

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-ninth Annual General Meeting of the Members of the Company will be held on Wednesday, September 16, 2009 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, 2009.
2. To appoint Directors in place of Sri R.K. Choudhury and Sri G. Momen, who retire from office by rotation and being eligible, offer themselves for re-election.
3. To appoint Auditors of the Company and 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 Articles of Association of the Company and Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time including any statutory modification or re-enactment thereof ('the Act') and subject to such other approvals including that of the Central Government, as may be necessary, the Company hereby approves the re-appointment of Sri C.L. Rathi as Managing Director of the Company (whose office shall not be liable to retirement by rotation under the Act) at a remuneration and on the terms set out below for a period of three years with effect from June 1, 2009, with liberty to either party to terminate the appointment on three months' notice in writing to the other:

- I. **Salary:** Rs.1,75,000/- per month, subject to such periodic increments upto a total of Rs.2,50,000/- per month, as may be recommended by the Remuneration Committee and approved by the Board.
- II. **Commission:** Not exceeding 2% of the net profits of the Company computed in the manner laid down under the Act as may be determined at the absolute discretion of the Remuneration Committee and the Board/a Committee thereof.
- III. **Housing:** Fully furnished leased accommodation expenditure on which will be subject to ceiling of 60% of salary over and above 10% payable by him as may be determined by the Board from time to time.
- IV. **Perquisites/Benefits:**
 - a. Reimbursement of medical/hospitalization expenses for self and family
 - b. Leave and Leave Travel Concession: As per Rules of the Company
 - c. Club Fees: Subject to a maximum of two Clubs. This will not include Admission and Life Membership Fee
 - d. Personal Accident Insurance
 - e. Free use of car with chauffeur on Company's business and telephone at residence
 - f. Contribution to provident fund, superannuation fund or

annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961

- g. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
 - h. Encashment of unavailed leave at the end of the tenure.
- V. **Minimum remuneration:** Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Sri C. L. Rathi as minimum remuneration but within the limits specified in such approval(s) as may be necessary/Section II of Part II of Schedule XIII and other provisions of the Act as may be applicable."

The Register of Members of the Company will remain closed from September 1, 2009 to September 16, 2009 (both days inclusive).

Registered Office:

Aerodrome Road
Jamnagar 361 006
(Gujarat)

Dated, April 29, 2009

BY ORDER OF THE BOARD

G. K. SUREKA

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. 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.
4. 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 wef May 8, 2000. The ISIN No. is INE471A01023.
5. Pursuant to the Scheme of Arrangement which became effective from March 30, 2006, the Company 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 tradable 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 dematerializing their shareholding in view of the requirement for compulsory trading of the shares of the Company in dematerialised form.
6. 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 the PIN CODE. Members holding Shares in dematerialized form are required to get all changes in respect of their holding recorded with their Depository Participant (DP).

7. **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 R. K. Choudhury, aged 73 years, is a leading Advocate practising mainly in Kolkata. He has wide experience in International arbitration, litigation, taxation, legal research and corporate planning and documentation, etc. Sri Choudhury is connected with several social and philanthropic organizations.

Sri R.K. Choudhury is Chairman of the Board of Directors of Khaitan Consultants Ltd., Puja Corporation Ltd. and Travel Hub Pvt. Ltd. He is a Director of Academic Foundation & Publication Pvt. Ltd., Balrampur Chini Mills Ltd., Elpro International Ltd., Lynx Machinery & Commercials Ltd., Puja Art Archive Ltd., Rajratan Impex Pvt. Ltd., Reliance Bengal Industries Ltd., RKDK Publishers Pvt. Ltd., Super Diamond Nirman Ltd., Suryakiran Apartment Services Pvt. Ltd. and Upper Ganges Sugar & Industries Ltd.

Sri R.K. Choudhury is a member of Share Transfer Committee and Remuneration Committee of Balrampur Chini Mills Ltd. as well as of Audit Committees of Elpro International Ltd. and Upper Ganges Sugar & Industries Ltd. He is Chairman of Share Transfer and Shareholders/Investors Grievance Committee and a member of Remuneration Committee and Committee of Directors of our Company.

Sri R.K. Choudhury does not hold any Equity Share in the Company.

Except Sri R.K. Choudhury, no other Director is interested in the aforesaid Resolution.

Sri G. Momen, aged 76 years, is a businessman of repute and is well known in Tea Trade Industry. He holds expertise in marketing of teas for over two decades and holds general expertise in marketing of products, besides expertise in packaging of teas for purposes of marketing. He is Chairman of Dover Tea Pvt. Ltd., White Cliff Holdings Pvt. Ltd., White Cliff Properties Pvt. Ltd. and White Cliff Tea Pvt. Ltd. He is Director on the Board of Apeejay Tea Ltd., Baghmari Tea Co. Ltd., Bengal Tea & Fabrics Ltd., Empire & Singlo Tea Ltd., Harrisons Malayalam Ltd., Kanco Enterprises Ltd., Scottish Assam (India) Ltd. and Williamson Magor & Co. Ltd.

Sri G. Momen is a member of Share Sub-division and Audit Committees of Apeejay Tea Ltd. He is Chairman of Shareholders/Investors Grievance Committee and member of Audit, Remuneration and Share Transfer Committees of Bengal Tea & Fabrics Ltd. He is respectively Chairman and member of the Remuneration Committees of Harrisons Malayalam Ltd. and Empire & Singlo Tea Ltd. Besides, he is also member of the Audit, Shareholders/Investors Grievance and Share Transfer Committees of Kanco Enterprises Ltd. as well as member of the Audit Committee of Scottish Assam (I) Ltd. and of Investor Grievance Committee of Williamson Magor & Co. Ltd. Sri Momen is member of Audit and Remuneration Committees of our Company.

Sri G. Momen does not hold any Equity Share in the Company.

Except Sri G. Momen, no other Director is interested in the aforesaid Resolution.

Item No. 4

Sri C.L. Rathi was re-appointed as Managing Director for a period of three years with effect from June 1, 2006 which term comes to an end on May 31, 2009. In view thereof, the Remuneration Committee and the Board of Directors at their respective meetings have unanimously approved the re-appointment of Sri C.L. Rathi as Managing Director for a further period of three years wef June 1, 2009 and the payment of proposed remuneration as detailed in the Resolution, subject to the approval of the Members of the Company in general meeting and of the Central Government as may be necessary.

Sri C.L. Rathi shall subject to superintendence, control and direction of the Board of Directors, be entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time. He is a member of Share Transfer and Shareholders/Investors Grievance Committee and the Committee of Directors of the Company.

Sri C.L. Rathi is a Director of Drap Leasing & Finance Pvt. Ltd. and Drap Plastics Pvt. Ltd.

Sri C.L. Rathi does not hold any Equity Share in the Company.

None of the Directors, except Sri C.L. Rathi, is concerned or interested in the resolution concerning his re-appointment and remuneration payable to him as Managing Director.

The Company has been advised that the re-appointment and payment of remuneration to Sri C.L. Rathi will have to be approved by the Central Government.

In accordance with the requirements of Schedule XIII of the Act, a statement providing the required information for the re-appointment and payment of remuneration to Sri C.L. Rathi is given below: -

I. General Information:

1. Nature of Industry	Textiles																
2. Date or Expected date of commencement of commercial production	The Company commenced commercial production in 1951-52.																
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable																
4. Financial Performance based on given indicators	The net profit (loss) after tax, net sales and exports (FOB Value) for last three years were as follows:																
	(In Crores Rs.)																
	<table border="1"> <thead> <tr> <th>Year</th> <th>Net Profit (Loss)</th> <th>Net Sales</th> <th>Exports</th> </tr> </thead> <tbody> <tr> <td>2006-07</td> <td>(22.69)</td> <td>108.02</td> <td>55.51</td> </tr> <tr> <td>2007-08</td> <td>(8.11)</td> <td>111.05</td> <td>48.73</td> </tr> <tr> <td>2008-09</td> <td>(11.56)</td> <td>139.93</td> <td>59.57</td> </tr> </tbody> </table>	Year	Net Profit (Loss)	Net Sales	Exports	2006-07	(22.69)	108.02	55.51	2007-08	(8.11)	111.05	48.73	2008-09	(11.56)	139.93	59.57
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2008-09	(11.56)	139.93	59.57														
5. Export performance and net foreign exchange collaborations																	

6. Foreign Investments or collaborations, if any. Nil

II. Information about appointee:

1. Background details Sri C.L. Rathi, aged 63 years, is a Commerce and Law Graduate as well as Fellow Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. He is having expertise in managing the affairs of large industrial undertakings and is having experience of more than 40 years in manufacturing industries like textiles, plastics, edible oil, light engineering, etc. at top management levels in India and abroad.
2. Past remuneration For the year 2008-09:
 Salary : Rs. 21.00 lacs
 Housing : Nil
 Other Perquisites : Rs. 0.33 lac
 Contribution to PF & Superannuation : Rs. 5.86 lacs
 (Gratuity contribution is not separately identified as the same is funded through LIC fund)
3. Recognition or Awards Former Dy. Chairman of Soybean Processors Association of India, Indore and of National Board of Trade, Indore
4. Job Profile and his suitability Sri C. L. Rathi has been appointed as Managing Director subject to the superintendence, control and direction of Board of Directors, entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time. He has been associated with the business of the Company since 1998. Considering his background and experience, he is eminently suitable to hold the position of Managing Director in the Company.
5. Remuneration proposed As per details contained in the Notice for the Annual General Meeting.
6. Comparative remuneration with respect to industry, etc. The proposed remuneration has been kept un-changed since last several years in view of the financial position of the Company and is well within the remuneration payable to the Directorial personnel holding similar stature/position in the Industry.
7. Any Pecuniary Relationship None except the remuneration as Managing Director.

III. Other Information:

1. Reasons for loss or inadequate profits
2. Steps taken/ proposed to be taken for improvement
3. Expected increase in Productivity/ Profits

The substantial modernization and expansion by the Company in mid 1990s did not yield commensurate returns due to underutilization of capacities, on account of slowdown and over supply position in industry, resulting in high fixed costs i.e. interest and depreciation etc, and higher debt burden. The profitability also suffered due to adverse market conditions, lower sales realization and margins, high input costs, etc. Action was initiated to reduce costs and improve operational efficiency. The Company also proposed a Scheme of Arrangement (Appointed Date - July 1, 2004) with a view to evolve a customized and contemporary business model and a revised capital and debt structure in line with the business viability and cash flows. The Scheme, after requisite approvals, became effective on March 30, 2006. Thereafter, the then Share Capital was written down, debts were restructured, non-core assets and investments were disposed off as per the Scheme. To rebuild the net worth and long term resources, the Company issued Right Equity Shares aggregating to Rs. 25 Crores in 2006-07 and issued Preference Shares of Rs. 20 Crores in 2008-09. After all these initiatives, the Company is sharply focused on its worsted textiles business at its facility at Jamnagar and is continuing with measures to strengthen its marketing organization and network, enrich the product mix, etc. which have yielded positive results during 2008-09, as evident from increased production of 40.7 lac mtrs. of fabrics and sales of 49.9 lac mtrs. (including exports 23.4 lac mtrs.) as against production of 35.2 lac mtrs. and sales of 41.5 lac mtrs. (including exports 20.1 lac mtrs.) in the preceding year, despite the worst global economic scenario. The Company is committed to achieve continuous improvements in its operations and profitability.

IV. Disclosures:

The Remuneration details are given in the proposed Resolution and the Corporate Governance Report.

The Resolution along with explanatory statement may also be treated as an abstract of the terms of re-appointment of Sri C.L. Rathi as Managing Director as required under Section 302 of the Act.

Your approval is sought by Special Resolution as stipulated under certain provisions of Part II of Section II of Schedule XIII to the Act as a measure of abundant caution. The Board recommends the proposed Resolution as set out above for your approval as a Special Resolution.

Registered Office:
 Aerodrome Road
 Jamnagar 361 006
 (Gujarat)
 Dated, April 29, 2009

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, 2009.

GENERAL REVIEW

The world economy is experiencing the most severe downturn since the Great Depression of the 30's; world economic growth is forecast to fall to only 0.5 percent in 2009. Despite major stimulus packages announced by several countries, trade volumes have shrunk sharply during the year but gradual recovery in the global economy is now being forecast, as the impact of the expansionary fiscal and monetary policies starts to set in.

The Indian economy, moving comparatively well on the strength of its own fundamentals and overall conservative policies, could not entirely escape the widespread decline. Accordingly, in 2008-09, it is felt that the actual growth of the economy may have been around 6.5-7% against around 9% during the last 3 years. This decline has naturally affected the demand pattern in almost all industries and the Textiles sector has been severely affected. Our Government has taken various measures to counter the situation. Inflation is now touching nearly 0% levels and it is generally expected that some revival in demand may be in sight. At the same time, the Rupee, which remained strong during the preceding year, has depreciated against various currencies which bodes well for most manufacturing industries, particularly the Export sector.

However, a great deal of uncertainty remains and experts are making different forecasts. The Indian elections have injected a further element of uncertainty in the situation. While it is hoped that the economy will gradually start moving forward under its own strength, we can only express very cautious optimism at this stage. The overall scenario of uncertainty cannot be said to be over.

WORKING AND FINANCE

	March 31, 2009	March 31, 2008
		(Lac Rs.)
Working for the year yielded a Profit/(Loss) before Depreciation and Tax of add: Depreciation	(712.22) 542.35	(1120.38) 636.72
	(1254.57)	(1757.10)
less: Exceptional Items (net)	118.90	970.34
Profit/(Loss) Before Tax	(1135.67)	(786.76)
add: Fringe Benefit Tax	20.57	24.45
Profit/(Loss) After Tax	(1156.24)	(811.21)
add: Balance brought forward	(12597.21)	(11786.00)
Leaving a Balance of which is carried forward	(13753.45)	(12597.21)

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

It would however be satisfying to note that despite the slowdown the Company achieved a higher production and sales of 40.7/49.9 lac meters of fabric (exports 23.4 lac meters) against 35.2/41.5 lac meters (exports 20.1 lac meters) respectively during last year. In value terms, sales during the year amounted to Rs.140 Crores against Rs.111 Crores last year, yielding an increase of 26%. The sales growth reflected initiatives taken by the Company in the areas of marketing and operations, without sacrificing strict control over, and

rationalization of, expenses. The management intends to increase focus on the higher market segments both domestically and globally, and expand product scope and ranges under the DIGJAM brand domestically to better capitalize on its recognition; all these steps are expected to add to the bottom line.

Despite prevailing macro level conditions, losses were reduced over the previous year by about 36% and physical operating levels have been satisfactory. Nonetheless gross working results during the year were below expectations, being hampered by persistent systemic liquidity constraints, uncertain sentiments and volatile input prices in Rupee terms. Release of additional working capital finance from Banks stands delayed. As it was imperative for the Company to make important capital investments and provide working capital to ramp up utilization, proactive steps were taken, (including discussions with the key stakeholder Arcil), to retain and apply available cash flows to the core business, and supplement this through capital injection. The Company has all along continued discussions and efforts towards value generating/unlocking measures and alignment of debt obligations in line with cash flows (including in light of general strain on the textile sector). While these issues could not all be brought to closure in the year, when achieved it is expected that they will equitably address debt arrears that have built up, while placing the Company on an even better footing to reinforce demonstrated growth.

Pursuant to Shareholders' approval for issue/allotment of Preference Shares of upto Rs. 45 Crores, as a first tranche 20,00,000 Cumulative Redeemable 8% Preference Shares of Rs.100/- each aggregating to Rs. 20 Crores were allotted during the year on a private placement basis. This was part of consistent efforts of the promoter group to support net worth re-building and strengthening the long term resource base of the Company; the funds have been utilized as intended. It is proposed to dispose of, subject to necessary approvals, Universal Clothing division at Faridabad where operations were already closed last year following sharp increases in wages/costs.

The more detailed Management Discussion & Analysis Report is also annexed hereto.

STATUTORY INFORMATION AND OTHER MATTERS

Our report on Corporate Governance alongwith the Auditors' certificate on its compliance, as required under Clause 49 of the Listing Agreement and information required under Section 217(1)(e) of the Companies Act, 1956 ("Act") read with Rule 2. of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 form part of this report and are annexed hereto. Information required under Section 217(2A) read with the Companies (Particulars of Employees) Rules 1975, as amended from time to time, form part of this report. However, as per the provisions of Section 219 (1)(b)(iv) of the Act, the Report and Accounts are being sent to all the members, excluding the statement containing particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the registered office of the Company or write to the Company Secretary for a copy thereof. The Company has not accepted any Fixed Deposits during the year and there are none outstanding on March 31, 2009. Relations with employees were 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 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.

DIRECTORS

During the year, the Government of Gujarat nominated Sri Sujit Gulati, Industries Commissioner, Gujarat on the Board in place of Smt. Gauri Kumar. We place on record our sincere appreciation for the valuable services rendered by Smt. Gauri Kumar during her tenure. The present term of Sri C.L. Rathi, Managing Director expires on May 31, 2009; a resolution is being proposed seeking approval for his re-appointment with effect from June 1, 2009. Sarvashri R.K. Choudhury and G. Momen 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.

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 all Shareholders for their continued support.

FOR AND ON BEHALF OF THE BOARD

New Delhi
April 29, 2009

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, 2009. 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 in the worsted textile segment and runs a fully equipped composite mill (ISO 9001 certified) manufacturing high quality worsted fabrics at Jamnagar, Gujarat. The worsted industry in the country comprises of a few mills in the organized sector and a number of units in the unorganized sector. The Company has been a notable player in this industry in India for more than 50 years. Its commitment to quality and customer orientation reflects in its strong nationally recognized and valuable brand DIGJAM, supported by an established National distribution channel. The

Company has a proven track record of design and manufacture of high quality fabrics.

The fabric manufacturing capacity of the present facilities is estimated at around 5.5 million meters 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 its brand visibility, strengthening marketing organization and closer interaction with channel partners.

The Company lays stress on international markets and has been exploring new areas. It has an international marketing team supported by an appropriate network abroad. 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.

OPERATIONS

The world economy is facing the most severe downturn since the Great Depression in 1930s. The Indian textile industry in particular has been one of the worst sufferers, following subdued domestic and overseas demand and pervasive liquidity crunch. The industry is highly export-weighted with about 60 percent of its exports to US, EU and Japan, which are facing recession, affecting the Indian textile exports.

During the first half of the year severe inflationary conditions prevailed resulting in tightening of monetary and fiscal policies by the authorities. However, these policies were softened since September '08, with ebbing of inflation. The Government announced several fiscal and monetary measures during the year, comprising, *inter alia*, additional spending, reduction in Cenvat rate, and a two percent interest subvention for labour-intensive export sectors etc. These measures are expected to help stimulate the economy.

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

Product : Fabrics	2008-09	2007-08	Change
Production (Lac Mtrs)	40.7	35.2	16%
Sales (Lac Mtrs):			
- Domestic	26.5	21.4	23%
- Exports	23.4	20.1	16%
	49.9	41.5	20%
Sales (Cr. Rs.)	139.9	111.0	26%

The Company's initiatives, particularly in the areas of marketing, and operations have yielded positive results in the sales growth. The Company emphasizes on enrichment of its product mix, with increasing share of premium varieties. It broadened its product range with super premium fabrics sourced from Holland & Sherry, Scotland - a highly acclaimed international brand. The average sales realizations in domestic as well as exports sales improved during the year.

The Company maintained strict control over expenses and has further rationalized many costs. The overall performance would have been better, but for all pervasive liquidity constraints - which affected inputs procurement and thereby operations.

The Company continues its efforts in the areas of operations and marketing efficiencies. It has planned significant investment in upgrading the IT infrastructure, including installation of ERP package, which will help better planning and control of operations. The Company expects to better its performance on improvement in liquidity and economic conditions.

DIGJAM LIMITED

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 care of 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 are regarded as being 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 29, 2009

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, 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 40 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 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 5 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), Sri Sujit Gulati, Industries Commissioner, who has been nominated by the Government of Gujarat in place of Smt. Gauri Kumar and Sri R.K. Choudhury (Senior Consultant & Advocate) who more than 3 years ago ceased to be a partner of the reputed firm of Advocates, Khaitan & Co. (who act for the Company from time to time). Sri S.K. Birla, Chairman (Industrialist with wide experience) and Sri Sidharth Birla, Vice-Chairman (MBA, B.Sc. (Hons.)) represent promoters. 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 attendance**	Attendance at last AGM	B/C/Ch+	Sitting Fees Paid Rs.	No. of Shares held
Sri S.K. Birla	P	4/4	No	6/-	24,000	37,589
Sri Sidharth Birla	P	4/4	Yes	7/-	20,000	2,000
Sri R.K. Choudhury	I	1/4	No	15/2/1	56,000	-
Dr. G. Goswami	I	4/4	No	8/5/1	1,12,000	-
Smt. Gauri Kumar (upto June 23, 2008)	N/I	-/1	No	8/-	Nil	-
Sri G. Momen	I	3/4	No	13/7/1	24,000	-
Sri A.C. Mukherji	I	4/4	Yes	8/4/5	1,24,000	116
Sri Sujit Gulati (wef June 23, 2008)	N/I	-/3	No	7/-	Nil	-
Sri C.L. Rathi	E	4/4	Yes	3/1/-	-	-

*: P = Promoter, I = Independent, N = Nominee, E = 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 and the Risk Management Procedure framed by the Board.

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 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 Company Secretary, in consultation with the Chairman and papers are circulated to all Directors in advance. Directors have access to the Company 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 4 times on April 25, July 28, October 31, 2008 and January 29, 2009. To enable fuller attention to the affairs of the Company, the Board delegates specified matters to its committees, which also prepares groundwork for decision-making and reports 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), Dr. G. Goswami and Sri G. Momen 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 4 times on April 25, July 28, October 31, 2008 and January 29, 2009 during the year attended

by Sri A.C. Mukherji (4/4), Dr. G. Goswami (4/4) and Sri G. Momen (3/4). Sri G.K. Sureka, Company Secretary, acts as the Secretary to the committee.

Remuneration Committee

The Remuneration Committee comprises of non-executive Independent Directors, namely Sri R.K. Choudhury, Sri A.C. Mukherji, Dr. G. Goswami and Sri G. Momen. 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. Rathi, 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. Details of remuneration paid to Sri C.L. Rathi are given elsewhere in this Annual Report. The term of Sri C.L. Rathi as Managing Director will be expiring on May 31, 2009. After close of the year, the Remuneration Committee and the Board of Directors at their respective meetings have, subject to appropriate approvals, reappointed Sri C.L. Rathi as Managing Director with effect from June 1, 2009 for a period of three years on a remuneration by way of salary Rs. 1.75 lac per month, housing facility/allowance upto 60% of salary and perquisites, which shall also be payable as minimum remuneration and is detailed in the resolution for approval of the members which has been included in the notice for the ensuing Annual General Meeting in this Annual Report. Necessary application to the Central Government would be made in due course.

There are no severance fees, other benefits, bonus or stock options. Either party may terminate the appointment on three months' notice in writing. The Company does not have any pecuniary relationship or transactions with any non-executive Director.

Share Transfer & Shareholders/Investors Grievance Committee

The committee reviews, records and helps expedite transfer of shares. The Company has about 86,000 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 (Chairman), Sri A.C. Mukherji, Dr. G. Goswami, Sri C.L. Rathi, Sri U.C. Jain and Sri G.K. Sureka. 140 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, 2009.

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. Rathi 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 July 10, 2006, September 11, 2007 and September 26, 2008. 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. Special Resolutions were approved at the AGMs held on July 10, 2006 for appointment of Auditors U/s.224A and issue of Right Equity Shares aggregating to Rs. 25 Crores and on September 26, 2008 to amend Article 141.a of the Articles of Association of the Company to provide for appointment of only one Nominee Director by Government of Gujarat. Besides, Special Resolutions pertaining to change of Company's name and issue of Preference Shares upto Rs. 45 Crores were approved at the Extraordinary General Meeting held on March 17, 2008. No Special Resolution was put through postal ballot in the previous year and there is no item in the notice for the forthcoming AGM requiring postal ballot. However, prescribed steps are being separately taken for obtaining the approval of the shareholders through postal ballot for the Ordinary Resolution U/s. 293(1)(a) of the Companies Act, 1956 for the disposal of Universal Clothing Division of the Company at Faridabad where operations had ceased last year. 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. Rathi, the Managing Director. Dividends have not been declared over the last 3 financial years and thus there was no date of mailing nor delay in payment.

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 dematerialized 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, 2009, 6,73,67,015 Equity Shares representing 98.00% of the total Equity Shares were held in dematerialised form and balance 13,74,636 shares representing 2.00 % 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, 2009

Shareholding range (Nos.)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	79,972	93.04	63,04,867	9.17
501 - 1000	3,323	3.87	27,14,050	3.95
1,001 - 2,000	1,481	1.72	22,76,365	3.31
2,001 - 5,000	767	0.89	25,27,906	3.68
5,001 - 10,000	230	0.27	16,65,480	2.42
10,001 and above	181	0.21	5,32,52,983	77.47
Total	85,954	100.00	6,87,41,651	100.00

This Statement is on the basis of the Shareholding pattern as on March 31, 2009 submitted to the Stock Exchanges.

Pattern of Equity Shareholding as on March 31, 2009

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Banks, FIs, Insurance Companies	56	0.07	87,71,347	12.76
Domestic Companies	930	1.08	4,11,33,170	59.83
Mutual Funds (incl. UTI)	7	0.01	3,451	0.01
Non-residents	2,040	2.37	4,14,147	0.60
Resident Individuals/others	82,921	96.47	1,84,19,536	26.80
Total	85,954	100.00	6,87,41,651	100.00

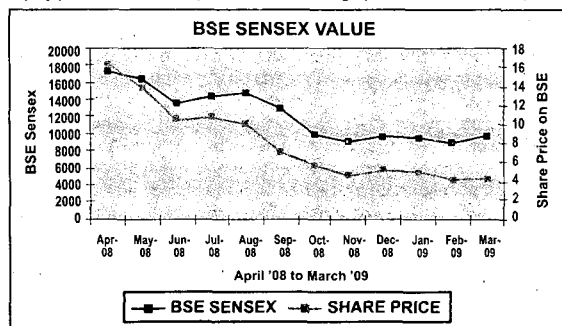
This statement is on the basis of Shareholding pattern as on March 31, 2009 submitted to the Stock Exchanges.

Aggregate of non-promoter shareholding: 73.84 %.

Monthly High and Low Market Price Data of Equity Shares (April, 2008 to March, 2009)

	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Year 2008				
April	17.65	13.70	17.60	13.70
May	16.90	13.55	16.95	13.30
June	15.50	10.50	14.90	10.30
July	12.00	8.05	11.15	8.05
August	12.75	9.95	12.00	10.00
September	11.00	6.78	10.75	6.75
October	7.70	4.52	7.90	4.50
November	6.40	4.00	6.25	4.20
December	6.50	4.46	6.65	4.25
Year 2009				
January	6.48	4.32	6.75	4.10
February	5.25	4.17	5.00	4.10
March	4.50	3.60	4.75	3.60
During the year	17.65	3.60	17.60	3.60

Equity performance in comparison to BSE during April 1, 2008 to March 31, 2009



MANDATORY/NON-MANDATORY PROVISIONS

We have adopted all mandatory requirements (except where not relevant or applicable). Of the non-mandatory suggestions, we have adopted those relating to a Chairman's Office. There have been no transactions of a material nature of the Company with its promoters, Directors or the management, their subsidiaries or relatives, etc. and accordingly no potential conflict with the interests of the Company. Disclosure pursuant to regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 of persons constituting "Group" include the following : Sri S.K. Birla, Smt. Sumangala Birla, Sri Sidharth Birla, Smt. Madhushree Birla, Ms Meenakshi Birla, Birla Eastern Ltd., Birla Holdings Ltd., Central India General Agents Ltd., iPro Capital Ltd, Janardhan Trading Co. Ltd., Nathdwara Investment Co. Ltd., Sukriti Education Society and Sushila Birla Memorial Institute. There has been no case of non-compliance by the Company nor any strictures or penalties imposed by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets. The above represents the Company's philosophy on, and implementation of, its corporate governance. Auditor's certification as required forms a part of this Annual Report.

FOR AND ON BEHALF OF THE BOARD

New Delhi
April 29, 2009

S. K. BIRLA
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of DIGJAM Limited

We have examined the compliance of conditions of Corporate Governance by **DIGJAM Limited** for the year ended on March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins and Sells
Chartered Accountants

Gaurav J Shah
Partner

Place : New Delhi
Date : April 29, 2009

Membership No. 35701

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES

This is to confirm that the Company has received affirmation of compliance with "Code of Conduct for Directors and Senior Executives" which was approved vide circulatory resolution on December 30, 2005 by the Board of Directors of the Company, from all the Directors and Senior Executives of the Company to whom the same is applicable, for the year ended March 31, 2009.

Place : New Delhi
Date : April 29, 2009

C. L. RATHI
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2009.

A. Conservation of Energy

- a. Energy conservation measures taken:
 - The conventional 5' tube lights are being replaced in phases with energy efficient 4' tube lights. Further, the lighting layout in the departments is being modified to improve the illumination while reducing the number of light points. Besides, the working of the AC plant is being regularly monitored to control energy consumption.
- b. Additional Investments and proposals being implemented for reduction of consumption of energy:

It is planned to continue with replacement of 5' conventional tube lights by 4' energy efficient tube lights and also modify the lighting layout to improve the illumination in the departments not covered so far. A number of other proposals for energy conservation are under study.

- c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

These measures are expected to lead to reduction in energy consumption per unit of production and bring about savings in cost of production.

- d. Total energy consumption and energy consumption per unit of production:

As per Form - A annexed.

B. Technology Absorption

- e. Efforts made in technology absorption:

As per Form - B annexed.

C. Foreign Exchange Earnings and Outgo

- f. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plan:

Our Company has taken steps to capitalize on the opportunity provided by abolition of quotas for textiles to expand the export of Fabrics in different markets. With a view to meet the requirements of European buyers, we have also got our fabrics certified as meeting the human-ecological standards for wearing next to the skin (Oeko-Tex Standard 100) as required under European Regulations and continue to work on developing various finishes like Nano for oil and soil repellency with soft handle, etc. While the marketing arrangements have been revamped in USA/UK, we have met with some success in Europe and the Far East. Despite the unfair pricing by some competing neighboring countries and the current global recession, exports have grown during the year.

- g. Total Foreign Exchange used and earned: (Lac Rs.)

	2008-09	2007-08
- Used	3210	3016
- Earned	5957	4873

ANNEXURE

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. POWER & FUEL CONSUMPTION

	2008-09	2007-08
1. Electricity		
a. Purchased Units (in thousand)	17,848	17,607
Total amount (Rs. in thousand)	1,11,588	96,366
Avg. rate/Unit (Rs.)	6.25	5.47
b. Own Generation		
Through Diesel Generator		
Units (in thousand)	181	195
Units per Ltr. of Diesel Oil	2.92	2.94
Avg. Cost/Unit (Rs.)	13.70	12.13
2. Coal (Steam Coal and Lignite used in Boiler for steam)		
Qty. (M. Tonnes)	10,022	10,171
Total cost (Rs. in thousand)	38,534	21,250
Avg. rate/Unit (Rs.)	3,845	2,089
3. Diesel (used in Boiler for Steam)		
Qty. (Ltr.)	—	6,800
Total Cost (Rs. in thousand)	—	173
Avg. rate/Unit (Rs.)	—	25.50

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	2008-09	2007-08
Fabric/Shawls (per Mtr.)		
- Electricity (KWH)	4.43	5.00
- Coal (Steam & Lignite Kg/Mtr.)*	2.46	2.89
Garments (per piece)		
- Electricity (KWH)	—	1.53
- Diesel (Ltr.)*	—	0.05

* For generation of steam.

Note: The data reported for this year, pertain only to the fabrics division at Jamnagar as the garments division at Faridabad had ceased operations during the previous year.

ANNEXURE

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D):

- Specific areas in which R&D carried out by the Company:
 - Product development by using new fibres and new processes.
 - New finishes.
 - Improvement in quality.
 - Process and System improvement.
 - Energy conservation.
 - Increased productivity.

- Benefits derived as a result of the above R&D:
 - Fabrics certified in accordance with Oeko-Tex Standard 100 as meeting the human ecological standards for products with direct contact to skin.
 - Improvement in quality and marketability of existing products.
 - Increased variety of fabric finishes like bio-polishing, 100% wool washable fabrics and Nano finished fabrics.
 - Control of Inventory
- Future Plan of action:

Emphasis on product development, product quality, cost reduction, energy conservation, improvement in process, productivity, safety and ecology.
- Expenditure on R&D:

	2008-09	2007-08
a. Capital	—	—
b. Recurring	19.22	16.25
c. Total	19.22	16.25
d. Total R&D expenditure as a percentage of total turnover	0.14%	0.14%

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

- Efforts, in brief, made towards technology absorption, adaptation and innovation :

Regularly in contact with Research Organizations in India and abroad, such as Woolmark Company, Hohenstein Textile Testing Institute, Germany.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. :
 - Better and easier availability of materials.
 - Improved productivity and improved machine performance resulting in saving in process cost.
 - Less dependence on imported items and saving of foreign exchange outgo.
 - Technology upgradation to meet the specifications of exportable products.
 - Increase in product range.
 - Imparting a variety of finishes to fabrics such as Nano finish to all types of fabrics and washable, to 100% wool fabrics.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information is being furnished:

a. Technology imported	:)
b. Year of Import	:)
c. Has Technology been fully absorbed?	:) NONE
d. If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action	:)

FOR AND ON BEHALF OF THE BOARD

Place: New Delhi
Date: April 29, 2009

S. K. BIRLA
Chairman

AUDITORS' REPORT**To the Members of DIGJAM Limited**

1. We have audited the attached Balance Sheet of DIGJAM Limited as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the 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 that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. *Attention is invited to Note No. 4 of Schedule 15 regarding advances of Rs. 880.63 lacs towards purchase of building, considered good by the management, on which in absence of necessary evidences, we are unable to comment upon ultimate recoverability of the same.*
 - g. *Subject to our comment in paragraph f above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

- (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of cash flows of the Company for the year ended on that date.

For Deloitte Haskins and Sells
Chartered Accountants

Gaurav J Shah
Partner

Place: New Delhi
Date: April 29, 2009

Membership No. 35701

ANNEXURE TO THE AUDITORS' REPORT**(Referred to in paragraph 3 of our report of even date)**

1. The nature of the Company's activities during the year is such that the requirements of clause (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.
2. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) According to the information and explanations given to us, the Company has a programme of physical verification of major fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off a substantial part of the fixed assets during the year.
3. (a) As informed to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
4. (a) The Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (a), (b), (c) and (d) of clause 4(iii) are not applicable to the Company.
 - (b) The Company has obtained unsecured loans, repayable on demand, from two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1525 lacs and the year end balance of such loans was Rs. 920.00 lacs.
 - (c) In our opinion and according to the information and explanations given to us, the rates of interest charged are not prima facie prejudicial to the interest of the Company. There are no other terms and conditions for those loans.

(d) The Company is regular in repaying the principal amount, when demanded and has been regular in payment of interest.

(e) Further the Company is maintaining current account with one company listed in the register maintained under Section 301 of the Act.

5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for sale of goods. During the course of audit, we have not observed any continuing failure to correct material weaknesses in such internal control system.

6. (a) According to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, each of these transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except in cases of certain transactions being of specialized nature, where as explained, no alternative quotations / sources are available.

7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public during the year, accordingly the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public are not applicable. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

9. We have broadly reviewed the books of account and records relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the said records.

10 (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, service tax, excise duty, cess and other material statutory dues applicable to it during the year. There were no arrears as at March 31, 2009 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, details of dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which have

not been deposited as on March 31, 2009 on account of any dispute are given below:

Particulars	Period to which the matter pertains	Forum where matter is pending	Amount Rs. in lacs
Sales Tax – Penalty	1999-00	Dy. Excise & Taxation Commissioner – Jt. Director (Mobile Wing) (Appellate Authority), Jalandhar Division	3.55
Sales Tax	1985-86	Assistant Collector	1.18
Wealth Tax	1996-97 & 1997-98	Commissioner of Income Tax	13.40

In view of Interim Stay Order granted by the Hon'ble High Court of Gujarat, for assesseees of the state, the Company has deposited Fringe Benefit Tax amounting to Rs. 2.54 lacs and Rs. 9.18 lacs for Assessment Year 2006-07 and 2007-08 respectively, in a separate bank account held for the purpose.

11. The Company's accumulated losses at the end of the year are more than fifty percent of its net worth. The Company incurred cash loss during the year and during the immediately preceding financial year.
12. According to the information and explanations given to us and records made available, the Company has not defaulted in repayment of dues to financial institutions and banks except overdue amount aggregating to Rs. 324.79 lacs to financial institutions as at the balance sheet date, accruing over a period from year 2000-01. The Company has not issued any debentures.
13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans availed by the Company have been applied by the Company for the purposes for which they were obtained.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used for long-term investments during the year.
17. The Company has not made any preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Companies Act, 1956.
18. During the year, no debentures have been issued by the Company and hence the question of creating securities or charges thereof does not arise.
19. During the year, the Company has not raised money by way of Public Issue.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins and Sells
Chartered Accountants

Gaurav J Shah
Partner

Place: New Delhi
Date : April 29, 2009

Membership No. 35701

**BALANCE SHEET
AS AT MARCH 31, 2009**

	Schedule	As at March 31, 2009	(Lac Rs.) As at March 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	88,75.79	68,75.79
LOANS			
Secured	2	127,84.46	133,01.75
Unsecured	3	18,82.47	29,14.84
		<u>235,42.72</u>	<u>230,92.38</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	249,77.28	251,39.55
Less : Depreciation		187,60.07	184,43.94
Net Block		62,17.21	66,95.61
Capital Work-in-progress		28.55	7.97
		<u>62,45.76</u>	<u>67,03.58</u>
INVESTMENTS			
	5	4,41.20	4,41.80
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	39,84.85	45,00.89
Sundry Debtors	7	31,57.20	26,41.91
Cash & Bank Balances	8	60.66	2,20.88
Loans & Advances	9	13,92.31	14,50.72
		<u>85,95.02</u>	<u>88,14.40</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	10	50,05.38	50,18.43
Provisions	11	4,87.33	4,46.18
		<u>54,92.71</u>	<u>54,64.61</u>
NET CURRENT ASSETS		<u>31,02.31</u>	<u>33,49.79</u>
PROFIT & LOSS ACCOUNT		<u>137,53.45</u>	<u>125,97.21</u>
		<u>235,42.72</u>	<u>230,92.38</u>
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES			
	15		

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner
Membership No. 35701

New Delhi
April 29, 2009

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA G. GOSWAMI
S. BIRLA A. C. MUKHERJI
Directors

DIGJAM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	2008-09	(Lac Rs.) 2007-08
INCOME			
Sales		139,92.89	111,04.63
Other Income	12	1,01.41	95.75
		<u>140,94.30</u>	<u>112,00.38</u>
EXPENDITURE			
Materials	13	64,95.94	46,34.40
Manufacturing & Other Expenses	14	72,12.05	68,44.15
Interest and Financial Charges (Note 9)		10,98.53	8,42.21
		<u>148,06.52</u>	<u>123,20.76</u>
PROFIT/(LOSS) BEFORE DEPRECIATION AND TAX			
Depreciation		(7,12.22)	(11,20.38)
		<u>5,42.35</u>	<u>6,36.72</u>
		(12,54.57)	(17,57.10)
Exceptional items (Note 12)		1,18.90	9,70.34
PROFIT/(LOSS) BEFORE TAX			
Fringe Benefit Tax		(11,35.67)	(7,86.76)
		<u>20.57</u>	<u>24.45</u>
NET PROFIT/(LOSS) FOR THE YEAR			
Balance brought forward		(11,56.24)	(8,11.21)
		<u>(125,97.21)</u>	<u>(117,86.00)</u>
Balance carried to Balance Sheet		<u>(137,53.45)</u>	<u>(125,97.21)</u>
Earnings Per Share (EPS) (Note 22)			
Without considering Exceptional Items :			
Basic & Diluted Earnings per Share - Rs.		(1.88)	(2.59)
After considering Exceptional Items :			
Basic & Diluted Earnings per Share - Rs.		(1.71)	(1.18)

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

15

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner
Membership No. 35701

New Delhi
April 29, 2009

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA G. GOSWAMI
S. BIRLA A. C. MUKHERJI
Directors

SCHEDULES

		Par Value	March 31, 2009	(Lac Rs.) March 31, 2008
		Rs.		
1. SHARE CAPITAL				
Authorised				
8,00,00,000	Equity Shares	10	80,00.00	80,00.00
25,00,000	Preference Shares	100	25,00.00	25,00.00
2,00,00,000	Cumulative Redeemable Preference Shares	10	20,00.00	20,00.00
			125,00.00	125,00.00
Issued				
6,87,51,400	Equity Shares	10	68,75.14	68,75.14
20,00,000	8% Cumulative Redeemable Preference Shares	100	20,00.00	-
			88,75.14	68,75.14
Subscribed & Paid Up				
6,87,41,651	Equity Shares	10	68,74.16	68,74.16
	Add : Forfeited Shares		1.63	1.63
			68,75.79	68,75.79
20,00,000	8% Cumulative Redeemable Preference Shares (redeemable on expiry of 10 Years from the date of allotment i.e. February 23, 2009; with option to preference shareholders to call for redemption after 5 years from the date of allotment by giving a notice of three months.)	100	20,00.00	-
			88,75.79	68,75.79

Subscribed shares as above, are fully paid up, and include following Equity Shares :

- 9,44,084 Equity Shares issued as fully paid up Bonus Shares by way of capitalisation of reserves;
- 3,24,849 Equity Shares issued for consideration otherwise than in cash.

2. SECURED LOANS*

ARCIL	84,53.19	87,79.19
Financial Institutions	10,01.08	10,56.54
Banks	33,30.19	34,66.02
*Refer Note 6	127,84.46	133,01.75

3. UNSECURED LOANS*

Short Term :		
Financial Institutions	2,75.94	2,27.02
Trade Deposits	2,02.53	2,00.32
Others	14,04.00	24,87.50
*Refer Note 6	18,82.47	29,14.84

4. FIXED ASSETS #

	Gross Value			Depreciation		Net Value		
	As at Mar 31, 2008	Addi- tions	Sale/ Adjust- ments	As at Mar 31, 2009	For the year	Upto Mar 31, 2009	As at Mar 31, 2009	As at Mar 31, 2008
Land	13,18.99	-	47.35	12,71.64	-	-	12,71.64	13,18.99
Building	27,17.15	-	1.09	27,16.06	49.97	15,34.05	11,82.01	12,32.42
Plant & Machinery	207,99.86	2,56.79	3,61.96	206,94.69	4,75.59	170,51.28	36,43.41	40,25.84
Furniture Fitting & Equipment	2,10.94	19.04	29.25	2,00.73	8.47	1,34.93	65.80	61.49
Vehicles	92.61	11.24	9.69	94.16	8.32	39.81	54.35	56.87
Total	251,39.55	2,87.07	4,49.34	249,77.28	5,42.35	187,60.07	62,17.21	66,95.61
Previous year	252,05.47	15.25	81.17	251,39.55	6,36.72	184,43.94	66,95.61	

Refer Note 1

DIGJAM LIMITED

SCHEDULES (Contd.)

	<u>March 31, 2009</u>	(Lac Rs.) <u>March 31, 2008</u>
5. INVESTMENTS - Long Term		
Unquoted		
In Government Securities	-	0.58
Other than Trade Investments	Face Value	
Fully paid up Equity Shares	Rs.	
Unquoted		
- The Singareni Collieries Co. Limited (2008 : 200 shares)	10	0.02
44,12,000 OCM India Limited [Note 6 (i) (a)]	10	4,41.20
	<u>4,41.20</u>	<u>4,41.80</u>
Aggregate Book Value	<u>4,41.20</u>	<u>4,41.80</u>
- Unquoted Investments	<u>4,41.20</u>	<u>4,41.80</u>
6. INVENTORIES		
Finished Stocks	16,08.12	18,86.05
Stock in Process	16,76.42	17,26.67
Other Stocks:		
- Raw Materials & Components	4,21.03	5,76.64
- Stores & Spare Parts	2,79.28	3,11.53
	<u>39,84.85</u>	<u>45,00.89</u>
7. SUNDRY DEBTORS		
(Considered good)		
Over Six Months (Net) (Note 3)	2,03.94	1,73.87
Others	29,53.26	24,68.04
	<u>31,57.20</u>	<u>26,41.91</u>
Sundry Debtors include :		
Secured Debts	61.34	58.34
Unsecured Debts	30,95.86	25,83.57
	<u>31,57.20</u>	<u>26,41.91</u>
8. CASH & BANK BALANCES		
Cash & Cheques in hand	3.51	4.83
Balances with Scheduled Banks		
- Current Accounts	35.55	36.45
- Fixed Deposit Accounts	21.60	1,79.60
	<u>60.66</u>	<u>2,20.88</u>
9. LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received (Net) (Note 4)	10,94.30	11,61.69
Tax deducted at source (Net of Provision)	1,16.78	1,08.35
Deposits with Government Departments and others	1,81.23	1,80.68
	<u>13,92.31</u>	<u>14,50.72</u>
10. CURRENT LIABILITIES		
Sundry Creditors (Note 5)	44,46.90	46,14.64
Interest accrued but not due on loans	5,58.48	4,03.79
	<u>50,05.38</u>	<u>50,18.43</u>

SCHEDULES (Contd.)

	March 31, 2009	(Lac Rs.) March 31, 2008
11. PROVISIONS		
Fringe Benefits Tax (Net of Advance)	8.21	8.81
Retirement Benefits	4,79.12	4,37.37
	<u>4,87.33</u>	<u>4,46.18</u>
	<u>2008-09</u>	<u>2007-08</u>
12. OTHER INCOME		
Miscellaneous Income	56.05	82.43
Excess Provisions/Liabilities Written Back (Net)	45.36	13.32
	<u>1,01.41</u>	<u>95.75</u>
13. MATERIALS		
(Increase)/Decrease in Stocks - Schedule 'A'	3,28.18	(2,31.21)
Purchase of Finished/Semi Finished Goods	10,36.00	6,68.32
Consumption of Raw Materials & Components - Schedule 'B'	51,31.76	41,97.29
	<u>64,95.94</u>	<u>46,34.40</u>
A. (INCREASE) / DECREASE IN STOCKS		
Opening Stocks :		
Finished Goods	18,86.05	19,46.13
Stock-in-Process	17,26.67	14,35.38
	<u>36,12.72</u>	<u>33,81.51</u>
Closing Stocks :		
Finished Goods	16,08.12	18,86.05
Stock-in-Process	16,76.42	17,26.67
	<u>32,84.54</u>	<u>36,12.72</u>
	<u>3,28.18</u>	<u>(2,31.21)</u>
B. CONSUMPTION OF RAW MATERIALS		
Opening Stock	5,76.64	6,61.40
Add : Purchases & expenses thereon	50,57.57	42,12.43
	<u>56,34.21</u>	<u>48,73.83</u>
Less : Sales, Returns & Transfers	81.42	99.90
Less : Closing Stock	4,21.03	5,76.64
	<u>5,02.45</u>	<u>6,76.54</u>
	<u>51,31.76</u>	<u>41,97.29</u>
Profit/Loss on sale of Raw Material & Stores are adjusted in their respective consumption accounts.		
14. MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses - Schedule 'A'	29,60.48	25,76.07
Personnel Expenses - Schedule 'B'	18,01.99	19,34.47
Administrative Expenses - Schedule 'C'	5,39.97	6,00.69
Selling Expenses - Schedule 'D'	19,09.61	17,32.92
	<u>72,12.05</u>	<u>68,44.15</u>

SCHEDULES (Contd.)

	2008-09	(Lac Rs.) 2007-08
A. MANUFACTURING EXPENSES		
Processing Expenses	4,84.13	5,08.67
Power & Fuel	15,59.15	12,45.57
Repairs & Maintenance :		
- Buildings	36.23	29.60
- Plant & Machinery	2,59.28	2,37.11
- Others	9.42	15.55
Stores & Spare Parts Consumed	6,12.27	5,39.57
	<u>29,60.48</u>	<u>25,76.07</u>
B. PERSONNEL EXPENSES		
Salaries, Wages, Bonus, etc.	13,62.69	14,91.69
Contribution to Provident & Other Funds	2,65.69	2,75.56
Employees Welfare	1,73.61	1,67.22
	<u>18,01.99</u>	<u>19,34.47</u>
C. ADMINISTRATIVE & OTHER EXPENSES		
Directors Fees	3.60	4.00
Insurance	15.51	37.62
Loss on Sale of Fixed Assets (Net)	3.81	35.96
Loss/(Profit) on Sale/write-off of Investments (Net)	0.56	(0.07)
Miscellaneous Expenses	2,16.03	1,96.14
Professional & Legal Fees and Expenses	1,40.26	1,52.99
Rates & Taxes	19.85	23.74
Rent	27.31	29.25
Travelling Expenses	1,13.04	1,21.06
	<u>5,39.97</u>	<u>6,00.69</u>
D. SELLING EXPENSES		
Advertisement & Sales Promotion	7,91.27	8,11.41
Brokerage, Rebate, Discount & Commission	7,52.96	5,98.89
Freight & Other Expenses	3,65.38	3,22.62
	<u>19,09.61</u>	<u>17,32.92</u>

15. NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

1. Accumulated Depreciation upto March 31,2009 (Schedule 4) includes impairment loss on Plant & Machinery - Rs. 22.79 lacs (Previous year: Rs. 22.79 lacs).
2. Closing Stock of Raw Materials, Finished Goods and Stores & Spare Parts includes those in transit/bonded warehouse and/or with third parties Rs. 1,46.86 lacs (Previous year: Rs. 4,28.68 lacs).
3. Debtors over six months are net of provision of Rs. 5,20.28 lacs (Previous year: Rs 5,20.67 lacs). Provision made for bad and doubtful debts – Rs. 5.45 lacs (Previous year : Rs 5.84 lacs). Bad Debts written off against provisions – Rs. 5.84 lacs (Previous year: Rs. 14.45 lacs).
4. Advances are net of provision of Rs. 8,77.85 lacs (Previous year – Rs. 9,76.33 lacs). These advances include (i) Rs. 8,80.63 lacs (Previous year: Rs. 8,80.63 lacs) towards building, the physical possession of which has been arbitrarily withheld by the developer. The Company has taken necessary steps to get the possession of the said building/recovery of amounts paid alongwith interest. Necessary recognition of interest etc., if any, will be made on settlement of the ongoing legal/arbitration proceedings: (ii) Interest-free loans to employees – Rs. 2.64 lacs (Previous year: Rs. 3.07 lacs), maximum amount due during the year – Rs. 12.13 lacs (Previous year: Rs. 6.40 lacs). (iii) Provision made against doubtful Advances - Nil (Previous year : Rs. 0.48 lacs) (iv) Advances written off against provisions – Rs. 98.48 lacs (Previous year: Nil).
5. a. Sundry creditors include (i) Acceptances Rs. 12,63.47 lacs (Previous year: Rs. 13,88.97 lacs), (ii) Earnest Money towards sale of properties – Rs 3,00.00 lacs (Previous year : Nil) (iii) Advances from customers Rs. 1,04.54 lacs (Previous year: Rs. 70.92 lacs).
b. The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.
6. i. Secured Loans
a. Rupee Loans, Birla VXL Loan Series I (BLS-I) and Birla VXL Loan Series II (BLS-II), from Asset Reconstruction Company (India) Limited ("ARCIL") – Rs. 84,53.19 lacs (Previous year: Rs. 87,79.19 lacs) and from Banks – Rs. 1,70.24 lacs (Previous year:

SCHEDULES (Contd.)

Rs. 2,35.07 lacs) are secured by first *pari passu* charge on fixed assets at Jamnagar and Faridabad, DIGJAM brand and by pledge of shares in OCM India Ltd. held by the Company as well as by pledge of promoters' shareholding in the Company as per the Scheme.

- b. Loans from Banks for purchase of vehicles – Rs. 13.62 lacs (Previous year: Rs. 13.36 lacs) are secured against the vehicles purchased out of those loans.
- c. Working capital borrowings from banks of Rs. 31,46.33 lacs (Previous year: Rs. 32,17.59 lacs) are secured by hypothecation of stocks, and by second charge on fixed assets of Jamnagar division.
- d. In terms of the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the Appointed Date of which was July 1, 2004) ("Scheme"), on occurrence of event of default, as specified therein, the remedies of the Existing Lenders would include, *inter alia*, revocation of reliefs and concessions granted under the Scheme, which will be accounted for if and when so determined.
- e. In view of assignment of financial assistance to ARCIL, under Section 5 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, no reference is/was required to be made by the Company to the BIFR as provided under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- f. Loan of Rs. 1,27.00 lacs (Previous year: Rs. 1,82.46 lacs) from Housing Development Finance Corporation Limited is secured/to be secured by mortgage on specified immovable properties.
- g. Loan of Rs. 8,74.08 lacs (Previous year: Rs. 8,74.08 lacs) from Export Import Bank of India (Exim Bank) is secured by a mortgage and hypothecation, subservient to the charges for BLS-I and BLS-II and working capital loans, over the moveable and immoveable fixed assets of the Company situated at Jamnagar, both present and future.
- h. In terms of the Scheme, the Company shall file necessary particulars and/or modification(s) of charge and/or satisfaction of charge, as may be required to give effect to the relevant provisions of the Scheme.
- ii. Unsecured Loans include interest accrued and due on unsecured loans- Rs. 2,30.94 lacs (Previous year: Rs. 1,82.02 lacs).
- 7. Foreign exchange gain/(loss) (net) of Rs. (79.27) lacs (Previous year: Rs. 1,20.07 lacs) has been included in respective heads of the Profit and Loss Account.

8. Payment to Auditors		(Lac Rs.)
	2008-09	2007-08
a. Audit Fees	6.00	6.00
b. Taxation Matters	8.65	-
c. For other services – Certification etc	-	0.19*
d. Reimbursement of expenses and Service Tax	2.91	2.68*

* including to previous Auditors

- 9. a. Interest and Financial Charges includes: (i) Interest: on Fixed Loans – Rs. 70.14 lacs (Previous year: Rs. 70.64 lacs); on Others - Rs. 9,02.53 lacs (Previous year: Rs. 6,66.75 lacs) which is net of interest income Rs. 69.94 lacs (Previous year: Rs. 79.63 lacs) (ii) Financial Charges: Bank Charges and Commission etc.- Rs. 1,25.86 lacs (Previous year: Rs. 1,04.82 lacs).
- b. Tax deducted at source on: Processing charges - Rs. 0.95 lacs, Interest Rs. 6.33 lacs, Professional/Service charges Rs. 0.58 lacs and Commission - Rs.0.62 lacs (Previous year: Rs. 2.80 lacs, Rs. 10.90 lacs, Rs. 1.74 lacs and Rs 0.36 lacs respectively).
- 10. a. Remuneration of the Managing Director consists of Salaries Rs. 21.00 lacs, approximate value of perquisites Rs.0.33 lacs, contribution to PF & other funds Rs. 5.86 lacs (Previous year : Rs. 21.00 lacs, Rs. 0.73 lacs, and Rs. 5.86 lacs respectively). These exclude accumulated amount of gratuity (funded through LIC fund, contributions not separately identified).
- b. Directors' commission is not payable due to inadequacy of profits under Section 349 of the Companies Act, 1956 and thus computation is not given.
- 11. The Company is lessee under various operating leases under which Rental expenses for the year were Rs 27.31 lacs (Previous year: Rs 29.25 lacs). The Company has not executed any non-cancellable lease.
- 12. Exceptional items include :

Credits

- a. Net Profit on sale of certain inoperative fixed assets – Rs. 1,18.90 lacs (Previous year: Nil)
- b. Gain on settlement/reduction of unsecured loans liabilities - Nil (Previous year: Rs. 10,30.29 lacs).

Debits

- c. Compensation paid, on final settlement, to workers of UC Division – Nil (Previous year: Rs. 59.95 lacs).
- 13. Sales are reported net of turnover discount, returns claims and include - Job receipts and miscellaneous sales Rs. 11.20 lacs (Previous year: Rs. 62.96 lacs), Export Benefits, Claims etc. Rs.- 3,01.50 lacs (Previous year: Rs. 3,23.66 lacs).

SCHEDULES (Contd.)

14. Research and Development expenses Rs. 19.22 lacs (Previous year: Rs. 16.25 lacs), accounted for in the respective heads of the Profit & Loss Account.

15. Employee benefits:

The Company has defined benefit plans for gratuity to eligible employees, contributions for which are made to Life Insurance Corporation of India, who invests the funds as per the IRDA Regulations. The Company also provides leave encashment to the employees. The details of these defined benefit plans recognised in the financial statements are as under:

	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
(Lac Rs.)				
a. Reconciliation of opening and closing balances of the present value of defined benefit obligation				
Obligation at the beginning of the year	9,81.35	8,94.72	1,50.84	1,46.55
Current Service Cost	51.77	47.65	22.00	25.06
Interest Cost	78.51	72.17	12.07	12.02
Actuarial (gain)/loss	36.95	47.27	15.42	9.85
Benefits paid	(53.63)	(80.46)	(31.18)	(42.64)
Obligation at the end of the year	10,94.95	9,81.35	1,69.15	1,50.84
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, at fair value	6,94.82	6,36.39	-	-
Expected Return on Plan Assets	55.59	54.22	-	-
Actuarial gain/(loss)	14.33	3.05	-	-
Contribution	73.87	81.62	-	-
Benefits paid	(53.63)	(80.46)	-	-
Plan assets at the end of the year, at fair value	7,84.98	6,94.82	-	-
c. Net Liability recognised in Balance Sheet				
Obligation at the end of the year	10,94.95	9,81.35	1,69.15	1,50.84
Less : Plan assets at the end of the year, at fair value	7,84.98	6,94.82	-	-
Liability recognised in Balance Sheet as at 31.3.2009	3,09.97	2,86.53	1,69.15	1,50.84
d. Components of employer expense for the year				
Current service cost	51.77	47.65	22.00	25.06
Interest cost	78.51	72.17	12.07	12.02
Expected return on plan assets	(55.59)	(54.22)	-	-
Net Actuarial (gain)/loss	22.62	44.22	15.42	9.85
Net cost	97.31	1,09.82	49.49	46.93
e. Assumptions	%	%	%	%
Discount Rate (p.a.)	7.50	8.00	7.50	8.00
Expected Rate of Return on plan assets (p.a)	7.50	8.00	-	-
Expected rate of increase in compensation levels (p.a.)	6.50	5.00	6.50	5.00

16. In view of uncertainty that sufficient future taxable income will be available against unabsorbed depreciation and carried forward losses under tax laws, deferred tax asset has not been recognised.

17. Balances of some debtors, creditors, loans and advances, secured loans and unsecured loans are subject to confirmation and/or reconciliation.

18. The Company's physical and market operations improved during the year, despite current economic pressures globally and domestically (which conditions are reasonably expected to improve). The Board believes that adequate capital and resources are, and will be, available for sustained operations; strategic initiatives for further unlocking value of intangible and other assets and recent raising of capital resources will help rebuild net worth. Therefore, despite a negative net worth the Board expects, in all reasonableness, the Company to continue as a going concern and the financial statements have been accordingly drawn up.

SCHEDULES (Contd.)

19. Statistical Data :

A. Installed Capacity*	Units	March 31, 2009	March 31, 2008
Worsted Spindles	Nos.	14,800	14,800
Looms	Nos.	98	98
Wool Combing (per annum)	Kg.	13,05,000	13,05,000

*Installed Capacities are as certified by the Management

None of the products are covered under current IDR licensing norms. Hence, "Licensed Capacity" not reported.

B. Production	Units	2008-09	2007-08
Cloth*	Metres	40,69,244	35,21,678
Blankets & Shawls etc.	Pieces	1,554	-
Yarn for sale	Kg.	17,322	7,647
Garments**	Pieces	-	1,35,867

* Includes captive consumption

**Includes Job Work for others- Nil (Previous year : 1,00,024 pcs). Excludes outside Job Work 15,149 pcs (Previous year : 4,188 pcs).

C. Sales*	Units	2008-09		2007-08	
		Quantity	Lac Rs.	Quantity	Lac Rs.
Cloth	Metres	49,93,326	135,14.42	41,53,309	104,67.98
Blankets & Shawls etc.	Pieces	9,826	24.61	11,416	33.66
Yarn for sale	Kg.	17,322	7.84	7,647	3.39
Garments	Pieces	15,263	1,23.18	43,218	2,03.18
Others**			3,22.84		3,96.42
			139,92.89		111,04.63

* Excluding inter-unit Sales. Inclusive of shortage/excess, samples

** Includes Job Work for others

D. i Closing Stock	Units	March 31, 2009		March 31, 2008	
		Quantity	Lac Rs.	Quantity	Lac Rs.
Cloth	Metres	8,09,136	15,97.95	9,42,975	18,65.58
Blankets & Shawls etc.	Pieces	1,145	2.16	2,916	8.93
Garments	Pieces	2,378	4.43	1,963	4.87
Others			3.58		6.67
			16,08.12		18,86.05

D. ii Opening Stock	Units	April 1, 2008		April 1, 2007	
		Quantity	Lac Rs.	Quantity	Lac Rs.
Cloth	Metres	9,42,375	18,65.58	10,41,143	18,94.44
Blankets & Shawls etc.	Pieces	2,916	8.93	9,332	15.76
Garments	Pieces	1,963	4.87	14,573	28.75
Others			6.67		7.18
			18,86.05		19,46.13

E. Purchases*	Units	2008-09		2007-08	
		Quantity	Lac Rs.	Quantity	Lac Rs.
Cloth	Metres	8,12,432	10,17.54	5,43,549	6,40.87
Blankets & Shawls etc.	Pieces	6,501	12.03	5,000	8.75
Garments	Pieces	529	2.17	2,915	9.24
Others			4.26		9.46
			10,36.00		6,68.32

* Excluding inter-unit

DIGJAM LIMITED

SCHEDULES (Contd.)

F. Consumption of Raw Materials*	Units	2008-09		2007-08	
		Quantity	Lac Rs.	Quantity	Lac Rs.
Wool & Synthetic Fibres	Kg.	13,09,397	41,75.93	11,79,468	32,94.65
Yarn (Bought out only)	Kg.	2,40,901	9,04.37	2,07,306	6,84.82
Others			51.46		2,17.82
			<u>51,31.76</u>		<u>41,97.29</u>
*Excluding inter-unit					
Details of Consumables		Lac Rs.	%	Lac Rs.	%
G.i. Raw Materials					
- Imported Origin		31,52.77	61.44	25,05.13	59.68
- Indigenous		19,78.99	38.56	16,92.16	40.32
		<u>51,31.76</u>	<u>100.00</u>	<u>41,97.29</u>	<u>100.00</u>
G.ii. Spare parts & Components					
- Imported Origin		55.67	9.09	59.30	10.99
- Indigenous		5,56.60	90.91	4,80.27	89.01
		<u>6,12.27</u>	<u>100.00</u>	<u>5,39.57</u>	<u>100.00</u>
(Lac Rs.)					
Foreign Currency Transactions		2008-09		2007-08	
H.i. Imports (CIF Value)					
- Raw Materials		23,74.57		22,61.40	
- Store & Spare parts (incl. Components)		96.22		98.69	
- Finished Goods		44.89		1,03.68	
- Capital Goods		1,56.70		-	
H.ii. Expenditure					
- Travelling		17.76		20.69	
- Interest		4.66		72.96	
- Others		5,15.50		4,58.21	
H.iii. Earnings					
- Exports (FOB Value)		59,56.85		48,73.48	
(Lac Rs.)					
20. CONTINGENT LIABILITIES NOT PROVIDED FOR		March 31, 2009		March 31, 2008	
i	Bills discounted with the Company's Bankers	1.25		2.98	
ii	Claims against the Company not acknowledged as debts*	1.13		1.13	
iii	Income Tax / Wealth Tax/ Sales Tax etc. matters pending in appeals*	79.95		79.95	
iv	Arrears of Cumulative Preference Shares dividend (from February 23, 2009 to March 31, 2009) - including Dividend Distribution Tax - Rs. 2.76 lacs	18.98			
v	Estimated amount of contracts remaining to be executed on capital accounts	34.42		1,61.61	
* In the opinion of the Company the possibility relating to net outflow on these accounts is remote					

21. RELATED PARTY DISCLOSURES

[in terms of Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India (ICAI)]

The Company has identified Sri C. L. Rathi, Managing Director, as a related party, being key managerial personnel. Besides remuneration, the details of which are set out in Note No. 10(a), there was no other transaction with him.

SCHEDULES (Contd.)**22. EARNINGS PER SHARE (EPS)**

(in terms of AS 20 issued by the ICAI)

Particulars		2008-09	2007-08
Profit/(Loss) after Tax	Lac Rs.	(11,56.24)	(8,11.21)
Preference dividend (including Dividend Distribution Tax) for the year	Lac Rs.	(18.98)	-
Profit/(Loss) pertaining to equity shareholders	Lac Rs.	(11,75.22)	(8,11.21)
Profit/(Loss) excluding Exceptional items	Lac Rs.	(12,94.12)	(17,81.55)
Number of Equity Shares (Weighted Average)	Nos.	6,87,41,651	6,87,41,651
Nominal value per Equity Share	Rs.	10	10
Without considering Exceptional items :			
Basic & Diluted Earnings per share	Rs.	(1.88)	(2.59)
After considering Exceptional items :			
Basic & Diluted Earnings per share	Rs.	(1.71)	(1.18)

23. SEGMENT INFORMATION

The Company operates in a single business segment as Primary Segment i.e. "Textiles" in terms of AS 17 issued by the ICAI. The information on Secondary segments based on location of customers are as under:

		2008-09	2007-08
(Lac Rs.)			
Segment Revenue			
Within India		76,38.65	58,22.63
Outside India		64,55.65	53,77.75
Total		140,94.30	112,00.38
Carrying amount of Segment Assets			
Within India		140,77.97	147,51.25
Outside India		6,24.43	4,78.78
Total		147,02.40	152,30.03
Addition to Fixed Assets			
Within India		3,05.19	23.22
Outside India		2.46	-
Total		3,07.65	23.22

24. SIGNIFICANT ACCOUNTING POLICIES**a. Basis of Preparation of Financial Statements**

The financial statements have been prepared on a going concern basis under the historical cost convention, except in case of certain fixed assets which are re-valued, in accordance with the generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.

The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis. Whenever it is not possible to determine the quantum of accrual with reasonable certainty e.g. insurance and other claims, refund of customs/excise duty etc., these continue to be accounted for on settlement basis.

b. Sales

Sales are reported net of turnover/trade discounts, returns and claims. Rebate/discount other than usual allowances accounted for as and when incurred.

c. Fixed Assets

Tangible and intangible assets are stated at cost of acquisition inclusive of freight, duties, taxes, roll over charges of forward contracts on foreign currency loans & incidental expenses

related to acquisition/installation, adjusted by revaluation of Land, Building and Plant & Machineries in 1997-98.

d. Impairment of Assets

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. An impairment is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

e. Depreciation and Amortisation

Depreciation, including on assets acquired under finance lease after January 1, 2002, charged under Straight Line Method in accordance with the rates and manner specified in Schedule XIV of the Companies Act, 1956.

Depreciation in respect of increase in value of assets due to revaluation is provided on Straight Line Method over the remaining life of assets as estimated by the valuers.

Amortisation in respect of intangible assets is provided on straight line basis over the period of underlying contract or estimated period of its economic life.

SCHEDULES (Contd.)

f. Foreign Currency Translation

Transactions denominated in foreign currencies normally recorded at exchange rate prevailing at time of transaction. Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts translated at year end rates and those covered by forward exchange contracts translated at rate at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract.

Any income or expenses on account of exchange difference either on settlement or on translation are recognised in the Profit and Loss Account.

Fixed assets of foreign offices translated at the original rates consistent with the historical cost concept. Revenue items of foreign offices translated at the average rate of exchange prevailing during the year and resultant net effect considered in the Profit and Loss account.

g. Treatment of Expenditure during construction period

Expenditure during construction/erection period allocated to the respective assets on completion of such construction or erection. Interest on borrowings as allocated by management for new/expansion projects calculated in proportion to the purpose for which such funds are allocated and capitalised accordingly.

h. Investments

Long Term investments are stated at cost less provision for diminution in value other than temporary, if any.

j. Valuation of Inventories

Inventories valued at lower of cost or net realisable value, except waste, scrap & by-products valued at net realisable value. Cost computed on weighted average basis. Finished goods & Process stock include cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

k. Borrowing cost

Borrowing cost relating to (i) funds borrowed for acquisition of fixed assets are capitalised upto the date the assets are put to use, and (ii) funds borrowed for other purposes are charged to Profit & Loss Account.

l. Taxation

Tax liability estimated considering the provisions of the Income Tax Act, 1961. Deferred tax recognised on timing

differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. On prudent basis, Deferred tax asset recognised and carried forward to the extent only when there is reasonable certainty that the assets will be adjusted in future.

m. Inter Divisional Transfers

Transfer of Fixed Assets made at cost and others at realisable value.

n. Employee Benefits

Contributions to Provident Fund and Superannuation Fund, which are defined contribution schemes, are made to a government administered Provident Fund and an LIC administered fund respectively, and are charged to the Profit and Loss account as incurred. The Company has no further obligations beyond its monthly contributions to these funds. Provision for gratuity, under a LIC administered fund, and leave encashment, which are in the nature of defined benefit plans, are provided based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognised as expense as and when incurred.

p. Research & Development Expenditure

Research and Development expenses of revenue nature are charged to the Profit & Loss Account under respective heads of account and Capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

q. Leases

Lease rentals are expensed with reference to lease terms.

r. Government grants

Project capital subsidy credited to capital reserve & other government grants including export incentives credited to Profit and Loss account or deducted from related expenses.

s. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

25. Previous year's figures have been rearranged/regrouped as necessary.

Signatures to Schedules 1 to 15 inclusive

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner
Membership No. 35701

New Delhi
April 29, 2009

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA G. GOSWAMI
S. BIRLA A. C. MUKHERJI
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2008-09	(Lac Rs.) 2007-08
A. Cash Flow from Operating Activities		
Net profit/(loss) before tax and Exceptional items	(12,54.57)	(17,57.10)
Adjusted for :		
Depreciation	5,42.35	6,36.72
Interest and Financial Charges	11,68.47	9,21.84
Interest income	(69.94)	(79.63)
Loss on Sale/write-off of Fixed Assets and Investments	4.37	35.89
Foreign Exchange Fluctuation (unrealised)	16.91	(25.94)
Operating Profit before working capital changes	4,07.59	(2,68.22)
Adjusted for :		
Trade and Other Receivables	(4,55.25)	(2,28.18)
Inventories	5,16.04	(1,29.64)
Trade Payables and other Liabilities	(4,36.10)	6,26.36
Cash generated from operations	32.28	0.32
Direct taxes	(29.60)	(39.09)
Compensation paid on settlement of workers	-	(59.95)
Net Cash from/(used) in Operating Activities ... (A)	2.68	(98.72)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,07.65)	(23.22)
Sale of Fixed Assets (including earnest money)	6,38.20	10.00
Sale of Investments	0.04	0.21
Interest received	69.94	79.63
Net Cash from/(used) in Investing Activities ... (B)	4,00.53	66.62
C. Cash Flow from Financing Activities		
Proceeds from Preference Shares issue	20,00.00	-
Proceeds from/(Repayment of) borrowings (net)	(15,98.57)	6,40.88
Interest and Financial Charges	(9,64.86)	(8,21.44)
Net Cash from/(used) in Financing Activities ... (C)	(5,63.43)	(1,80.56)
Net increase/(decrease) in Cash or Cash Equivalents (A+B+C)	(1,60.22)	(2,12.66)
Cash and Cash Equivalents (Opening Balance)*	2,20.88	4,33.54
Cash and Cash Equivalents (Closing Balance)*	60.66	2,20.88
*Refer Schedule 8		

Notes :

- Figures in brackets represent outflow.
- Cash and Cash Equivalents includes Cash & Cheques in hand and Balances with Scheduled Banks and foreign exchange fluctuation (unrealised) in bank balance in foreign exchange - Rs. 5.86 lacs (Previous year : Rs. 4.84 lacs)

As per our report of even date

For Deloitte Haskins & Sells
Chartered AccountantsGaurav J. Shah
Partner
Membership No. 35701
New Delhi
April 29, 2009G. K. SUREKA
Company SecretaryC. L. RATHI
Managing DirectorS. K. BIRLA G. GOSWAMI
S. BIRLA A. C. MUKHERJI
Directors

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No.	00753	State Code	04
Balance Sheet Date	31-03-2009		

II. Capital raised during the period (Amount in Rs. Thousand)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	200000

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousand)

Total Liabilities	2354272	Total Assets	2354272
Sources of funds			
Paid-up Capital	887579	Secured Loans	1278446
Unsecured Loans	188247		
Applications of funds			
Net Fixed Assets	624576	Investments	44120
Net Current Assets	310231	Accumulated Losses	1375345

IV. Performance of Company (Amount in Rs. Thousand)

Turnover (including Other Income and Exceptional Items)	1421320	Total Expenditure	1534887
Profit/(Loss) before tax	(113567)	Profit/(Loss) after Tax	(115624)
Earning per Share (Rs.)	(1.71)	Dividend Rate %	Nil

V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)

Item Code (ITC Code)	51123000
Product Description	WOVEN FABRIC OF COMBED WOOL OR COMBED FINE ANIMAL HAIR MIXED MAINLY OR SOLELY WITH MANMADE STAPE FIBRE
Item Code (ITC Code)	51072003
Product Description	WOOLLEN AND WORSTED WEAVING YARN
Item Code (ITC Code)	62031100
Product Description	MEN'S AND LADIES GARMENTS

Dear Shareholders,

The attached Coupons will entitle you to purchase cloth of the available varieties of DIGJAM upto Rs. 3,000/- at prevailing selling rates less 15% discount plus other local taxes wherever applicable from any of our EXCLUSIVE SHOWROOMS/RETAIL SHOPS AND MILLS AUTHORISED RETAIL DEALERS FROM JULY 1, 2009 TO JUNE 30, 2010. Validity period of the Coupons will not be extended for any reason whatsoever. We regret our inability to issue duplicates for lost, defaced or torn coupons.

The Coupons are valid for Cash Purchases only and credit cards will not be accepted.

The Coupons cannot be clubbed with any other ongoing discount scheme in a shop.

Coupons may be utilized at the earliest and not till the last day of the validity to avoid rush and disappointment in not getting the desired varieties.

Yours faithfully,

G. K. Sureka

Company Secretary
DIGJAM Limited

Dated : April 29, 2009

*** EXCLUSIVE SHOWROOMS/RETAIL SHOPS
@ MILLS AUTHORISED RETAIL DEALERS**

ABOHAR

@ New Wearwell Emporium, Bhagat Singh Chowk

AGRA

@ Manoj Kumar & Co., Opp. Anjena Cinema,
M.G. Road

AHMEDNAGAR

@ Kohinoor Cloth Stores, Mahatma Gandhi Road

AHMEDABAD

* Digjam Retail Showroom, Gheekanta Crossing,
Relief Road

* Digjam Retail Showroom, 1-2, Agrawal Avenue,
C.G. Road, Navrangpura

* Digjam Retail Showroom, Swagat Complex,
Kankaria Maninagar Road

* Digjam Retail Showroom, India Colony Road,
Bapunagar

* Digjam Shop-in-Shop, India Colony Road,
Bapunagar

AKOLA

@ Sangliwala Fashion Pvt. Ltd., Basam Stand

ALLAHABAD

@ A to Z, 5-A, Sardar Patel Marg

AMBALA CITY

@ R. Kansra & Co., New Wholesale Cloth Market

AMRAVATI

@ Raj Rasik, Jaistambh Chowk

AMRITSAR

@ Khanna Textiles, 89, 1st Floor, Katra Jaimal Singh

ANANTAPUR

@ Gokul Textile Showroom, 14/3 Subhash Road

ARRAH

* Digjam Shop-in-Shop, Nagarmal Sheonarain &
Co., Chowk

ASANSOL

@ Mohan Cloth Stores, G. T. Road

AURANGABAD

* Digjam Retail Showroom, AMC Shopping Centre,
Krantti Chowk

BANGALORE

@ Sri Venkateshwara Textiles, No. 94, Main Magadi
Road

BAREILLY

@ Novelty Centre, Punjabi Market

BATHINDA

@ Lakshmi Emporium, Post Office Road

BHAVNAGAR

* Digjam Shop-in-Shop, Plot No. 19, Vaghawadi
Road

BHOPAL

@ Guide Collection, T. T. Nagar

BHUBNESHWAR

* Digjam Shop-in-Shop, Kalamandir, Market Building

BILASPUR (CHHATTISGARH)

* Digjam Retail Showroom, L-10, Shriram New Cloth
Market, Agrasen Chowk

CHANDIGARH

@ Bombay Textile Agency, Sector-17E

CHAMBA (H.P.)

@ Sham Lal & Sons, Dogra Bazar

CHENNAI

* Digjam Retail Showroom, No. C-47, IInd Avenue,
Anna Nagar

* Digjam Shop-in-Shop, Iswaryam Textile &
Readymade, Pondy Bazar, T. Nagar

COIMBATORE

* Digjam Retail Showroom, Zimson Shopping
Arcade, 84 Cross Cut Road, Gandhipuram

CUTTACK

* Digjam Shop-in-Shop, Rajhans, Mangla Bag

DELHI

* Digjam Retail Showroom, P-6/90, Connaught
Circus, Madras Hotel Block

@ Sri Ram & Son, 751, Chandni Chowk,
Opp. Town Hall

@ Sachdeva's Attire, 821-23, Rishi Nagar, Rani Bagh,
Main Market

@ Mamta Cloth Emporium, 194 Sarojini Nagar

@ Delhi Cloth House, 66-B Khan Market

@ Suiting House, 3G Jawahar Nagar, Kamla Nagar

@ Ramsons (South End), Green Park

@ U. Like Clothier, 23 Beadon Pura, Karol Bagh

@ Prince Store, B-12 & 13, Sanatan Dharam Mandir
Market, Tilak Nagar

DEHRADUN

@ Bhoja Bros., Palton Bazar

DIBRUGARH

@ Mohan's, Kedia Market

@ Rajendra Stores, H. S. Road

DURG

* Digjam Retail Showroom, Marwari School Road,
Motipara

FARIDABAD

@ V.I.P. Textiles, 1F, 39 NIT

GHAZIABAD

@ Mangaldeep, 40 Wright Gunj

@ New Vastarlok, 214 Chopla, Dasna Gate

GORAKHPUR

@ Harnarain Ram Kishan, Golghar

GURGAON

@ Deepmala, Sadar Bazar

GUWAHATI

@ Maruti, A. C. Market

@ Gentlemen, A. C. Market

HAMIRPUR (H.P.)

@ Puri Cloth House, Main Bazar

HANAMKONDA

* Digjam Retail Showroom, Chowrastha

HAZARIBAGH

* Digjam Shop-in-Shop, Swadeshi Vastralaya, Main
Road

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from

1.7.2009 to

30.6.2010

Rs.

1000/-

15%

DISCOUNT

Coupon A No.

35699

- CUT HERE -

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from

1.7.2009 to

30.6.2010

Rs.

1000/-

15%

DISCOUNT

Coupon B No.

35699

- CUT HERE -

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from

1.7.2009 to

30.6.2010

Rs.

1000/-

15%

DISCOUNT

Coupon C No.

35699

- CUT HERE -

Retail Shop
C/Memo No. Date
Amount Rs.

Retail Shop
C/Memo No. Date
Amount Rs.

Retail Shop
C/Memo No. Date
Amount Rs.

HISAR

@ Ganga Sons, 36, Arya Samaj Market

HUBLI

@ Vanesons, Koppikara Road

HYDERABAD/SECUNDERABAD

* Digjam Retail Showroom, Park Lane

* Digjam Retail Showroom, Shop 1, 2 & 3, Sai Towers, Dilisukhnagar

IMPHAL

@ Brojen Cloth House, Thangal Bazar

JABALPUR

* Digjam Retail Showroom, Gorakhpur Bazar

JAIPUR

@ Babulal Suresh Kumar, 18, Dara Market

@ Brijlal Ramgopal, Manak Chowk

@ Rishi Textiles, Chaura Rasta

JALANDHAR

@ Satish Kumar & Brothers, Peer Bodla Bazar

@ Chander Textiles, Peer Bodla Bazar

JALGAON

@ Navjeevan Collections, 114 Navi Peth

@ Suresh Collection, A. Kelkar Market

JAMNAGAR

* Digjam Retail Showroom, Summair Club Road

* Digjam Retail Showroom, At Mill's Gate, Aerodrome Road

@ Satyam Fabrics, Near DSP Bungalow

JAMMU

@ Pushap Cloth House, 29 Raghunath Pura

JAMSHEDPUR

* Digjam Shop-in-Shop, Paradise Fabrics, 58/59 Kamani Centre, Bistopur

JAUNPUR

* Digjam Shop-in-Shop, Jalaluddin Jamaluddin, Kaseri Bazar

KAKINADA

@ Sona, Pulavarthy Chalamaiah Complex, Main Road

KANPUR

@ Thakur Das Latwala, 49/4 General Ganj

@ Rajkama's, 7-8 PPN Market

@ Mark One, Roland Towers, 17/5, The Mall

@ Selection House, 12 Naveen Market

KARNAL

@ Suvidha Stores, Opp. Head Post Office

KOLKATA

* Digjam Retail Showroom, 54, J. L. Nehru Road

@ J. S. Mohamedally, Tower House, Chowringhee Square

@ Saharsh, 105, Park Street

@ R. Rajpuria & Co., 95 Park Street

KORBA

* Digjam Shop-in-Shop, Delite Cloth Centre, Main Road

@ Shriram Vastralaya, Hiranand Complex, Power House Road

KOTA

@ Luhadia Textiles, Baza' Khana

KOTTAYAM

@ Seemati, K. K. Road

LATUR

@ Ishwarprasad Omprakash Daga, Cloth Lane

LUCKNOW

@ H. Sugnama! & Co., 36-Aminabad

@ Geeta Vastralaya, Aminabad

@ Garha Bhandar, Aminuddaula Park, Aminabad

@ Motiani, 133/299 Ganesh Ganj

LUDHIANA

@ Bombay Stores, Surya Tower, The Mall

@ Cheap Cloth House, Chaura Bazar

MADHEPURA

* Digjam Shop-in-Shop, Tulsi, Main Road

MADURAI

@ Rajmahal Textiles, Venkala Kadai Street

MEERUT CANTT

@ Rattan Cloth Store, Abu Lane

MODINAGAR

@ Pindi Silk Store, Lower Bazar

MUMBAI

@ Babubhai Jagjivandas at

- Prarthana Samaj

- Broadway Shopping Centre, Dadar TT

- Sector 17, Vashi

- Mulund

@ Madhav's Fabrics, Rizvi Mahal, Waterfield Road, Bandra (W)

@ Rahul Agasti, G-1 Aryston Centre, Juhu

@ Rainbow Textorium, Swapna Puri Building, Jerbai Wadia Road, Parel TT

MUZAFFARNAGAR

@ Diwan Chand Mahendra Kumar, Gate Anand Bhawan, Roorkee Road

NAGPUR

* Digjam Retail Showroom, Mahajan Market, Sitabuldi

@ Udaya, Itwari Shahid Chowk

NASIK

* Digjam Retail Showroom, Opp. Vijan Hospital, College Road

NELLORE

@ Modern Fabs, Trunk Road

OOTY

@ Rajhans, Commercial Road

@ Vardhaman, 23, Commercial Road

PANJIM

@ Bharne & Co., Bharne Building, Near Municipal Garden

PATNA

@ G. G. Textiles, Khetan Market

@ Shree Shanker Vastralaya, Station Road

PUNE

@ Bharat Woollen House, Seva Sadan Building, Laxmi Road

@ Chandulal Dahyabhai, 561-Centre Street

@ Jaihind Collections, Kunte Chowk, Laxmi Road

@ Men's Avenue, Sadashiv Peth

RAIPUR

* Digjam Retail Showroom, Jeevan Bima Marg, Pandri

@ Mahendra & Co., Malviya Road

RAJAHMUNDRY

@ Sri Devi Sons, Main Road

RANCHI

* Digjam Shop-in-Shop, Big Shop, GEL Church Complex, Main Road

@ Ved Textiles, Main Road

ROORKEE

@ Atam Parkash and Sons, B. T. Road

SALEM

* Digjam Retail Showroom, 6-Bazar Street

SATARA

@ Darshan Suiting Shirting, 110 Rajpath

SHILLONG

@ Roopkala, Umsohsun Road

SHIMLA

@ Rajpal Brothers, 95, Lower Bazar

@ Tandon Cloth House, 76, Lower Bazar

SILIGURI

@ Surbhi Synthetics, Hill Cart Road

SURAT

@ Bhagwandas & Co., Lal Gate, Kanpith

@ Teenager's Textorium, Soni Falia

THANE

@ Janta Fashion Corner, Near Prabhat Talkies

@ New Mumbai Cutpiece House, Manpada Road, Dombivall

TIRUNELVELLI

@ Pothy's Textiles, No.3 North Car Street

UDHAMPUR (J&K)

@ Bombay Cloth House, Main Bazar

VADODARA

* Digjam Retail Showroom, A/33, Windsor Plaza, Nr. Express Hotel, R.C. Dutt Road

* Digjam Retail Showroom, Opp. Govt. Press, Kolthi Road, Anandpura

VARANASI

* Digjam Shop-in-Shop, Jala'n's, Kabira Complex, Durga Kund Road

VISAKHAPATNAM

* Digjam Retail Showroom, 30-15-34/2, Dabagarden

DIGJAM LIMITED

Registered Office: Aerodrome Road, Jamnagar 361 006 (Gujarat)

PROXY FORM

Proxy No.	
No. of Shares	

Folio No.	
DP ID No.	
Client ID No.	

I/We.....of.....being
a Member/Members of **DIGJAM LIMITED**, Aerodrome Road, Jamnagar 361 006 (Gujarat), do hereby appoint
.....of.....
or failing himof.....
as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting
of the Company to be held on Wednesday, September 16, 2009 at 10.30 a.m. and at any adjournment thereof.

As Witness my/our hand/hands this.....day of2009.

Signature

Affix
Revenue
Stamp

Note: The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

CUT HERE

DIGJAM LIMITED

Registered Office: Aerodrome Road, Jamnagar 361 006 (Gujarat)

ATTENDANCE SLIP

PLEASE SIGN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, September 16, 2009 at 10.30 a.m. at Aerodrome Road, Jamnagar 361 006 (Gujarat).

FOLIO-NO. / DP ID NO. & CLIENT ID NO.	NO. OF SHARES
NAME OF THE MEMBER(S)	
SIGNATURE OF THE MEMBER(S) OR PROXY	

DIGJAM
it's who you are