nominated by the Government. In response thereto, the Government vide their letter no. DWM-1181-3945(87)-T dtd. March 11, 2008 have intimated their decision to henceforth nominate only one director on the Board. Accordingly, the existing Article 141.a is proposed to be amended as set out in the Resolution. Your Directors commend the Resolution for approval by the Members.

None of the Directors of the Company is interested in this Resolution except the nominee of Gujarat Government who may be deemed to be interested therein.

Inspection of Documents

The existing Articles of Association as well as the correspondence with the Government of Gujarat on the subject of nomination of Directors are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the Meeting.

Registered Office:
Aerodrome Road
Jamnagar 361 006
(Gujarat)
Dated, April 25, 2008

BY ORDER OF THE BOARD

G. K. SUREKA
Company Secretary

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present our Annual Report, along with Audited Accounts of the Company, for the year ended March 31, 2008.

CORPORATE IDENTITY

Pursuant to approval by Shareholders and the Central Government, the name of the Company has been changed to "DIGJAM Limited" from "Birla VXL Limited", effective on the issue of Fresh Certificate of Incorporation dated April 9, 2008. After completion of all business restructuring undertaken since late 2004, the name now identifies closely with its core business and well known brand of the Company: DIGJAM.

GENERAL REVIEW AND KEY OPERATIONAL MATTERS

The Indian economy maintained its growth momentum, with projected growth rate of 8.7% during 2007-08, after achieving more than 8% annual growth since 2003-04. It remains as one of the fastest growing economies in the world. However, the growth expectations for fiscal year 2008-09 is tempered with caution in view of uncertainties in overall global growth, housing and sub-prime mortgage crisis in US, inflation concerns etc. There are signs of growth losing some momentum and surging inflation largely driven by supply-side constraints. Annual wholesale price inflation spiked to 7.41 percent as at March 29, 2008, the highest since November, 2004. RBI has tightened its monetary policy as a measure to control inflation. Despite these concerns, the overall macroeconomic fundamentals of Indian economy remain sound, and business confidence high, as appears from the continuous inflows of foreign investment and strong Indian Rupee.

The Company has been a major exporter of worsted fabrics, from India, to various countries across the world, exports accounting for about half the total production of the Company. The Indian Rupee has continued to appreciate, and breached downwards the Rs. 40 level against US Dollar. During the last one year alone, the Rupee has appreciated by about 10-15%, impacting realizations from US Dollar denominated exports. To mitigate the situation, the Company has endeavoured to increase the share of domestic sales as well as non-US exports.

The prices of imported wool were higher by about 15-20% during the year, compared to last year since the value of Australian Dollar (the benchmark currency for wool) mostly remained in the Rs. 34-35 range, and even crossed Rs. 37 in March '08, unlike depreciation of some other major currencies against Rupee, thus further increasing the costs. The higher wool cost significantly impacted the Company's operating margins.

On account of the strong Rupee coupled with a sharp hike in minimum wages in Haryana, operations at Universal Clothing Division, Faridabad were rendered unviable. The Company has, therefore, ceased operations at the said Division and settled the dues of all its employees. The cessation does not have material impact on the financial position of the Company as the division constituted less than 10% of the revenue and assets of the Company. The Company is currently outsourcing garment manufacturing from reputed units.

Sales during the year amounted to Rs. 111 Crores against Rs. 108 Crores last year. Exports comprised Rs. 49 Crores. Due to the pressures mentioned above, which also affected the overall textile sector in particular, the financial year ended with a loss at the pre-depreciation level. The Company has taken various initiatives, particularly in the areas of product-mix, marketing, and operational efficiencies to improve the margins. The domestic market has responded positively to the premium product developments as well as the enhanced marketing thrust. Further, Company's higher push in domestic markets and non-US export markets is expected to

improve the overall margins in times to come. The Company was also able to resolve certain outstanding loans (through one time settlements) which did not form part of the loans taken over by ARCIL, thus reducing the overall indebtedness.

The Management Discussion & Analysis Report, as required by corporate governance, is annexed hereto.

SHARE CAPITAL

The issue proceeds of 2,49,96,964 Equity Shares of Rs. 10 each aggregating to Rs. 2,499.69 lacs allotted, on rights basis, during the preceding year have been fully utilized for the objects stated in the Letter of Offer.

The shareholders authorized the Board of Directors, by approving a Special Resolution under Section 81(1A) of the Companies Act, 1956, to issue and allot, subject to requisite approvals, Preference Share Capital to the extent of upto Rs.45 Crores, presently forming part of the unissued Authorized Share Capital of the Company, on such terms and conditions as it may deem fit. These Preference Shares may be issued in one or more tranches to the various entities (which may include Promoters/Promoter Group) on private placement basis, with a view to support the net worth rebuilding and strengthening the long term resource base of the Company, including for repayment of loans and meeting working capital requirement. Efforts have been initiated with prospective investors in this direction.

OPERATING RESULTS

	March 31, 2008	March 31, 2007
Working for the year yielded a Profit/(Loss) before Depreciation and Tax of	(1,114.13)	(393.66)
Less : Depreciation	636.72	722.29
	(1,750.85)	(1,115.95)
Less : Exceptional Items (net)	964.09	(1,137.76)
Profit before Tax	(786.76)	(2,253.71)
Less : Fringe Benefit Tax	24.45	15.39
Profit after Tax	(811.21)	(2,269.10)
Add : Balance brought forward	(11,786.00)	(9,516.90)
Leaving a Balance of which is carried forward	(12,597.21)	(11,786.00)

In view of the above, the Directors are unable to recommend any dividend.

DIRECTORS

The Government of Gujarat has decided to henceforth nominate only one Director to the Board and withdrew the nomination of Sri P. K. Pujari and Sri N. L. Hamirwasia resigned from the Board. We place on record our sincere appreciation of the valuable services rendered by Sri Pujari and Sri Hamirwasia during their respective tenures. In view of the said decision of the Government of Gujarat, a Special Resolution to amend Article 141.a of the Articles of Association of the Company is being proposed at the ensuing Annual General Meeting.

Sri S. K. Birla, Chairman and Sri A. C. Mukherji retire from the Board by rotation and being eligible, offer themselves for re-election.

AUDITORS' OBSERVATIONS

Observations of the Auditors, when read together with the relevant Notes to the Accounts and Accounting Policies, are self-explanatory.

AUDITORS

The Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, retire and, being eligible, offer themselves for re-election.

DIGJAM LIMITED (formerly Birla VXL Limited)

STATUTORY INFORMATION AND OTHER MATTERS

Statutory information, and our report on corporate governance, form part of this report as per requirements of the Companies Act and Clause 49 of the Listing Agreement and are annexed hereto. The Company has not accepted any Fixed Deposits during the year and there are none outstanding on March 31, 2008. Relations with employees were on the whole cordial and we appreciate the contribution made by all dedicated employees during the year.

As per our governance practices, management's statement on integrity and fair presentation of financial statements is provided to the Board as an integral part of the account approval process. However, as per Section 217(2AA) of the Companies Act the Directors indicate that they have taken reasonable and *bona fide* care (a) that in the preparation of the annual accounts the applicable accounting standards have been followed and proper explanations relating to material departures, if any, have been furnished; (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the loss of the Company for the year; (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; (d) that they have prepared the annual accounts on a Going Concern basis.

ACKNOWLEDGEMENTS

We place on record our sincere appreciation of the valuable cooperation and support received at all times by the Company from Arcil, its Bankers, other stakeholders, concerned Government Departments and other authorities, channel partners, employees and to Shareholders for their continued support.

FOR AND ON BEHALF OF THE BOARD

New Delhi
April 25, 2008

S. K. BIRLA
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

We submit herewith our Management Discussion & Analysis Report on the Company's business for the year ended March 31, 2008. We have attempted to include discussions on all specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's competitive position.

COMPANY & INDUSTRY STRUCTURE

The Company operates mainly in the Worsteds textile segment and runs a fully equipped composite mill (ISO 9001 certified) manufacturing high quality worsteds fabrics at Jamnagar, Gujarat. The Worsteds industry in the country comprises of a few mills in the organized sector and a number of mills in the unorganized sector. The Company has been a notable player in this industry in India and is in this business for more than 50 years. Its commitment to quality and customer orientation reflects in its strong nationally recognized brand DIGJAM, supported by an established national distribution channel. The Company's international marketing team is supported by an appropriate network abroad. The Company has a proven track record of design and manufacture of high quality fabrics and garments, and has won several awards for its export performance, including in demanding markets abroad.

Following the appreciation of Indian Rupee against US Dollar, substantial increase in wage bill due to hike in Haryana wages, and pursuant to the decision of the Board, the operations of the garments unit at Universal Clothing (UC) division, Faridabad, stand ceased, and the Company is in the process of taking necessary steps towards closure of its affairs. The Company has settled the dues of all the employees of UC. The cessation does not have material impact on the profitability and financial position of the Company, as the division constituted less than 10% of the revenue and assets of the Company. The Company is currently outsourcing garment manufacturing from reputed units.

REVIEW OF OPERATIONS

A summary of key indicators is given below, while detailed financial and physical performance may be viewed from the Balance Sheet and Annexures thereto in the Annual Report.

	Units	2007-08	2006-07
Production:			
Cloth	Lac Mtrs.	3522	39.24
Garments*	Lac Pcs.	1.36	2.64
Sales:			
Cloth	Lac Mtrs.	41.53	38.81
Garments	Lac Pcs.	1.53	2.66
Total Sales value	Rs. Crores	111.05	108.02

* including job work

Average sales realization of fabric was largely maintained during the year, despite lower realisation from US Dollar denominated exports, as a result of management's drive to enrich product-mix by increasing share of premium varieties. The domestic market has responded positively to the premium product developments as well as the enhanced marketing thrust. The Company expects to improve its operating margins by continuous effort towards operational efficiencies and improvement in product-mix. The figures for garments are not comparable as the UC division ceased production during the year.

The fabric manufacturing capacity of the present facilities is estimated at around 5.5 million metres per annum, under normal product mix considerations, thereby giving a reasonable level of available capacity for increasing output. The Company is taking steps to push forward its marketing effort by enhancing publicity, strengthening marketing organisation and closer interaction with channel partners.

The Company lays stress on international markets and has been exploring new areas. It exports about half of its production to markets in Europe, USA, Canada, Middle East and Far East etc. The Company has received Oekotex Certification, which certifies that fabric is free from hazardous chemicals. Sharp appreciation of Indian Rupee against US Dollar by 10-15% during the year, of course, negatively impacted Company's exports of fabrics and garments, as well as realisation for its US Dollar denominated exports in common with the rest of the Indian Textile industry.

Prices of imported wool increased sharply by about 15-20% during the year. The value of Australian Dollar also remained generally in the Rs. 34-35 range. It crossed Rs. 37 in March '08, unlike depreciation of some other major currencies against Rupee, thus further increasing cost of import. The higher wool cost considerably impacted the Company's operating margins. In the prevailing buyers' market for worsteds fabrics, the impact of the increase in raw material cost could not be passed on to the customers fully.

ENVIRONMENT & SAFETY

We are conscious of the need for environmentally clean and safe operations. Our industry is not a polluting one. Our policy requires all operations to be conducted in a way so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources.

HUMAN RESOURCES

Management recognizes that employees represent our greatest assets and it is only through motivated, creative and committed employees that we can achieve our aims. Hence, the Company attempts to take full care for the welfare and betterment of employees.

OTHER MATTERS

There are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Internal control systems have been found to be adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance with all relevant regulations and laws. We record our appreciation of all our sincere employees, gratefulness to our Shareholders, lenders and banks, Arcil and other stakeholders, concerned Government and other authorities and our channel partners for their continued support and to customers for their reposing faith and confidence in us.

CAUTIONARY STATEMENT

Statements in this "Management Discussion & Analysis" which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. However, actual results could or may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations also include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, economic developments within India and countries with which the Company conducts business besides other factors, such as litigation and labour negotiations.

FOR AND ON BEHALF OF THE MANAGEMENT TEAM

New Delhi
April 25, 2008

C. L. RATHI
Managing Director

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Board has always followed the principles of good governance and emphasises transparency, integrity and accountability. We believe that good governance is voluntary, self-disciplining with the strongest impetus coming from Directors and the management itself. The management and organisation at DIGJAM Limited endeavours to be progressive, competent and trustworthy, for customers and stakeholders, while reflecting and respecting the best of Indian values in its conduct.

THE BOARD OF DIRECTORS

The Board presently consists of 8 Directors, of which 7 are non-executive. The position of the Chairman is essentially non-executive and non-managerial in character, and the Vice-Chairman officiates in his absence. The overall management of the Company is vested in the Managing Director, subject to the general supervision, control

and direction of the Board. Sri C. L. Rathi, Managing Director is fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and has about 39 years of commercial and industrial experience. The day-to-day working of the plant at Jamnagar is looked after by senior and experienced officers who report to the Managing Director. The SEBI Code as amended recently requires that if the non-executive chairman is a promoter of the company, at least one-half of the Board shall consist of independent directors. At the present time out of 8 our Board has 4 Independent Directors, viz. Sri A. C. Mukherji (ex-CMD of New India Assurance Co.), Dr. G. Goswami (ex-Banker), Sri G. Momen (Businessman of repute) and Smt. Gauri Kumar, Industries Commissioner, who has been nominated by the Government of Gujarat in place of Sri Arvind Agarwal. The nomination of Sri P. K. Pujari has been withdrawn from the Board pursuant to the decision of the Government of Gujarat to henceforth nominate only one Director to the Company's Board. Sri R. K. Choudhury (Senior Advocate) is Senior Consultant to Khaitan & Co., a reputed firm of Advocates. Sri S.K. Birla, Chairman (Industrialist with wide experience) and Sri Sidharth Birla, Vice-Chairman (MBA, B.Sc. (Hons.)) represent promoters. During the year, Sri A.N. Lalbhai (since deceased) and Sri N. L. Hamirwasia had resigned from the Board. Sri C. L. Rathi is the only Executive Director. None of the Directors except Sri S. K. Birla and his son, Sri Sidharth Birla are related to each other or to promoters. Independent Directors play an important role in deliberations at the Board level and bring to the Company their wide experience in fields of industry, banking and finance, administration and law and contribute significantly to the various Board Committees. Their independent role vis-à-vis the Company allows them to add a broader perspective, help ensure that interests of all stakeholders are kept in acceptable balance and can also provide an objective view in a potential conflict of interest between stakeholders. Details are given below by category, attendance, shareholding, fees and total Directorships besides Memberships and Chairmanships of Board Committees.

Director	Category*	Board atten- dance**	Atten- dance at last AGM	B/C/Ch*	Sitting Fees Paid Rs.	No. of Shares held
Sri S. K. Birla	P	4/5	No	6/-/-	24,000	37,589
Sri A. N. Lalbhai (upto May 9, 2007)	I	-/-	N.A.	11/-/1	Nil	—
Sri Sidharth Birla	P	5/5	Yes	9/-/-	24,000	2,000
Sri Arvind Agarwal (upto June 18, 2007)	N/I	-/1	N.A.	8/-/-	Nil	—
Sri R. K. Choudhury	NE	5/5	No	12/2/1	88,000	—
Dr. G. Goswami	I	5/5	No	9/6/1	88,000	—
Sri N. L. Hamirwasia (upto July 26, 2007)	P	3/3	N.A.	1/-/-	12,000	400
Smt. Gauri Kumar (w.e.f. June 18, 2007)	N/I	-/4	No	8/-/-	Nil	—
Sri G. Momen	I	4/5	No	13/7/1	32,000	—
Sri A. C. Mukherji	I	5/5	Yes	8/5/5	120,000	116
Sri P. K. Pujari (upto March 17, 2008)	N/I	3/5	No	9/-/-	12,000	—
Sri C. L. Rathi	E	5/5	Yes	3/1/-	—	—

* : P = Promoter, I = Independent, N = Nominee, E = Executive, NE = Non-Executive

** : For the year under review (attendance data relates to relevant meetings while a Director)

+ : B = Board Memberships, C/Ch = membership/Chairmanship of SEBI specified Board Committees

Appointment and remuneration of any Executive Director require approval of shareholders and such appointments are made for not more than five years. One-third of the rotational Directors retire every year and, when eligible, qualify for re-appointment. Nominee Directors do not usually retire by rotation. All specified details are provided in the notice for appointment or re-appointment of a Director.

RESPONSIBILITIES

The Board's principal focus is on strategic issues and approval, policy and control and delegation of powers and it has specified a schedule of major matters (covering those required under law or SEBI Code) that are reserved for its consideration and decision, besides review of performance and reporting to shareholders.

The respective roles of the Board and the Management are clearly demarcated. The Management is required to (a) provide necessary inputs and basis to support the Board in its decision making process in respect of the Company's strategy, policies, performance targets and code of conduct (b) manage day-to-day affairs of the Company to best achieve targets and goals approved by the Board (c) implement all policies and the code of conduct, as approved by the Board (d) provide timely, accurate, substantive and material information, including on all financial matters and exceptions, if any, to its Board and/or its Committees (e) be responsible for ensuring faithful compliance with all applicable laws and regulations and (f) implement sound, effective internal control systems.

The Board requires that the organisation conducts business and develops relationships in an honest and responsible manner. To establish a policy framework to promote and adhere to the spirit, a Code of Conduct for all employees of the Company has been instituted. The Board has also adopted Code of Conduct for Directors and Senior Executives of the Company and a declaration has been obtained from the Managing Director about its compliance.

BOARD MEETINGS AND COMMITTEES

Board Meetings are held at varying locations and are usually scheduled reasonably in advance. The Board generally meets at least once a quarter to, *inter-alia*, review quarterly financial results. The Agenda for meetings is prepared by the Secretary, in consultation with the Chairman and papers are circulated to all Directors in advance. Directors have access to the Secretary's support and all information of the Company and are free to suggest inclusion of any matter in the Agenda. Senior Officers are called to provide clarifications and make presentations whenever required. The Board met 5-times on May 9, June 18, July 26, November 1, 2007 and January 31, 2008. To enable fuller attention to the affairs of the Company, the Board delegates specified matters to its committees, which also prepare the groundwork for decision-making and report to the Board. However, no matter is left to the final decision of any committee, which under law or the Articles may not be delegated by the Board or may require its explicit approval.

● Audit Committee

The terms of reference of the Audit Committee, as specified by the Board in writing, include the whole specified in the SEBI Code and the Companies Act, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all Independent Directors collectively having requisite knowledge of finance, accounts and company law. The committee recommends the appointment of external Auditors and their fees, payments and takes an overview of the financial reporting process to ensure that financial statements are correct, sufficient and credible. The reports of the statutory and

internal auditors are reviewed along with management's comments and action-taken reports. The committee has explicit authority to investigate any matter within its terms of reference and has full access to the information, resources and external professional advice which it needs to do so. The committee comprises Sri A. C. Mukherji (as Chairman), Sri G. Momen and Dr. G. Goswami and is mandated to meet at least four times in a year; to assess the final audited accounts and to review each quarter, the limited review report before they are put up to the Board. The committee met 5 times on May 9, June 18, July 26, November 1, 2007 and January 31, 2008 during the year attended by Sri A. C. Mukherji (5/5) Sri G. Momen (4/5) and Dr. G. Goswami (5/5). Sri G. K. Sureka, Company Secretary, acts as the Secretary to the Committee.

● Remuneration Committee

The Remuneration Committee comprises of non-executive Directors with majority being independent. Presently it comprises of Sri A. C. Mukherji, Sri G. Momen and Dr. G. Goswami as independent Directors and Sri R. K. Choudhury as non executive director. The committee helps ensure that non-executive Directors make decisions on the appointment, remuneration, assessment and progression of Executive Directors; any compensation of non-executive Directors is a subject only for the whole Board. Directors other than executive directors are paid sitting fees of Rs. 4,000/- for each meeting of the Board or its committees attended by them. No commission is paid to any Director. The Committee meets when required. As approved by the Shareholders and the Central Government, Sri C. L. Rath, Managing Director, is presently, paid by way of salary Rs.1.75 lac per month, housing facility/allowance upto 60% of salary and perquisites (which in aggregate fall within the overall limit laid down in Schedule XIII to the Companies Act, 1956) from June 1, 2006. The term of Sri C. L. Rath as Managing Director will be expiring on May 31, 2009. There is no severance fees, other benefits, bonus or stock options. Details of remuneration paid to Sri C. L. Rath are given elsewhere in this Annual Report. The Company does not have any pecuniary relationship or transactions with any non-executive Director other than Sri R.K. Choudhury who was earlier a partner of Khaitan & Co., a reputed firm of Advocates, to whom the Company paid Rs. 1,57,065 during the year towards retainer ship, fee and reimbursement of expenses on different matters.

● Share Transfer & Shareholders/Investors Grievance Committee

The committee reviews, records and helps expedite transfer of shares. The Company has about 87,000 shareholders and the committee meets frequently throughout the year to minimise delays in the transfer process. Any shareholders grievance is referred to this committee in the first instance for earliest resolution of a problem. The Company Secretary, Sri G. K. Sureka is appointed as Compliance Officer under relevant regulations. This committee comprised of Sri R. K. Choudhury, Sri A. C. Mukherji, Dr. G. Goswami, Sri C. L. Rath, Sri U. C. Jain and Sri G. K. Sureka. The Board nominated Sri R. K. Choudhury as the Chairman of the Committee wef July 26, 2007 as Sri A. C. Mukherji decided to step down from the Chairmanship of the said Committee. 361 Complaints/queries were received in the year and have all been resolved; therefore none are pending. No cases of physical share transfers and for dematerialisation or re-materialisation were pending on March 31, 2008.

● Committee of Directors

A Committee of Directors comprising of Sri S. K. Birla, Chairman, Sri Sidharth Birla, Vice-Chairman, Sri R. K. Choudhury, Sri A. C. Mukherji and Sri C. L. Rath attends to matters specified and/or delegated appropriately by the Board from time to time.

SHAREHOLDER INFORMATION & RELATIONS

The primary source of information for Shareholders is the Annual Report, which includes, inter-alia, the reports of the Directors and the Auditors, audited Accounts, and the Management's Discussion and Analysis Report on operations and outlook. Management's statement on the integrity and fair presentation of financial statements is provided to the Board as part of the process of accounts approval.

Shareholders are intimated through print media of quarterly financial results and performance besides significant matters, within time periods stipulated from time to time by Stock Exchanges. The quarterly results are published in Financial Express, all editions (including the Ahmedabad edition in Gujarati). General Meetings of the Company are held at its Registered Office at Aerodrome Road, Jamnagar 361 006, Gujarat. The last three Annual General Meetings were held on March 28, 2006, July 10, 2006 and September 11, 2007. The next AGM shall be held at the Registered Office as per the notice in this Annual Report and the Book Closure will be as per the notice. Besides the Special Resolutions pertaining to change of Company's name and issue of Preference Shares upto Rs. 45 Crores approved with requisite majority at the Extraordinary General Meeting held on March 17, 2008, Special Resolutions for appointment of Auditors U/s 224A and issue of Right Equity Shares aggregating to Rs. 25 Crores were approved at the Annual General Meetings held on March 28, 2006 and July 10, 2006 respectively. No Special Resolution was put through postal ballot in the previous period and there is no item in the notice for the forthcoming AGM requiring postal ballot. The last Annual General Meeting was attended by Sri Sidharth Birla, Vice-Chairman, Sri A. C. Mukherji, Chairman of the Audit Committee and Sri C. L. Rath. Dividends have not been declared over the last 3 financial years and thus there was no date of mailing nor delay.

The Company keeps all shareholders informed via advertisements in appropriate newspapers of relevant dates and items requiring notice. MCS Limited, 77/2A, Hazra Road, Kolkata 700 029 are Registrars and Share Transfer Agents (RTA) both for physical and demat form. The address for Shareholders' general correspondence is Company Secretary, DIGJAM Limited, Aerodrome Road, Jamnagar 361 006 (Gujarat). Shareholders may also write to the Registrars directly in matters relating to transfers etc. The Company had published and shall continue to publish quarterly results etc. in English and relevant vernacular print media and hold Annual General Meetings, and pay dividends (if any) within the time limits prescribed by law or regulations. The Company's website is www.digjam.co.in. No presentation has been made to institutional investors, etc. The present financial year of the Company is April 1 to March 31.

The Company continues to upload from time to time necessary financial data on its website as well as EDIFAR. There are no GDR/ADR, warrants or other secured convertible instruments issued or outstanding. The Company's Equity Shares are listed at National Stock Exchange of India Ltd., Mumbai (Stock Code 'DIGJAM') and Bombay Stock Exchange Ltd., Mumbai (Stock Code 503796). Company has paid the up-to-date listing fees for each of these Stock Exchanges. Equity Shares of the Company are compulsorily traded in dematerialised form since May 8, 2000. The Company has entered into agreements with NSDL and CDSL. The ISIN is INE 471A01023. As on March 31, 2008, 6,73,15,876 Equity Shares representing 97.93% of the total Equity Shares were held in

dematerialised form and the balance 14,25,775 shares representing 2.07% were held in physical form. Distribution of shareholding pattern of Equity Shareholding, high/low market price data and other information is given below:

Distribution of Equity Shareholding as on March 31, 2008

Shareholding range (Nos.)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	81,100	93.63	63,40,831	9.22
501-1,000	3,136	3.62	25,52,482	3.71
1,001-2,000	1,306	1.51	19,99,220	2.91
2,001-5,000	705	0.81	23,47,178	3.42
5,001-10,000	203	0.24	14,90,831	2.17
10,001 and above	163	0.19	5,40,11,109	78.57
Total	86,613	100.00	6,87,41,651	100.00

This statement is on the basis of the Shareholding pattern as on March 31, 2008 submitted to the Stock Exchanges.

Pattern of Equity Shareholding as on March 31, 2008

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Banks, Fills, Insurance Companies	57	0.06	88,33,175	12.85
Domestic Companies	1,060	1.22	4,06,07,976	59.07
Mutual Funds (incl. UTI)	7	0.01	3,451	0.01
Non-residents	2,066	2.39	3,77,976	0.55
Resident Individuals/others	83,423	96.32	1,89,19,073	27.52
Total	86,613	100.00	6,87,41,651	100.00

This statement is on the basis of Shareholding pattern as on March 31, 2008 submitted to the Stock Exchanges.

Aggregate of non-promoter shareholding : 74.99%

Monthly High and Low Market Price Data of Equity Shares (April, 2007 to March, 2008)

	B S E		N S E	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Year 2007				
April	18.60	16.55	18.75	16.25
May	21.50	16.75	21.50	16.75
June	18.95	16.80	18.80	16.90
July	22.10	17.00	22.35	16.80
August	20.35	17.00	20.40	17.00
September	30.40	18.05	27.50	18.00
October	24.45	17.00	24.35	17.45
November	23.75	17.15	23.70	17.30
December	29.65	21.25	29.50	21.00
Year 2008				
January	31.95	17.05	32.35	16.90
February	20.00	16.45	20.20	16.50
March	17.80	12.20	17.85	12.15
During the year	31.95	12.20	32.35	12.15