

DIGJAM

DIGJAM LIMITED

ANNUAL REPORT 2009/10

Sri S.K. Birla
Chairman Emeritus

Board of Directors

Sri Sidharth Birla
Chairman

Sri R.K. Choudhury
Dr. G. Goswami
Sri G. Momen
Sri A.C. Mukherji
Smt. Meenakshi Bangur
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 Sixtieth Annual General Meeting of the Members of the Company will be held on Tuesday, January 18, 2011 at 10.00 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 period ended September 30, 2010.
2. To appoint Directors in place of Sri Sidharth Birla and Dr. G. Goswami, 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 Resolutions:

4. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to Section 16 read with Section 31 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Authorised Share Capital of the Company be and the same is hereby reorganized by re-classifying 2,00,00,000 (Two Crores) Unissued Cumulative Redeemable Preference Shares of Rs.10/- each out of the present Unissued Authorised Preference Share Capital forming part of the Authorised Share Capital of the Company into 2,00,00,000 Preference Shares of Rs.10/- each and consequently, the Memorandum of Association of the Company be and the same is hereby altered by substituting the Capital Clause being Clause V thereof with the following new Clause V:

Clause V. The Authorised Share Capital of the Company is Rs.125,00,00,000/- divided into 8,00,00,000 Equity Shares of Rs.10/- each; 25,00,000 Preference Shares of Rs.100/- each and 2,00,00,000 Preference Shares of Rs.10/- each with power to increase or reduce the capital of the Company and to divide the Shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by Board who shall also have power to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to classify or re-classify from time to time such shares into any class of shares."

5. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ('the Act') (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and other rules/regulations/guidelines, notifications, circulars and clarifications issued from time to time by the Government of India, the Securities and Exchange Board of India ('SEBI') and/or prescribed by the Listing Agreement entered into by the Company with the Stock Exchanges on which the Shares of the Company are listed or any other relevant authority from time to time and subject to such approvals, consents, permissions and/or sanctions of the appropriate authority as may be required and subject to any condition imposed while granting such approvals, consents, permissions and sanctions

which may be accepted by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), the Board be and is hereby authorised to offer, issue and allot from time to time on private placement basis in one or more tranches upto 50,00,000 Equity Shares of Rs.10/- each or upto 50,00,000 Preference Shares/Instruments of Rs. 10/- each, whether as Convertible Securities or otherwise, or in any combination thereof upto an aggregate amount of Rs. 5,00,00,000/- (Rupees Five Crores only) to the Institutions/Banks specified in the Explanatory Statement hereto to be redeemed in accordance with Section 80 of the Act and/or by issue of or conversion into appropriate number of Equity Shares of the face value of Rs.10/- each on such terms and conditions as the Board may in its absolute discretion decide at the time of issue of the aforesaid Shares including the price as well as the premium, if any, as may be determined and approved by the Board in accordance with the conditions specified in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER that without prejudice to the generality of the above, the aforesaid issue of the Shares/Instruments may have all or any terms or conditions or combination of terms in accordance with the applicable regulations, prevalent market practices, including but not limited to terms and conditions relating to the price or period of exercise of option by the Company.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be necessary against the Convertible Securities in accordance with the terms of the offer, all such Equity Shares to rank pari passu inter se with the existing Equity Shares of the Company in all respects including dividend.

RESOLVED FURTHER that without prejudice to the generality of the above, the relevant date for determination of price for the Equity Shares to be issued and allotted shall be December 19, 2010.

RESOLVED FURTHER that the Board be and is hereby authorised on behalf of the Company to take all actions and to do all such acts, deeds, matters and things including to vary, modify or alter any of the terms or conditions including the size of the proposed issue, offer or allotment of any of the said Equity Shares and/or Preference Shares/Instruments, whether as Convertible Securities or otherwise and listing the said Equity Shares with the Stock Exchanges as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of the Equity Shares and/or Preference Shares/Instruments, whether as Convertible Securities or otherwise and to do all such acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent from the Shareholders of the Company or otherwise and that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

The Register of Members of the Company will remain closed from January 11, 2011 to January 18, 2011 (both days inclusive).

Registered Office:

Aerodrome Road
Jamnagar 361 006
(Gujarat)

Dated : December 14, 2010

BY ORDER OF THE BOARD

G. K. Sureka
Company Secretary

DIGJAM LIMITED

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. 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).
6. **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 Sidharth Birla, Chairman, aged 53 years, is a Science Honours Graduate and holds a Master's degree in Business Administration from IMD, Lausanne, Switzerland and has completed OPM (Owner-President Management) programme at Harvard Business School. He has extensive experience of over 30 years in the fields of Finance, Marketing, General Management, Corporate Governance, Company Law, Strategic Issues, Corporate and Financial Structuring, Resource Mobilisation, Acquisitions and Disinvestments.

Sri Sidharth Birla is Chairman of Xpro India Ltd. He is also on the Board of Directors of Alpha Capital Management Pvt. Ltd., Alpha Capital Management (Singapore) Pte. Ltd., Central India General Agents Ltd., iPro Capital Ltd. and Xpro Global Ltd. Sri Sidharth Birla is Chairman of the Committee of Directors of our Company besides being Chairman of the Committee of Directors and member of Remuneration and Nomination Committee of Xpro India Ltd. Sri Sidharth Birla is also Central Government nominee to the Council of the Institute of Chartered Accountants of India as well as member of the Board of Governors of Birla Institute of Technology & Science, Pilani and Executive Committee member and Chairman, Corporate Laws Committee of the Federation of Indian Chambers of Commerce & Industry besides being Executive Committee member of Indian Chamber of Commerce, Kolkata.

Sri Sidharth Birla holds 2000 Equity Shares in the Company.

Except for Sri Sidharth Birla and his daughter, Smt. Meenakshi Bangur, no other Director is interested in the aforesaid Resolution.

Dr. G. Goswami, aged 70 years, is an ex Banker, having wide knowledge and experience especially in the areas of Finance and Banking and Past Chairman of Industrial Investment Bank of India.

Dr. G. Goswami is Director of Ganpati Sugar Industries Ltd., Naffar Chandra Jute Mills Ltd., Amar Investments Ltd., Rishra Investments Ltd., AI Champdany Industries Ltd. and Shibir India Ltd. Dr. Goswami is member of the Audit Committees of AI Champdany Industries Ltd., Rishra Investments Ltd. and Shibir India Ltd. besides the Shareholders

Grievance Committee of AI Champdany Industries Ltd. He is also member of the Audit Committee, the Share Transfer and Shareholders/ Investors Grievance Committee and the Remuneration Committee of our Company.

Dr. G. Goswami does not hold any Equity Share in the Company.

Except Dr. G. Goswami, no other Director is interested in the aforesaid Resolution.

Item No. 4:

The Authorised Share Capital of the Company is presently Rs. 125,00,00,000/- including, inter alia, unissued 2,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each of the aggregate face value of Rs. 20,00,00,000/- (Rupees Twenty Crores). It is proposed that the Capital Structure of the Company be reorganized by re-classifying the said 2,00,00,000 shares into Preference Shares of Rs.10/- each within the existing Authorised Share Capital of the Company. The proposed reorganization of the Authorised Share Capital structure will enable the Company to issue the aforesaid Preference Shares with such terms and conditions as may be appropriate. Your Directors therefore recommend the Resolution for approval by the Members.

None of the Directors of the Company is interested in this Resolution.

Item No. 5

In the light of the general strain on the economy and the textile sector in particular, the Company had been in discussions with Asset Reconstruction Company (India) Limited ('Arcil'), for settlement of relevant debts with a view to restore the net worth of the Company to the positive level and to better serve the interest of the Company's business and resultantly, of all stakeholders. Pursuant thereto, Arcil vide their letter no. BG II/SK/FY11/6098 dtd. September 15, 2010 have approved settlement of outstanding debts on the various terms and conditions which have been accepted vide the Company's letter dtd. September 18, 2010. As a part of the settlement, it is proposed to offer on private placement basis upto 50,00,000 Equity Shares of Rs.10/- each or 50,00,000 Preference Shares/Instruments of Rs.10/- each, whether as Convertible Securities or otherwise, or in any combination thereof upto an aggregate amount of Rs. 5,00,00,000/- (Rupees Five Crores only) to the Institutions/Banks listed in vi. below, the application money for which will be set off against the principal amount of the dues payable to Arcil by way of constructive payment. The terms and conditions for the issue of the said Equity Shares and Preference Shares/Instruments (including otherwise than as Convertible Securities), will be settled by the Committee of Directors duly authorized by the Board in consultation with Arcil and the Security Receipt holders at the time of issue thereof in accordance with the applicable legal provisions. Subject to the relevant approvals, the issue and allotment of Equity Shares and Preference Shares/Instruments as Convertible Securities on preferential basis to the Institutions/Banks named below, shall be in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI ICDR Regulations 2009'). The required details under the aforesaid Regulations are given below:

- The Issue:** The proposed Special Resolution, inter alia, authorizes the Board to issue to the Institutions/Banks named below Equity Shares and/or Preference Shares/Instruments as Convertible Securities in such manner and on such terms and conditions as may be determined by the Board or a duly authorized Committee thereof.
- Objects of the Issue:** To support the net worth rebuilding of the Company by strengthening the long term resource base of the Company by settling the relevant debts.
- Proposal of the promoters, directors or key management personnel to subscribe to the offer:** The promoters, directors or key management personnel are not eligible to subscribe to the issue.

iv. Equity shareholding pattern of the issuer before and after the preferential issue:

Category	Pre-issue (as on September 30, 2010)		Post-issue	
	No. of Shares	%	No. of Shares	%
Promoters/Promoter Group	2,26,27,444	32.92	2,26,27,444	30.68
Institutions/Banks named in vi. below	1,16,74,457	16.98	1,66,74,457	22.61
Other Financial Institutions/Banks and Insurance Companies	12,54,234	1.82	12,54,234	1.70
Mutual Funds/UTI	3,451	0.01	3,451	0.01
Bodies Corporate	81,90,492	11.92	81,90,492	11.12
Non Resident Individuals	4,67,602	0.68	4,67,602	0.63
Resident Individuals/others	2,45,23,971	35.67	2,45,23,971	33.25
Total	6,87,41,651	100.00	7,37,41,651	100.00

Basis: Assuming no change from the holding position as on September 30, 2010 other than through this preferential issue at par, wholly by way of Equity Shares and/or Preference Shares/Instruments as Convertible Securities.

- v. Proposed time limit within which the Preferential Issue shall be completed:** The allotment of the Equity Shares and/or Preference Shares/Instruments as Convertible Securities is proposed to be completed within 15 days from the date of approval of the Special Resolution considering the applicability of SEBI ICDR Regulations, 2009.
- vi. Identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, consequent to the preferential issue:** The Equity Shares and/or Preference Shares/Instruments as Convertible Securities are proposed to be issued to Institutions/Banks as may be eligible upto the amount mentioned against their respective names as indicated below:

Identity of the proposed allottee	Amount upto which allotment is to be made
	Rs.
ICICI Bank Limited	2,53,23,360
IDBI Limited	98,21,260
IFCI Limited	66,87,010
Punjab & Sind Bank	2,40,410
Punjab National Bank	14,95,900
State Bank of India	8,36,990
Bank of India	43,51,780
Asset Reconstruction Company (India) Limited	12,43,290
Total amount:	5,00,00,000

The number of Equity Shares to be ultimately allotted to the said Institutions/Banks will depend upon the price of the Equity Shares to be determined in accordance with the SEBI ICDR Regulations 2009 as well as the Equity Shares/Convertible Securities issued. Assuming the Equity Shares are issued at par for the entire amount, the percentage post the issue of Equity Shares as aforesaid to be held by the Institutions/Banks is indicated above.

As a result of the aforesaid allotment, there will be no change in control of the Issuer.

The lock in requirements as prescribed under the SEBI ICDR Regulations 2009 in respect of pre-issue shareholding and the Equity Shares and/or Preference Shares/Instruments to be issued as Convertible Securities will be complied with. The relevant date under the aforesaid Regulations shall be December 19, 2010. The Company will comply with the applicable provisions of the aforesaid Regulations including placing a copy of the Certificate regarding the issue from its Statutory Auditors before the General Meeting of the Members.

Your Directors commend the Resolution for approval by the Members.

None of the Directors of the Company is interested in this Resolution.

INSPECTION OF DOCUMENTS

All the documents referred to in the notice and explanatory statement including the Memorandum and Articles of Association of the Company are open for inspection at the Registered Office of the Company between 11: 00 a.m. and 1: 00 p.m. on any working day prior to the date of the General Meeting.

Registered Office:

Aerodrome Road
Jamnagar 361 006
(Gujarat)
Dated : December 14, 2010

BY ORDER OF THE BOARD

G. K. Sureka
Company Secretary

DIGJAM LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present our Report, along with Audited Accounts of the Company, for the eighteen-months period ended September 30, 2010.

GENERAL REVIEW

Following its deepest downturn in recent history, global output and trade bounced back in the second half of 2009. IMF estimates the world growth to reach over 4% in 2010-2011, but at varying speeds across and within regions. The Indian Economy, after slowdown in 2008-09 turned around faster and recorded a growth of 7.4% in 2009-10. It is expected to grow by 8.5% during 2010-11. Good monsoons during the current year augur well for business during the coming months. High inflation rate, particularly in primary articles and fuel, remains a major concern and RBI may continue with tight monetary policy stance to check inflation.

We export a substantial part of our output, and faced subdued demand in its markets abroad particularly US and Europe. Export revenues and profitability were also impacted by sharp appreciation of the Rupee against major foreign currencies. Prices of wool, our principal raw material, rose by about 10-15% across various varieties, following strong global demand and lower Australian wool production and a strong Australian Dollar. All these factors i.e. inflation, adverse exchange rates, and higher wool prices etc had a natural negative impact on our expected performance and operations. The Company expects to improve its performance with easing of the economic conditions in India as well as globally.

During the period, the Company achieved production of 53.4 lac meters and sales of 66.9 lac meters of fabric (exports 34.7 lac meters); and sales amounted to Rs. 185.9 Crores. The detailed Management Discussion & Analysis Report is annexed hereto.

The loans outstanding to the Asset Reconstruction Company (India) Ltd. ("ARCIL") have been settled, according to a process which has an effective date of July 1, 2010. As stipulated, an amount of Rs. 1600 lacs has already been repaid/adjusted from sale of Company's properties at Faridabad and non-core investments; Rs. 500 lacs will be soon converted into redeemable preference shares. Further amounts of Rs. 1400 lacs are to be repaid under stipulated schedule, within the next few months. The effect of the final reduction of loan liabilities post-settlement has been included as an exceptional item in the accounts.

It may please be noted that the Company now has a positive net worth, even if marginal, despite old accumulated losses, and now carries only a nominal debt that is capable of being serviced in routine course.

SHARE CAPITAL

As part of networth rebuilding and strengthening of long term resources, the Company allotted 1,50,000 8% Cumulative Redeemable Preference Shares of Rs. 100/- each aggregating Rs. 150 lacs, during the period, on private placement basis. The same was part of the shareholders' approval for issue/allotment of Preference Shares upto Rs. 4500 lacs. The proceeds of the issue has been utilised for working capital of the Company.

Further, as aforesaid, under the terms of settlement with ARCIL, loan amounts of Rs. 500 lacs are to be converted into preference shares, redeemable in 5 years from the date of issue. Pending actual allotment, the same has been reflected as Preference Capital Suspense Account in the accounts.

(Rs. Lacs)

	September 30, 2010 (18 months)	March 31, 2009 (12 months)
WORKING		
Working for the period/year yielded a Profit/(Loss) before Depreciation and Tax of	(892.39)	(712.22)
less : Depreciation	765.79	542.35
	(1,658.18)	(1,254.57)
add : Exceptional Items (net)	6,048.61	118.90
Profit/(Loss) Before Tax	4,390.43	(1,135.67)
less : Taxation	(21.54)	20.57
Profit/(Loss) After Tax	4,411.97	(1,156.24)
add : Balance brought forward	(13,753.45)	(12,597.21)
leaving a Balance of which is carried forward	(9,341.48)	(13,753.45)

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

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 period and there are none outstanding on September 30, 2010. Relations with employees were cordial and we appreciate the contribution made by all dedicated employees during the period.

As per our governance practices the management's statement on the integrity and fair presentation of financial statements is provided to the Board as an integral part of the accounts approval process. However, pursuant to Section 217(2AA) of the Companies Act the Directors indicate that they have taken reasonable and bonafide care (a) that in the preparation of the annual accounts the applicable accounting standards had been followed and proper explanations relating to material departures, if any, have been furnished; (b) that such accounting policies were selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the profit of the Company for the period; (c) that proper and sufficient care had been taken 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; and (d) that these accounts have been prepared on a Going Concern basis.

DIRECTORS

During the period, Sri Sujit Gulati, the nominee of Government of Gujarat resigned from the Board. We place on record our sincere appreciation for the valuable services rendered by Sri Sujit Gulati during his tenure. Sri Sidharth Birla and Dr. G. Goswami 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
October 28, 2010

S. K. BIRLA
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

We submit herewith our Management Discussion & Analysis Report on the Company's business for eighteen-months period ended September 30, 2010. 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, with normal production capacity of 5.5 million meters fabric per annum. 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 Company has been consistently taking steps to push forward its marketing efforts by enhancing its brand visibility, strengthening marketing organization and closer interaction with channel partners.

The Company has always laid stress on export markets and keeps on exploring new areas. It has an independent marketing team supported by an appropriate network abroad for export business. It exports about half of its production to markets in Europe, USA, Canada, Middle East, Far East etc. The Company has received Oekotex Certification, which certifies that fabric is free from hazardous chemicals.

OPERATIONS

The global economy started the process of reviving in the second half of 2009, driven by the stimulus policies announced by several countries. Overall Global output is expected to rise over 4% in 2010 and 2011. However, the developed economies are expected to grow slower than the emerging and developing economies. The Indian economy also turned around in the second quarter of 2009 and is expected to grow at 8.5% during 2010-11 against 7.4% in 2009-10.

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	2009-10 (18 Months)	2008-09 (12 Months)	Change* %
Production (Lac Mtrs.)	53.4	40.7	(13)
Sales (Lac Mtrs.):			
– Domestic	32.2	26.5	(19)
– Exports	34.7	23.4	(1)
	66.9	49.9	(11)
Sales (Cr. Rs.)	185.9	139.9	(11)

* of annualized figures of 2009-10 over those of 2008-09

The production, sales and average sales realisations were lower than those in last year mainly on account of economic downturn, subnormal monsoon in 2009, high inflation, etc.

The slow recovery in developed economies and sharp appreciation (about 10% against last year) in Indian Rupee against major currencies i.e. US Dollar and Euro etc, particularly due to strong financial inflows and debt crisis in many European economies, impacted woollen textile industry, which exports a significant portion of its output. As a result, our export volumes and realisations suffered during the period.

Prices of wool, the principal raw material, rose about 10-15% across various microns, following lower Australian wool production and strong Chinese demand. The exchange rate of Australian Dollar, in which the Company's wool imports are denominated, has appreciated by about 20% since March 2009, pushing up the raw material cost. Inflation and hike in fuel prices have increased cost of products and affected our profitability.

The Company continued its emphasis on enrichment of its product mix, with increasing share of standard and premium varieties. It maintained strict control over expenses and continued its efforts in the areas of operations and marketing efficiencies. It has implemented ERP package, which will help better planning and control of operations.

The Company expects to better its performance with ongoing improvements in domestic conditions, particularly with good monsoon this year, and recovery in world economies.

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

DIGJAM LIMITED

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
October 28, 2010

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 7 Directors, of which 6 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 41 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 7 our Board has 4 Independent Directors, viz. Sri A.C. Mukherji (ex-CMD of New India Assurance Co.), Dr. G. Goswami (ex-Banker), Sri G. Momen (Businessman of repute) and Sri R.K. Choudhury (Senior Consultant & Advocate), ex-partner of the reputed firm of Advocates, Khaitan & Co. (who act for the Company from time to time). Sri Sujit Gulati, Nominee Director of Government of Gujarat has resigned from the Board. 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	5/6	No	5/-	53,000	37,589
Sri Sidharth Birla	P	6/6	Yes	6/-	54,000	2,000
Sri R.K. Choudhury	I	3/6	No	12/2/3	1,12,000	-
Dr. G. Goswami	I	6/6	No	7/5/1	2,00,500	-
Sri G. Momen	I	5/6	No	14/7/1	91,500	-
Sri A.C. Mukherji	I	6/6	Yes	8/4/5	2,19,500	116
Sri Sujit Gulati (upto Dec 29, 2009)	N/I	-/3	No	7/-	-	-
Sri C.L. Rathi	E	5/6	Yes	3/1/-	-	-

* : P = Promoter, I = Independent, N = Nominee, E = Executive.

** : For the period 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 the 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 6 times on April 29, July 22, October 28, 2009, January 19, May 7 and July 21, 2010. 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 6 times on April 29, July 22, October 28, 2009, January 19, May 7 and July 21, 2010 during the period attended by Sri A.C. Mukherji (6/6), Dr. G. Goswami (6/6) and Sri G. Momen (5/6). 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. During the period, the Committee met on April 22, 2009 when all the Committee members were present. 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. The Board has approved payment to each non-executive Director sitting fees of Rs.10,000 for every Board Meeting, Rs.7,500 for every Audit/Remuneration Committee meeting and Rs.5,000 for every other Committee meeting attended by him. No commission is paid to any Director.

As approved by the Shareholders and the Central Government, Sri C.L. Rathi was re-appointed as Managing Director from June 1, 2009 and is presently paid by way of salary Rs.1.75 lac per month (in the salary scale of Rs. 1.75 lac to Rs. 2.50 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). 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, 2012.

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 88,000 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 comprises 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. 105 Complaints/queries were received during the period and have all been resolved; therefore none are pending. No cases of physical share transfers and for dematerialisation or re-materialisation were pending on September 30, 2010.

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 September 11, 2007, September 26, 2008 and September 16, 2009. 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 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 and on September 16, 2009 for re-appointment of Sri C.L. Rathi as Managing Director from June 1, 2009 and approval of the remuneration payable to him. 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. 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. No Special Resolution was put through postal ballot in the previous year and there is no item in the notice for the forthcoming Annual General Meeting requiring postal ballot. However, an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for disposal of Universal Clothing Division of the Company at Faridabad was approved by the shareholders vide postal ballot for which the Notice alongwith Explanatory Statement dated April 29, 2009 and postal ballot forms were sent to all the shareholders. Sri Narendra V. Vyas, Advocate was appointed as the Scrutinizer for this purpose. Based on the report of the Scrutinizer prepared on the basis of

DIGJAM LIMITED

responses received through valid postal ballots, the results were announced on August 11, 2009 and the Ordinary Resolution was declared carried with 3,75,43,816 votes (99.99%) cast in favour and 2,805 votes cast against the same. 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 shares held in 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 period of the Company is April 1, 2009 to September 30, 2010. The Company continues to upload from time to time necessary financial data on its website as well as under Corporate Filing and Dissemination System. 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 September 30, 2010, 6,74,19,661 Equity Shares representing 98.08% of the total Equity Shares were held in dematerialised form and balance 13,21,990 Equity Shares representing 1.92% 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 September 30, 2010

Shareholding range (Nos.)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	79,597	90.59	67,59,192	9.83
501 - 1,000	4,421	5.03	37,87,640	5.51
1,001 - 2,000	1,897	2.16	30,29,919	4.41
2,001 - 5,000	1,187	1.35	40,41,760	5.88
5,001 - 10,000	404	0.46	31,02,871	4.51
10,001 and above	355	0.41	4,80,20,269	69.86
Total	87,861	100.00	6,87,41,651	100.00

This statement is on the basis of the Shareholding pattern as on September 30, 2010 submitted to the Stock Exchanges.

Pattern of Equity Shareholding as on September 30, 2010

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Banks, FIs, Insurance Companies	53	0.06	86,71,335	12.61
Domestic Companies	1,146	1.31	3,19,84,902	46.54
Mutual Funds (incl. UTI)	7	0.01	3,451	0.01
Non-residents	1,967	2.24	4,67,602	0.68
Resident Individuals/others	84,688	96.38	2,76,14,361	40.16
Total	87,861	100.00	6,87,41,651	100.00

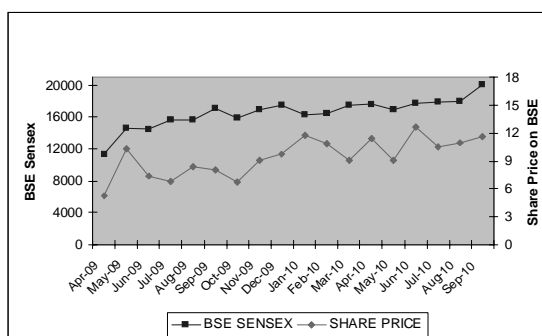
This statement is on the basis of Shareholding pattern as on September 30, 2010 submitted to the Stock Exchanges.

Aggregate of non-promoter shareholding : 67.08%

Monthly High and Low Market Price Data of Equity Shares (April, 2009 to September, 2010)

	B S E		N S E	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Year 2009				
April	7.19	4.10	7.15	4.25
May	11.00	5.11	10.95	5.10
June	10.75	6.45	10.75	6.55
July	7.56	5.75	7.55	5.75
August	8.50	5.93	8.60	5.95
September	8.82	7.40	8.90	7.50
October	8.15	6.48	8.15	6.55
November	10.10	6.18	10.20	6.15
December	10.24	8.50	10.10	8.40
Year 2010				
January	16.34	9.52	16.45	9.40
February	12.88	10.50	13.00	10.50
March	13.13	8.80	13.20	8.85
April	12.20	8.81	12.35	9.00
May	11.70	8.40	11.65	8.50
June	14.40	8.50	14.40	8.65
July	12.85	10.25	12.80	10.30
August	13.00	10.21	12.80	10.25
September	14.05	10.76	14.10	10.80
During the period	16.34	4.10	16.45	4.25

Equity performance compared to BSE Sensex during April 1, 2009 to September 30, 2010



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 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,

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 Stock Exchanges 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
October 28, 2010

S. K. BIRLA
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
To the Members of DIGJAM Limited

We have examined the compliance of the conditions of Corporate Governance by **DIGJAM Limited** for the period ended on September 30, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's 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 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 & Sells
Chartered Accountants
(Registration No. 117365W)

Gaurav J Shah
Partner

Place: New Delhi
Date : October 28, 2010

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" laid down by the Board of Director, from all the Directors and Senior Management personnel of the Company, to whom the same is applicable, for the financial period from April 1, 2009 to September 30, 2010 (18 months).

Place : New Delhi
Date : October 28, 2010

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 period ended September 30, 2010.

A. Conservation of Energy

Energy conservation measures taken :

a. The conventional 5' tube lights are being replaced in phases with energy efficient 4' tube lights. A programme for replacement of DC motors with AC motors has been taken up. The working of the air conditioning plant is being regularly monitored to control energy consumption. Steps were taken to reduce transmission losses and maintain high power factor.

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 DC motors by AC motors. It is proposed to replace where feasible the existing lighting with compact fluorescent lamps. It is also proposed to identify viable processes to maximize operation thereof during off-peak hours. 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. A reduction in maximum demand for energy from 3500 KVA to 3000 KVA has already been achieved.

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 :

The Company exports fabrics to the markets in USA/Europe and also to Far East and the Middle East. To meet ecological requirement of certain buyers, we have got our fabrics certified for Oeko-Tex Standard 100 i.e. meeting ecological standards for wearing the fabrics next to the skin. We are also producing fabrics with different finishes like nano for oil and soil repellency with soft handle, teflon, bio-polishing, 100% wool washable fabrics, etc. Despite slump in demand from USA/Europe & currency turmoil and the strengthening of the Indian Rupee, exports during the year have been encouraging.

g. Total Foreign Exchange used and earned :

	2009-10*	(LacRs.) 2008-09
– Used	4975	3210
– Earned	7371	5957

* 18 month period

DIGJAM LIMITED

ANNEXURE

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. POWER & FUEL CONSUMPTION	2009-10*	2008-09
1. Electricity		
a. Purchased Units (in thousand)	26,131	17,848
Total amount (Rs. in thousand)	1,63,185	1,11,588
Avg. rate/Unit (Rs.)	6.24	6.25
b. Own Generation		
Through Diesel Generator		
Units (in thousand)	166	181
Units per Ltr. of Diesel Oil	2.42	2.92
Avg. Cost/Unit (Rs.)	15.76	13.70
2. Coal (Steam Coal and Lignite used in Boiler for steam)		
Qty. (M. Tonnes)	16,013	10,022
Total Cost (Rs. in thousand)	57,509	38,534
Avg. rate/M. Tonnes (Rs.)	3,592	3,845

B. CONSUMPTION PER UNIT OF PRODUCTION

Products Fabric/Shawls (per Mtr.)		
- Electricity (KWH)	4.87	4.43
- Coal (Steam & Lignite Kg/Mtr.)**	2.96	2.46

* 18 month period

** For generation of steam.

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 particularly by implementing the Quality Management System IS/ISO 9001:2008.
 - Energy and Water 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.
 - Increased variety of fabric finishes like bio-polishing, 100% wool washable fabrics and nano finished fabrics.
 - Improvement in quality and marketability of existing products.
 - Energy and water conservation.
 - Control of Inventory

3. Future Plan of action :

Emphasis on product development, product quality, cost reduction, energy and water conservation, improvement in process, productivity, safety and ecology.

4. Expenditure on R&D :

(Lac Rs.)

	2009-10*	2008-09
--	----------	---------

a. Capital	-	-
b. Recurring	25.03	19.22
c. Total	25.03	19.22
d. Total R&D expenditure as a percentage of total turnover	0.13%	0.14%

* 18 month period

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

- Efforts, in brief, made towards technology absorption, adaptation and innovation :
Regularly in contact with Research Organisations in India and abroad, such as The 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 period) following information is being furnished :
 - Technology imported :)
 - Year of Import :)
 - Has Technology been fully absorbed ? :) NONE
 - 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
Dated: October 28, 2010

S. K. BIRLA
Chairman

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

1. We have audited the attached Balance Sheet of **DIGJAM LIMITED** ("the Company") as at 30th September, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the period ended on that date, both 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 the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) 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 as follows:
 - (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 it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) *attention is invited to Note No. 5 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.*
 - (f) *subject to our comment in paragraph e above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 30th September, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

5. On the basis of the written representations received from the Directors as on 30th September, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 30th September, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117365W)

Gaurav J Shah
Partner

Place: New Delhi
Date : October 28, 2010

Membership No. 35701

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/ activities/result, clauses (xii), (xiii) and (xiv) of paragraph 4 of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the period by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the period by the management at reasonable intervals.
 - (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 were 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 its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

 - (a) The Company has taken loans aggregating Rs. 110 lacs from two parties during the period. At the period-end, outstanding balance of such loans was Rs. 1,000 lacs and the maximum amount involved during the period was Rs.1,030 lacs from two parties.

DIGJAM LIMITED

- (b) The rate of interest of such loans is, in our opinion, *prima facie* not prejudicial to the interests of the Company. There are no other terms and conditions of such loans.
- (c) The Company is regular in repaying the principal amount, when demanded and has been regular in payment of interest.
- (d) Further the Company is maintaining current account with one company covered in the register maintained under Section 301 of the Act.
- (v) 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.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in the Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where such transactions are in excess of Rs. 5 lakhs in respect of any party, the transactions 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.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the period.
- (viii) In our opinion, the internal audit functions carried out during the period by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account 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 are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 30th September, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which

have not been deposited as on 30th September, 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)
Sales Tax Act	Sales Tax-Penalty	Dy. Excise & Taxation Commissioner – Jt. Director (Mobile Wing) (Appellate Authority), Jalandhar Division	1999-00	3.55
Sales Tax Act	Sales Tax	Assistant Collector	1985-86	1.18

In view of Interim Stay Order granted by the Hon'ble High Court of Gujarat, for assessee 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.

- (xi) The Company's accumulated losses at the end of the period are more than fifty percent of its net worth. The Company has not incurred cash loss, after considering cash flow of exceptional item, during the period but incurred cash loss during the immediately preceding financial year
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutes and banks except overdue amount aggregating to Rs. 369.89 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.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutes.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the period for long-term investment.
- (xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) The Company did not have any outstanding debentures during the period.
- (xviii) The Company has not raised any money through a public issue during the period.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117365W)

Gaurav J Shah
Partner

Place: New Delhi
Date : October 28, 2010

Membership No. 35701

DIGJAM LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 2010

(Lac Rs.)

	Schedule	As at September 30, 2010	As at March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	90,25.79	88,75.79
Preference Capital Suspense Account (Note 1.b)		5,00.00	-
LOANS			
Secured	2	53,14.60	127,84.46
Unsecured	3	23,10.15	18,82.47
		<u>171,50.54</u>	<u>235,42.72</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	248,92.61	249,77.28
Less : Depreciation		194,07.57	187,60.07
Net Block		54,85.04	62,17.21
Capital Work-in-progress		4.47	28.55
		<u>54,89.51</u>	<u>62,45.76</u>
INVESTMENTS	5	-	4,41.20
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	38,70.32	39,84.85
Sundry Debtors	7	24,88.07	31,57.20
Cash & Bank Balances	8	2,12.66	60.66
Loans & Advances	9	13,86.56	13,92.31
		<u>79,57.61</u>	<u>85,95.02</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	10	52,52.70	50,05.38
Provisions	11	3,85.36	4,87.33
		<u>56,38.06</u>	<u>54,92.71</u>
NET CURRENT ASSETS		<u>23,19.55</u>	<u>31,02.31</u>
PROFIT & LOSS ACCOUNT		<u>93,41.48</u>	<u>137,53.45</u>
		<u>171,50.54</u>	<u>235,42.72</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
October 28, 2010

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA G. GOSWAMI
S. BIRLA G. MOMEN
R. K. CHOUDHURY A. C. MUKHERJI
Directors

DIGJAM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	<u>Schedule</u>	2009- 10 (18 Months)	(Lac Rs.) 2008 - 09 (12 Months)
INCOME			
Sales		185,93.26	139,92.89
Other Income	12	1,16.54	1,01.41
		187,09.80	140,94.30
EXPENDITURE			
Materials	13	86,00.44	64,95.94
Manufacturing & Other Expenses	14	98,76.99	72,12.05
Interest and Financial Charges (Net) (Note 10)		11,24.76	10,98.53
		196,02.19	148,06.52
PROFIT/(LOSS) BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAX			
Depreciation and Amortisation		(8,92.39)	(7,12.22)
		7,65.79	5,42.35
		(16,58.18)	(12,54.57)
Exceptional Items (Note 13)		60,48.61	1,18.90
PROFIT/(LOSS) BEFORE TAX			
Provision for Tax:			
- Fringe Benefit Tax		-	20.57
- (Excess) Provision in earlier years		(21.54)	-
NET PROFIT / (LOSS) AFTER TAX			
Balance brought forward		44,11.97	(11,56.24)
		(137,53.45)	(125,97.21)
Balance carried to Balance Sheet			
		(93,41.48)	(137,53.45)
Earnings Per Share (EPS) (Note 21)			
Without considering Exceptional Items:			
Basic & Diluted Earnings per Share – Rs.		(2.79)	(1.88)
After considering Exceptional Items:			
Basic & Diluted Earnings per Share – Rs.		6.01	(1.71)
(Face Value of Share – Rs. 10)			

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
October 28, 2010

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA G. GOSWAMI
S. BIRLA G. MOMEN
R. K. CHOUDHURY A. C. MUKHERJI
Directors

SCHEDULES

			<u>September 30, 2010</u>	<u>March 31, 2009</u>
		Par Value Rs.		(Lac 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
			<u>125,00.00</u>	<u>125,00.00</u>
Issued				
6,87,51,400	Equity Shares	10	68,75.14	68,75.14
21,50,000	8 % Cumulative Redeemable Preference Shares (Previous year : 20,00,000)	100	21,50.00	20,00.00
			<u>90,25.14</u>	<u>88,75.14</u>
Subscribed & Paid Up				
6,87,41,651	Equity Shares	10	68,74.16	68,74.16
Add : Forfeited Shares			1.63	1.63
8% Cumulative Redeemable Preference Shares (redeemable on expiry of 10 Years from the dates of allotment, as under, with option to preference shareholders to call for redemption after 5 years from the date of allotment by giving a notice of three months.):			68,75.79	68,75.79
20,00,000	(i) Allotted on February 23, 2009	100	20,00.00	20,00.00
1,50,000	(ii) Allotted on September 17, 2010 (Previous Year : Nil)	100	1,50.00	-
			<u>90,25.79</u>	<u>88,75.79</u>

Subscribed and Paid up Equity Shares as above include:

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

2. SECURED LOANS *

ARCIL	14,00.00	84,53.19
Financial Institutions	7,27.28	10,01.08
Banks	31,87.32	33,30.19
		<u>53,14.60</u>

* Refer Note 7

3. UNSECURED LOANS #

Short Term:		
Financial Institutions	3,69.89	2,75.94
Trade Deposits	2,01.26	2,02.53
Others	17,39.00	14,04.00
		<u>23,10.15</u>

Refer Note 7

DIGJAM LIMITED

SCHEDULES (Contd.)

4. FIXED ASSETS

(Lac Rs.)

	Gross Value				Depreciation & Amortization				Net Value	
	As at Mar. 31, 2009	Additions	Sale/ Adjustments	As at Sept. 30, 2010	As at Mar. 31, 2009	For the period/ year	On Sale/ Adjustments	Upto Sept. 30, 2010	As at Sept. 30, 2010	As at Mar. 31, 2009
Land	12,71.64	–	62.06	12,09.58	–	–	–	–	12,09.58	12,71.64
Building	27,16.06	6.04	94.89	26,27.21	15,34.05	73.06	39.47	15,67.64	10,59.57	11,82.01
Plant & Machinery	206,94.69	37.41	83.18	206,48.92	170,51.28	6,54.11	74.72	176,30.67	30,18.25	36,43.41
Furniture, Fitting & Equipment	2,00.73	18.88	5.80	2,13.81	1,34.93	17.80	4.10	1,48.63	65.18	65.80
Vehicles	94.16	20.76	–	1,14.92	39.81	12.42	–	52.23	62.69	54.35
Software	–	78.17	–	78.17	–	8.40	–	8.40	69.77	–
Total	249,77.28	1,61.26	2,45.93	248,92.61	187,60.07	7,65.79	1,18.29	194,07.57	54,85.04	62,17.21
Previous year	251,39.55	2,87.07	4,49.34	249,77.28	184,43.95	5,42.35	2,26.23	187,60.07	62,17.21	

Refer Note 2

5. INVESTMENTS - Long Term

September 30, 2010

March 31, 2009

Other than Trade Investments – Unquoted

Face Value

Fully paid up Equity Shares

Rs.

Nil (Previous year : 44,12,000) of OCM India Limited*

10

–

4,41.20

–

4,41.20

Aggregate Book Value

– Unquoted Investments

–

4,41.20

* Refer Note 7

6. INVENTORIES

Finished Stocks

13,84.81

16,08.12

Stock in Process

17,10.93

16,76.42

Other Stocks:

– Raw Materials & Components

4,77.13

4,21.03

– Stores & Spare Parts

2,97.45

2,79.28

38,70.32

39,84.85

7. SUNDRY DEBTORS

(Considered good)

Over Six Months (Net) (Note 4)

2,42.00

2,03.94

Others

22,46.07

29,53.26

24,88.07

31,57.20

Sundry Debtors include :

Secured Debts

55.74

61.34

Unsecured Debts

24,32.33

30,95.86

24,88.07

31,57.20

8. CASH & BANK BALANCES

Cash & Cheques in hand

3.38

3.51

Balances with Scheduled Banks

– Current Accounts

2,03.12

35.55

– Fixed Deposit Accounts

6.16

21.60

2,12.66

60.66

SCHEDULES (Contd.)

	September 30, 2010	March 31, 2009
		(Lac Rs.)
9. LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received (Net) (Note 5)	11,45.50	10,94.30
Tax deducted at source (Net of Provision)	29.64	1,16.78
Deposit with Government Departments and Others	2,11.42	1,81.23
	<u>13,86.56</u>	<u>13,92.31</u>
10. CURRENT LIABILITIES		
Sundry Creditors (Note 6)	47,52.45	44,46.90
Interest accrued but not due on loans	5,00.25	5,58.48
	<u>52,52.70</u>	<u>50,05.38</u>
11. PROVISIONS		
Fringe Benefits Tax (Net of Advance)	8.28	8.21
Retirement Benefits	3,77.08	4,79.12
	<u>3,85.36</u>	<u>4,87.33</u>
	2009 - 10	2008 - 09
	(18 Months)	(12 Months)
12. OTHER INCOME		
Miscellaneous Income	1,03.96	56.05
Excess Provisions/Liabilities Written Back (Net)	12.58	45.36
	<u>1,16.54</u>	<u>1,01.41</u>
13. MATERIALS		
(Increase)/Decrease in Stocks – Schedule 'A'	1,88.80	3,28.18
Purchase of Finished/Semi Finished Goods	16,19.25	10,36.00
Consumption of Raw Materials & Components – Schedule 'B'	67,92.39	51,31.76
	<u>86,00.44</u>	<u>64,95.94</u>
A. (INCREASE) / DECREASE IN STOCKS		
Opening 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>
Closing Stocks :		
Finished Goods	13,84.81	16,08.12
Stock-in-Process	17,10.93	16,76.42
	<u>30,95.74</u>	<u>32,84.54</u>
	<u>1,88.80</u>	<u>3,28.18</u>
B. CONSUMPTION OF RAW MATERIALS		
Opening Stock	4,21.03	5,76.64
Add : Purchases & expenses thereon	69,99.25	50,57.57
	<u>74,20.28</u>	<u>56,34.21</u>
Less : Sales, Returns & Transfers	1,50.76	81.42
Less : Closing Stock	4,77.13	4,21.03
	<u>6,27.89</u>	<u>5,02.45</u>
	<u>67,92.39</u>	<u>51,31.76</u>

Profit/Loss on sale of Raw Material & Stores are adjusted in their respective consumption accounts.

DIGJAM LIMITED

SCHEDULES (Contd.)

	2009-10 (18 Months)	(Lac Rs.) 2008-09 (12 Months)
14. MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses – Schedule 'A'	42,12.69	29,60.48
Personnel Expenses – Schedule 'B'	25,70.54	18,01.99
Administrative Expenses – Schedule 'C'	8,50.16	5,39.97
Selling Expenses – Schedule 'D'	22,43.60	19,09.61
	<u>98,76.99</u>	<u>72,12.05</u>
A. MANUFACTURING EXPENSES		
Processing Expenses	6,88.29	4,84.13
Power & Fuel	22,53.19	15,59.15
Repairs & Maintenance :		
– Buildings	51.52	36.23
– Plant & Machinery	2,95.23	2,59.28
– Others	30.25	9.42
Stores & Spare Parts Consumed	8,94.21	6,12.27
	<u>42,12.69</u>	<u>29,60.48</u>
B. PERSONNEL EXPENSES		
Salaries, Wages, Bonus, etc.	21,11.85	13,62.69
Contribution to Provident & Other Funds	1,92.88	2,65.69
Employees Welfare	2,65.81	1,73.61
	<u>25,70.54</u>	<u>18,01.99</u>
C. ADMINISTRATIVE & OTHER EXPENSES		
Directors Fees	7.31	3.60
Insurance	9.50	15.51
Loss on Sale of Fixed Assets (Net)	9.98	3.81
Miscellaneous Expenses	2,38.08	2,16.59
Professional & Legal Fees and Expenses	2,82.85	1,40.26
Rates & Taxes	33.34	19.85
Rent	55.40	27.31
Travelling Expenses	2,13.70	1,13.04
	<u>8,50.16</u>	<u>5,39.97</u>
D. SELLING EXPENSES		
Advertisement & Sales Promotion	10,74.95	7,91.27
Brokerage, Rebate, Discount & Commission	8,38.59	7,52.96
Freight & Other Expenses	3,30.06	3,65.38
	<u>22,43.60</u>	<u>19,09.61</u>

15. NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

- During the period, the Company issued and allotted 1,50,000 8% Cumulative Redeemable Preference Shares of Rs.100 each, aggregating to Rs. 1,50.00 lacs, on private placement basis.
 - Pursuant to settlement of loans with ARCIL (Note 7 below), debt amounting to Rs. 5,00.00 lacs is to be converted into redeemable preference shares, redeemable after five years from the date of issuance. Pending finalization of terms and allotment, the same has been shown as Preference Capital Suspense Account in the Balance Sheet.
- Accumulated Depreciation upto September 30, 2010 (Schedule 4) includes impairment loss on Plant & Machinery - Rs. 11.85 lacs (Previous year: Rs. 22.79 lacs).
- Closing Stock of Raw Materials, Finished Goods and Stores & Spare Parts includes those in transit/bonded warehouse and/or with third parties Rs. 1,26.79 lacs (Previous year: Rs. 1,46.86 lacs).
- Debtors over six months are net of provision of Rs. 4,95.36 lacs (Previous year: Rs 5,20.28 lacs). Bad Debts written off during the period/year (i) against provisions – Rs. 24.92 lacs (Previous year: Rs. 5.84 lacs), and (ii) charged to Profit & Loss Account for the period/year and included under Freight & Other Selling Expenses – Rs. 13.76 lacs (Previous year: Nil).
- Advances are net of provision of Rs. 8,77.85 lacs (Previous year – Rs. 8,77.85 lacs). The 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. 6.86 lacs (Previous year: Rs. 2.64 lacs), maximum amount due during the period/year – Rs. 11.08 lacs (Previous year: Rs. 12.13 lacs).

SCHEDULES (Contd.)

6. a. Sundry creditors include (i) Acceptances - Rs. 15,01.52 lacs (Previous year: Rs. 12,63.47 lacs), and (ii) Advance from Customers- Rs. 1,08.00 lacs (Previous year: Rs. 1,04.54 lacs).
- b. There are no dues to Micro and Small Enterprises, determined to the extent such parties have been identified on the basis of information available with the Company, as at September 30, 2010, which requires disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.
7. i. Secured Loans
- a. Effect has been given in these accounts to the settlement with Asset Reconstruction Company (India) Limited ("ARCIL") whose sanction, effective from July 1, 2010, envisages, *inter alia*, the settlement of loans including through proceeds of Company's properties at Faridabad, transfer of shares held as long term investment, conversion into preference shares and waiver. Balance amount of loan of ARCIL - Rs. 14,00.00 lacs (Previous year: Rs. 84,53.19 lacs) is secured by first charge on fixed assets at Jamnagar, DIGJAM brand and by pledge of Promoters' shareholding in the Company as per the Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956, the Appointed Date of which was July 1, 2004.
- The said settlement is subject to compliance with various conditions specified in the sanction. On occurrence of event of default, as specified in the sanction, the remedies of ARCIL will include, *inter alia*, revocation of reliefs and concessions granted under Scheme of Arrangement and/or settlement proposal with retrospective effect and forfeiture of amount paid till date, which will be accounted for if, and when, determined
- 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.
- b. Loans from Banks for purchase of vehicles - Rs. 3.38 lacs (Previous year: Rs. 13.62 lacs) are secured against the vehicles purchased out of those loans.
- c. Working capital borrowings from banks - Rs. 31,83.94 lacs (Previous year: Rs. 31,46.33 lacs) are secured by hypothecation of stocks, and by second charge on fixed assets of Jamnagar division.
- d. Loan from Housing Development Finance Corporation Limited- Rs. 89.00 lacs (Previous year: Rs. 1,27.00 lacs) is secured/to be secured by mortgage on specified immovable properties.
- e. Loan from Export Import Bank of India (Exim Bank) - Rs. 6,38.28 lacs (Previous year: Rs. 8,74.08 lacs) is secured by a mortgage and hypothecation, subservient to the charges in favour of term lenders/ working capital lenders, over the movable and immovable fixed assets of the Company situated at Jamnagar, both present and future.
- ii. Unsecured Loans include interest accrued and due on unsecured loans- Rs. 3,24.89 lacs (Previous year: Rs. 2,30.94 lacs).
8. Foreign exchange loss (net) of Rs. 1,62.94 lacs (Previous year: Rs. 79.27 lacs) has been included in respective heads of the Profit and Loss Account.
9. Payment to Auditors
- | | 2009 - 10 | 2008 - 09 |
|--|-----------|-----------|
| a. Audit Fees | 6.00 | 6.00 |
| b. Taxation Matters | 10.59 | 8.65 |
| c. Reimbursement of Expenses and Service Tax | 2.66 | 2.91 |
10. a. Interest and Financial Charges includes: (i) Interest: on Fixed Loans - Rs. 1,50.37 lacs (Previous year: Rs. 70.14 lacs); on Others - Rs. 7,90.90 lacs (Previous year: Rs. 9,02.53 lacs) which is net of interest income Rs. 2,02.88 lacs (Previous year: Rs. 69.94 lacs) (ii) Financial Charges: Bank Charges and Commission etc. - Rs. 1,83.49 lacs (Previous year: Rs. 1,25.86 lacs).
- b. Tax deducted at source on: Processing charges - Rs. 0.64 lacs, Interest Rs. 11.53 lacs, Professional/Service charges - Rs. 1.16 lacs, Commission - Rs. 2.01 lacs and Contract - Rs. 0.07 lacs (Previous year: Rs. 0.95 lacs, Rs. 6.33 lacs, Rs. 0.58 lacs, Rs. 0.62 lacs and Nil respectively).
11. a. Remuneration of the Managing Director consists of Salaries Rs. 31.50 lacs, approximate value of perquisites Rs.10.98 lacs, contribution to PF & other funds Rs. 9.69 lacs (Previous year : Rs. 21.00 lacs, Rs. 0.33 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.
12. The Company is lessee under various operating leases under which Rental expenses for the period/year were Rs. 55.40 lacs (Previous year: Rs. 27.31 lacs). The Company has not executed any non-cancellable lease.
13. Exceptional items include :
- a. Profit on sale of inoperative land and other fixed assets (Net) - Rs. 10,36.63 lacs (Previous year: Rs. 1,18.90 lacs)
- b. Profit on transfer of Long Term Investments - Rs. 58.80 lacs (Previous year: Nil)
- c. Gain on settlement of loans (Note 7. i.a above) - Rs. 49,53.18 lacs (Previous year: Nil).

DIGJAM LIMITED

SCHEDULES (Contd.)

14. Sales are reported net of turnover discount, returns claims and include - Job receipts and miscellaneous sales Rs. 24.27 lacs (Previous year: Rs. 11.20 lacs), Export Benefits, Claims etc. – Rs. 4,84.22 lacs (Previous year: Rs. 3,01.50 lacs).
15. Research and Development expenses Rs. 25.03 lacs (Previous year: Rs. 19.22 lacs), accounted for in the respective heads of the Profit & Loss Account.
16. 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	
	2009-10	2008-09	2009-10	2008-09
(Lac Rs.)				
a. Reconciliation of opening and closing balances of the present value of defined benefit obligation				
Obligation at the beginning of the year	10,94.95	9,81.35	1,69.15	1,50.84
Current Service Cost	84.67	51.77	36.11	22.00
Interest Cost	1,22.88	78.51	18.99	12.07
Actuarial (gain)/loss	(1,59.41)	36.95	(1.74)	15.42
Benefits paid	(1,10.26)	(53.63)	(52.41)	(31.18)
Obligation at the end of the year	10,32.83	10,94.95	1,70.10	1,69.15
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, at fair value	7,84.98	6,94.82	–	–
Expected Return on Plan Assets	92.39	55.59	–	–
Actuarial gain/(loss)	16.28	14.33	–	–
Contribution	42.46	73.87	–	–
Benefits paid	(1,10.26)	(53.63)	–	–
Plan assets at the end of the year, at fair value	8,25.85	7,84.98	–	–
c. Net Liability recognised in Balance Sheet				
Obligation at the end of the year	10,32.83	10,94.95	1,70.10	1,69.15
Less : Plan assets at the end of the year, at fair value	8,25.85	7,84.98	–	–
Liability recognised in Balance Sheet as at 30.9.2010	2,06.98	3,09.97	1,70.10	1,69.15
d. Components of employer expense for the year				
Current service cost	84.67	51.77	36.11	22.00
Interest cost	1,22.88	78.51	18.99	12.07
Expected return on plan assets	(92.39)	(55.59)	–	–
Net Actuarial (gain)/loss	(1,75.69)	22.62	(1.74)	15.42
Net cost	(60.53)	97.31	53.36	49.49
e. Assumptions	%	%	%	%
Discount Rate (p.a.)	8.25	7.50	8.25	7.50
Expected Rate of Return on plan assets (p.a.)	8.25	7.50	–	–
Expected rate of increase in compensation levels (p.a.)	6.50	6.50	6.50	6.50
f. Experience History		2009-10	2008-09	2007-08
Gratuity				
Defined Benefit Obligation at the end of the period		10,32.83	10,94.95	9,81.35
Plan Assets at the end of the period		8,25.85	7,84.98	6,94.82
Funded Status - Surplus/(Deficit)		(2,06.98)	(3,09.97)	(2,86.53)
Experience Adjustment on Plan Liabilities – (Gain)/Loss		(93.76)	36.59	19.94
Experience Adjustment on Plan Assets – Gain/(Loss)		13.96	10.57	(4.17)
Leave Encashment				
Defined Benefit Obligation at the end of the period		1,70.10	1,69.15	1,50.84
Funded Status - Surplus/(Deficit)		(1,70.10)	(1,69.15)	(1,50.84)
Experience Adjustment on Plan Liabilities – (Gain)/Loss		0.69	15.50	1.61
g. The contribution expected to be made by the Company during the next financial year has not been ascertained.				
17. 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.				

SCHEDULES (Contd.)

18. STATISTICAL DATA:

A. Installed Capacity*	Units	September 30, 2010	March 31, 2009
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	2009-10	2008-09
Cloth**	Metres	53,38,020	40,69,244
Blankets & Shawls etc.	Pieces	23,958	1,554
Yarn for sale	Kg.	11,175	17,322

*Excludes Garments made outside on Jobwork–Nil (Previous year : 15,149 pcs.)

** Includes captive consumption

C. Sales *	Units	2009-10		2008-09	
		Quantity	Lac Rs.	Quantity	Lac Rs.
Cloth	Metres	66,89,985	179,36.46	49,93,326	135,14.42
Blankets & Shawls etc.	Pieces	13,291	54.25	9,826	24.61
Yarn for sale	Kg.	11,175	6.03	17,322	7.84
Garments	Pieces	157	1.49	15,263	1,23.18
Others **			5,95.03		3,22.84
			<u>185,93.26</u>		<u>139,92.89</u>

* Inclusive of shortage/excess, samples

** Includes Job Work for others.

D.i. Closing Stock		September 30, 2010		March 31, 2009	
Cloth	Metres	7,12,484	13,30.05	8,09,136	15,97.95
Blankets & Shawls etc.	Pieces	21,776	44.54	1,145	2.16
Garments	Pieces	2,420	3.24	2,378	4.43
Others			6.98		3.58
			<u>13,84.81</u>		<u>16,08.12</u>

D.ii. Opening Stock		April 1, 2009		April 1, 2008	
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
			<u>16,08.12</u>		<u>18,86.05</u>

E. Purchases		2009-10		2008-09	
Cloth	Metres	12,55,313	15,34.24	8,12,432	10,17.54
Blankets & Shawls etc.	Pieces	9,964	21.03	6,501	12.03
Garments	Pieces	199	1.04	529	2.17
Others			62.94		4.26
			<u>16,19.25</u>		<u>10,36.00</u>

F. Consumption of Raw Materials		2009-10		2008-09	
Wool & Synthetic Fibres	Kg.	17,93,351	62,83.21	13,09,397	41,75.93
Yarn (Bought out only)	Kg.	107,396	2,79.82	2,40,901	9,04.37
Others			2,29.36		51.46
			<u>67,92.39</u>		<u>51,31.76</u>

SCHEDULES (Contd.)**22. 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:

	<u>2009-10</u>	<u>2008-09</u>
		(Lac Rs.)
Segment Revenue		
Within India	101,09.85	76,38.65
Outside India	85,99.95	64,55.65
Total	187,09.80	140,94.30
Carrying amount of Segment Assets		
Within India	129,62.59	140,77.97
Outside India	4,48.74	6,24.43
Total	134,11.33	147,02.40
Addition to Fixed Assets		
Within India	1,37.19	3,05.19
Outside India	—	2.46
Total	1,37.19	3,07.65

23. The current period's (2009-10) figures are for 18 months, pursuant to change in the accounting year, so as to be from April 1, 2009 to September 30, 2010. Hence, these figures are not comparable with those of previous year, which are for 12 months.

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

25. 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 custom/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.

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.

DIGJAM LIMITED

SCHEDULES (Contd.)

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. Provisions, 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.

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
October 28, 2010

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA **G. GOSWAMI**
S. BIRLA **G. MOMEN**
R. K. CHOUDHURY **A. C. MUKHERJI**
Directors

CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	2009-10 (18 Months)	(Lac Rs.) 2008-09 (12 Months)
A. Cash Flow from Operating Activities		
Net profit/(loss) before tax and Exceptional items	(16,58.18)	(12,54.57)
Adjusted for :		
Depreciation and Amortisation	7,65.79	5,42.35
Interest and Financial Charges	13,27.64	11,68.47
Interest income	(2,02.88)	(69.94)
Loss on Sale/write-off of Fixed Assets and Investments	9.98	4.37
Foreign Exchange Fluctuation (unrealised)	56.32	16.91
Operating Profit before working capital changes	2,98.67	4,07.59
Adjusted for :		
Trade and Other Receivables	5,88.39	(4,55.25)
Inventories	1,14.53	5,16.04
Trade Payables and other Liabilities	1,46.52	(4,36.10)
Cash generated from operations	11,48.11	32.28
Direct taxes	1,08.75	(29.60)
Net Cash from/(used) in Operating Activities ... (A)	12,56.86	2.68
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,37.19)	(3,07.65)
Sale of Fixed Assets (including earnest money)	11,54.30	6,38.20
Sale of Investments	5,00.00	0.04
Interest received	2,02.88	69.94
Net Cash from/(used) in Investing Activities ... (B)	17,19.99	4,00.53
C. Cash Flow from Financing Activities		
Proceeds from Preference Shares (Refer Schedule 15, Note 1)	6,50.00	20,00.00
Proceeds from/(Repayment of) borrowings (net)	(21,82.94)	(15,98.57)
Interest and Financial Charges	(12,91.91)	(9,64.86)
Net Cash from/(used) in Financing Activities ... (C)	(28,24.85)	(5,63.43)
Net increase/ (decrease) in Cash or Cash Equivalents (A+B+C)	1,52.00	(1,60.22)
Cash and Cash Equivalents (Opening Balance)*	60.66	2,20.88
Cash and Cash Equivalents (Closing Balance) *	2,12.66	60.66
* Refer Schedule 8		

Notes :

1. Figures in brackets represent outflow.
2. 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. 0.17 lacs (Previous year: Rs. 5.86 lacs).

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner
Membership No. 35701

New Delhi
October 28, 2010

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA G. GOSWAMI
S. BIRLA G. MOMEN
R. K. CHOUDHURY A. C. MUKHERJI
Directors

DIGJAM LIMITED

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	30-09-2010		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	15000

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

Total Liabilities	1715054	Total Assets	1715054
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Sources of funds

Paid-up Capital *	952579	Secured Loans	531460
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* (including Preference Capital Suspense Account)

Unsecured Loans	231015
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Applications of funds

Net Fixed Assets	548951	Investments	Nil
Net Current Assets	231955	Accumulated Losses	934148

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

Turnover (including Other Income and Exceptional Items)	2475841	Total Expenditure	2036798
Profit/(Loss) before Tax	439043	Profit/(Loss) after Tax	441197
Earning per Share (Rs.)	6.01	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 STAPLE 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

New Delhi
October 28, 2010

G. K. SUREKA
Company Secretary

C. L. RATHI
Managing Director

S. K. BIRLA **G. GOSWAMI**
S. BIRLA **G. MOMEN**
R. K. CHOUDHURY **A. C. MUKHERJI**
Directors

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 NOVEMBER 1, 2010 TO JULY 31, 2011. 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 : October 28, 2010

* EXCLUSIVE SHOWROOMS/RETAIL SHOPS
@ MILLS AUTHORISED RETAIL DEALERS

ABO HAR

@ New Wearwell Emporium, Bhagat Singh Chowk

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

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, Bangla Prasad Harkhen Kumar, Gopali Chowk

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

ASANSOL

@ Mohan Cloth Stores, G.T. Road

AURANGABAD

* Digjam Retail Showroom, AMC Shopping Centre, Kranti Chowk

BANGALORE

@ Abhishek Fashions, # 402 Rajshri Market, Avenue Road

BAREILLY

@ Novelty Centre, Punjabi Market

BATHINDA

@ Lakshmi Emporio, Mall 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

BIKANER

@ J. P. & Company, Near Head Post Office

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, Pandy Bazar, T. Nagar

@ Pothys Textiles, 15 Nageshwara Rao Road, South Usman Road, Panagal Park

COMBATORE

* 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

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

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.L.P. Textiles, 1F, 39 NIT

GAYA

* Digjam Shop-in-Shop, 12 K. P. Road

GHAZIABAD

@ New Vastarlok, 214 Chopla, Dasna Gate

GORAKHPUR

@ Hamarain Ram Kishan, Golghar

GUWAHATI

@ R. D. Stores, Babu Bazar

@ Gentlemen, A. C. Market

HAMIRPUR (H.P.)

@ Puri Cloth House, Main Bazar

HANAMKONDA

* Digjam Retail Showroom, Chowrastha

HAZARIBAGH

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

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, Dilsukhnagar

* Digjam Retail Showroom, Plot No. 136, Hill Colony, Vanasthalipuram

IMPHAL

@ Brojen Cloth House, Thangal Bazar

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from
1.11.2010
to
31.7.2011

Rs.
1000/-

15%
DISCOUNT

Coupon A No.

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from
1.11.2010
to
31.7.2011

Rs.
1000/-

15%
DISCOUNT

Coupon B No.

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from
1.11.2010
to
31.7.2011

Rs.
1000/-

15%
DISCOUNT

Coupon C No.

DIGJAM

it's who you are

Retail Shop.....

C/Memo No. Date.....

Amount Rs.

Retail Shop.....

C/Memo No. Date.....

Amount Rs.

Retail Shop.....

C/Memo No. Date.....

Amount Rs.

CUT HERE

CUT HERE

CUT HERE

JABALPUR

* Digjam Retail Showroom, Gorakhpur Bazar

JAIPUR

@ Babulal Suresh Kumar, 18, Dara Market

@ Brijlal Ramgopal, Manak Chowk

@ Gopiram Devlal, 189 Johari Bazaar

@ Rishi Textiles, Chaura Rasta

JALGAON

@ Navjeevan Collections, 114 Navi Peth

@ Suresh Collection, A. Kelkar Market

JAMNAGAR

* Digjam Retail Showroom, Summar 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

JODHPUR

@ Johamal Amamal, Inside Sojati Gate, Near Pokaran House

KANPUR

* Digjam Shop-in-Shop, Rajkamal's, 7-8 PPN Market

* Digjam Shop-in-Shop, Kamal Store, 65-66, Naveen Market

* Digjam Shop-in-Shop, Shivam Textiles, C/o. U.P. Handlooms Showroom, Elgin Mill, VIP Road

@ Thakur Das Latwala, 49/4 General Ganj

@ V. K. Enterprises, 49/8-9 General Ganj

@ Selection House, 12 Naveen Market

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, Delhi Cloth Centre, Main Road

@ Bhawani Bazar, Jannipali

@ Shriram Vastralaya, Hiranand Complex, Power House Road

KOTA

@ Luhadia Textiles, Bazaz Khana

KOTTAYAM

@ Seemati, K.K. Road

LATUR

@ Ishwarprasad Omprakash Daga, Cloth Lane

LUCKNOW

* Digjam Shop-in-Shop, H. Sugnamal & Co., 36 Aminabad

@ Geeta Vastralaya, Aminabad

@ Garha Bhandar, Aminuddaula Park, Aminabad

@ Motiani, 133/299 Ganesh Ganj

LUDHIANA

* Digjam Retail Showroom, Chandan Tower, Gurudev Nagar, Pakhowal Road

@ Bombay Stores, Surya Tower, The Mall

@ Cheap Cloth House, Ghumar Mandi

MADHEPURA

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

MADURAI

@ Pothy's Textiles, 159 Mella Masi Street

@ 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

* Digjam Shop-in-Shop, Diwan Chandra Mahendrakumar, Opp. Gate Anand Bhawaxi, Roorkee Road

NAGPUR

* Digjam Retail Showroom, Mahajan Market, Sitabudki

@ Udaya, Iwan 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

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

PATNA

@ Kripashree, Ashiana Nagar

@ 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

ROURKELA

@ Indera Plaza, Bisra 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

@ Prince Textiles, Hill Cart Road,

@ Shalimar, Hill Cart Road

SURAT

@ Bhagwandas & Co., Lal Gate, Kanpith

@ Teenager's Textorium, Soni Falia

THANE

@ New Mumbai Cutpiece House, Manpada Road, Dombivali

TIRUNELVELI

@ 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, Kothi Road, Anandpura

VARANASI

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

VISAKHAPATNAM

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

* Digjam Retail Showroom, Door # 30-15-123, Pothuri Mansions, 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 appointof..... 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 Tuesday, January 18, 2011 at 10.00 a.m. and at any adjournment thereof.

As Witness my/our hand/hands thisday of201...

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 Tuesday, January 18, 2011 at 10.00 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	

BOOK - POST

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If undelivered, please return to:
DIGJAM LIMITED
Aerodrome Road,
Jamnagar 361 006 (Gujarat)
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