

March 10, 2020

BSE Ltd.
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai 400 001

The Manager
Listing Department,
National Stock Exchange of India Ltd.,
'Exchange Plaza', C/1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051

Code No. 539979**Symbol "DIGJAM LTD"**

Dear Sir,

Re: Annual Report for the year 2018-19

Pursuant to Regulation 34(1)(a) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report for the year 2018-19 alongwith the notice for the Annual General Meeting to be held on April 3, 2020 for your records. The same is being despatched to the Members of the Company shortly.

Thanking you,

Yours faithfully,
For DIGJAM Limited
(under CIRP)



(Jatin Jain)
Company Secretary

Encl: As above

DIGJAM

DIGJAM LIMITED

ANNUAL REPORT 2018/19

Sri Sunil Kumar Agarwal

Resolution Professional (vide Hon'ble NCLT, Ahmedabad Order dated January 1, 2020)

Sri Parag Sheth

Interim Resolution Professional (vide Hon'ble NCLT, Ahmedabad Order dated April 26, 2019 upto January 1, 2020)

Board of Directors (suspended during CIRP)

Sri Sidharth Birla (DIN: 00004213)

Chairman

Sri Bharat Anand (DIN: 02806475) (upto 01.04.2019)

Ms. Meenakshi Birla (DIN: 00019582) (upto 12.04.2019)

Sri S. Ragothaman (DIN: 00042395)

Sri Gajendran Ramanathan (DIN: 08321952)

Sri A.R. Sreekanth (DIN: 05324789)

Sri C. Bhaskar (DIN: 00003343) (upto 12.04.2019)

Managing Director & Chief Executive Officer

Company Secretary

Sri Jatin Jain (ACS 24293)

Senior Executives

Sri Ajay Agarwal

Chief Operating Officer

Sri Satish Shah

Chief Financial Officer

Registered Office & Mills

Aerodrome Road,
Jamnagar 361 006, Gujarat

e-mail: digjamcosec@gmail.com

website: www.digjam.co.in

Corporate Identity Number

L17123GJ2015PLC083569

Registrars and Share Transfer Agents

MCS Share Transfer Agent Ltd.

383, Lake Gardens, 1st Floor,

Kolkata 700 045

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of the Company will be held on Friday, April 3, 2020 at 10.00 a.m. at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006 (Gujarat), to transact the following business:

Background:

The National Company Law Tribunal ("NCLT"), Ahmedabad Bench, vide Order dated April 26, 2019 ("Insolvency Commencement Order") has initiated Corporate Insolvency Resolution Process ("CIRP") based on petition filed by Oman Inc. HUF under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Sri Parag Sheth (IP Registration No. IBBI/IPA-002/IP-N00142/2017-18/10381) was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently, Hon'ble NCLT vide its Order dated January 1, 2020 had appointed Sri Sunil Kumar Agarwal (IP Registration No. IBBI/IPA-001/IP-01390/2018-19/12178) as Resolution Professional of the Company, which was proposed by the Committee of Creditors ("CoC") in their first meeting held on May 24, 2019. Pursuant to the Insolvency Commencement Order and in line with the provisions of the Code, the powers of the Board of Directors were suspended and the same were to be exercised by IRP/RP. Hence, this meeting is being convened by the Resolution Professional only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of provisions of Section 17 of the Code.

Ordinary Business:

1. To consider and adopt the Directors' Report and the audited Financial Statements of the Company for the financial year ended March 31, 2019 and the Auditors Report thereon.
2. To appoint a Director in place of Sri Sidharth Birla (DIN: 00004213), who retires by rotation and being eligible, offers himself for reappointment.

(His re-appointment on the Board is being considered in compliance with Section 152(6) of the Companies Act, 2013. However, the Board shall continue to remain suspended during the continuance of CIRP. The tenure of directors will be subject to Resolution Plan as may be approved by Adjudicating Authority).

3. To appoint Auditors of the Company in view of casual vacancy caused due to resignation of M/s Deloitte Haskins & Sells, Chartered Accountants and to fix their remuneration and in this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution: -

"RESOLVED that in accordance with the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules framed thereunder, approval of the Members of the Company be and is hereby accorded for appointment of M/s S.K. Bajpai & Co., Chartered Accountants (Firm Registration No. 004330C) as the Statutory Auditors of the Company with effect from February 25, 2020, in the casual vacancy caused due to the resignation of M/s Deloitte Haskins & Sells, Chartered Accountants

(Registration No. 117366W/W-100018), to hold office till the conclusion of the 5th Annual General Meeting at a remuneration to be decided by the Resolution Professional in consultation with M/s S.K. Bajpai & Co."

Special Business

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

4. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri Gajendran Ramanathan (DIN: 08321952), who was appointed as an Additional Director of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office until the conclusion of the Annual General Meeting to be held in 2024."

(His appointment on the Board is being considered in compliance with Section 161(1) of the Companies Act, 2013. However, the Board shall continue to remain suspended during the continuance of CIRP. The tenure of directors will be subject to Resolution Plan as may be approved by Adjudicating Authority)

5. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri Atthibele Rajaram Sreekanth (DIN: 05324789), who was appointed as an Additional Director of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office until the conclusion of the Annual General Meeting to be held in 2024."

(His appointment on the Board is being considered in compliance with Section 161(1) of the Companies Act, 2013. However, the Board shall continue to remain suspended during the continuance of CIRP. The tenure of directors will be subject to Resolution Plan as may be approved by Adjudicating Authority)

6. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to Section 148 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act read with the relevant Rules thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of remuneration of Rs. 50,000/- (Rupees Fifth Thousand only) plus applicable taxes and reimbursement of out of pocket expenses to

DIGJAM LIMITED

M/s N.D. Birla & Co., Cost Accountants, Ahmedabad (Firm Registration No. 28) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year ending on March 31, 2020.”

The Register of Members of the Company will remain closed from March 27, 2020 to April 3, 2020 (both days inclusive).

Ahmedabad
February 26, 2020

Registered Office:
Aerodrome Road,
Jamnagar 361 006
(Gujarat)
CIN: L17123GJ2015PLC083569

For DIGJAM Limited
(Company under CIRP)

Jatin Jain
Company Secretary

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.
2. The instrument appointing a proxy has to be deposited at the Registered Office of the Company 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. Under the Companies Act, 2013 ('the Act') and the Rules thereunder, the Company is permitted to serve on the Members documents including Annual Report and notices through, inter alia, the electronic mode. The Company may send to the Members the Annual Report and other documents/communications either physically to their registered address or by e-mail at the e-mail addresses registered with the Company/received through the respective Depository.
5. **Pursuant to the Green Initiative of the Ministry of Corporate Affairs, request to register e-mail addresses, changes therein and in the registered addresses including PIN CODE: Members holding shares in physical form are requested to register/update their e-mail addresses/registered addresses with the Company's Registrars and Share Transfer Agents, M/s MCS Share Transfer Agent Ltd., 383, Lake Gardens 1st Floor, Kolkata 700 045. Members holding shares in dematerialised form are requested to register their e-mail addresses, changes therein and in their registered addresses with the concerned Depository through their Depository Participant. In absence of e-mail address, the documents will be sent in physical mode.**
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrars and Share Transfer Agents.
7. Members may note that the Notice of the 4th Annual General Meeting and the Annual Report for the year 2018-19 will also be available on the Company's website www.digjam.co.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days upto and including the date of the Annual General Meeting. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
8. **Voting through electronic means**
 - I. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise their right to vote at the 4th Annual General Meeting (AGM) by remote e-voting. The business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

The facility for voting either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 4th AGM and the Members attending the same shall be able to exercise their voting rights accordingly at the AGM provided they have not already cast their vote through remote e-voting. Such Members who have already voted through remote e-voting may attend the AGM but shall not be entitled to vote again thereat.
 - II. **The e-voting period commences on Tuesday, March 31, 2020 (9.00 a.m.) and ends on Thursday, April 2, 2020 (5.00 p.m.), both days inclusive. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of March 27, 2020, may cast their vote electronically.** The e-voting module shall be disabled by CDSL for voting thereafter.
 - a. The shareholder should log on to the e-voting website www.evotingindia.com.
 - b. Click on "Shareholders/Members".
 - c. Now, Enter your User ID:
 - i. For CDSL: 16 digits beneficiary ID,
 - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - d. Next enter the Image Verification as displayed and Click on Login.
 - e. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - f. However, if you are a first time user, please follow the steps given below.

For Members holding shares in Demat/Physical Form

PAN	<p>Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <p>*Members who have not updated their PAN with the Company/Depository Participant are requested to enter in the PAN field the Sequence Number (SQ) consisting of total 10 characters printed on the address label (for e.g. RA00073142). In case you have received this communication through email, the Sequence Number (SQ) is furnished therein next to your DP ID/Client ID/ Folio no.</p> <p>Any person having become a shareholder after the dispatch of AGM notice would invariably have their updated PAN with the Company/Depository in which case the Sequence Number is not required.</p>
Dividend Bank Details OR Date of Birth (DOB)#	<p>Enter the Dividend Bank Details or Date of Birth in dd/mm/yyyy format as recorded in your demat account or in the company records in order to login.</p> <p># If both the details are not recorded with the Depository or Company, please enter the member id/folio number in the Dividend Bank Details field as mentioned in instruction (c) above.</p>

- g. After entering these details appropriately, click on "SUBMIT" tab.
- h. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.

Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j. Click on the EVSN for the relevant Company for which you choose to vote i.e. DIGJAM LIMITED.
- k. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- l. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- m. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.

- n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - o. You can also take a print of the vote cast by clicking on "Click here to print" option on the Voting page.
 - p. If a Demat account holder has forgotten the changed login password then enter the User ID and image verification Code and click on Forgot Password & enter the details as prompted by the system.
 - q. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Stores respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
 - r. Note for Non-Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to heldesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - s. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. You can also contact the helpdesk on the toll free number: 1800225533.
- III. The voting rights of shareholders shall be in proportion to their holding of equity shares/preference shares with voting rights of the Company as on the cut-off date of March 27, 2020.

DIGJAM LIMITED

- IV. The Practising Company Secretary, Sri Viral Sanghavi, Prop. Viral Sanghavi & Associates, (Membership No. 24951 & CP No. 9035) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- V. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 3 days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall counter sign the same and thereafter, the Chairman or the person so authorised shall declare the Results of the voting forthwith.

This Notice as well as the Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL and communicated to NSE and BSE immediately.

9. **EXPLANATORY STATEMENT** pursuant to Section 102 of the Companies Act, 2013 ('the Act')/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2013:

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

Sri Sidharth Birla, Chairman, aged 61 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 39 years in the fields of Finance, Marketing, General Management, Corporate Governance, Company Law, Strategic Issues, Corporate and Financial Structuring, Resource Mobilisation, Acquisitions and Disinvestments. He is past president of the Federation of Indian Chambers of Commerce & Industry.

Sri Sidharth Birla is Chairman of Xpro India Ltd. He is also on the Board of Alpha Capital Resources Pte. Ltd., Singapore, Birla Brothers Pvt. Ltd., Central India General Agents Ltd., ICSI Institute of Insolvency Professionals, iPro Capital Ltd., Kanoria Chemicals & Industries Ltd., and Xpro Global Pte. Ltd., Singapore. Sri Sidharth Birla is Chairman of the Committee of Directors and Member of Remuneration & Nominations Committee of our Company as well as those of Xpro India Ltd. and member of Audit Committee of Birla Brothers Pvt. Ltd. and Kanoria Chemicals & Industries Ltd. Sri Sidharth Birla is a member of the Board of Governors of Birla Institute of Technology & Science, Pilani besides being Executive Committee member of Indian Chamber of Commerce, Kolkata and Federation of Indian Chambers of Commerce & Industry.

Sri Sidharth Birla holds 50,000 Equity Shares in the Company.

Item No. 3: The Members of the Company at the 1st Annual General Meeting ('AGM') held on September 23, 2016, had approved the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Company, till the conclusion of the 6th AGM to be held in the year 2021.

M/s Deloitte Haskins & Sells has since tendered their resignation as the Statutory Auditors of the Company with effect from February 4, 2020, resulting in a casual vacancy in the office of the Statutory Auditors of the Company.

Pursuant to Section 139(8) of the Companies Act, 2013, the Resolution Professional, under the Authority given by Committee of Creditors, approved the appointment of M/s S.K. Bajpai & Co., Chartered Accountants (Registration No. 004330C) as Statutory Auditors of the Company with effect from February 25, 2020 till the conclusion of the 5th AGM of the Company, for conducting the statutory audit of the year 2019-2020, subject to approval of the Members at this AGM.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested in the said Resolution.

Item No. 4: Sri Gajendran Ramanathan, aged 60 years, is a Science Graduate in Agriculture and retired banking professional with 37 years of experience in various capacities including as Branch/Zonal head across two PSU banks and has also involved in successful implementation of various development projects/financial inclusion schemes.

Sri G. Ramanathan does not hold any Equity Shares in the Company.

Sri Ramanathan was appointed as an (Independent) Additional Director of the Company pursuant to Article 113 of the Articles of Association of the Company with effect from January 30, 2019. As provided therein and under Section 161 of the Act, Sri Ramanathan holds office as Director only upto the date of the forthcoming Annual General Meeting of the Company. In terms of Section 149 and any other applicable provisions of the Act, Sri Ramanathan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company to hold office until the conclusion of the Annual General Meeting to be held in 2024. A notice under Section 160 of the Act has been received from a member proposing Sri Ramanathan as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri Ramanathan fulfils the conditions specified in the Act and the rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Considering his vast experience and that his association would be of immense benefit to the Company, it is desirable to avail services of Sri Ramanathan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri Ramanathan as an Independent Director, for the approval by the Members of the Company.

Copy of the letter for appointment of Sri Ramanathan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Except for Sri Gajendran Ramanathan, being the appointee and his relatives to the extent of their shareholding, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the aforesaid Resolution.

Item No. 5: Sri Athibele Rajaram Sreekanth ("A.R. Sreekanth"), aged 50 years, is a Graduate and real estate consultant and co-ordinator with 13 years of experience in housing and land development projects, besides several years in planning and establishment of floriculture projects.

Sri A.R. Sreekanth does not hold any Equity Shares in the Company.

Sri Sreekanth was appointed as an (Independent) Additional Director of the Company pursuant to Article 113 of the Articles of Association of the Company with effect from January 30, 2019. As provided therein and under Section 161 of the Act, Sri Sreekanth holds office as Director only upto the date of the forthcoming Annual General Meeting of the Company. In terms of Section 149 and any other applicable provisions of the Act, Sri Sreekanth being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company to hold office until the conclusion of the Annual General Meeting to be held in 2024. A notice under Section 160 of the Act has been received from a member proposing Sri Sreekanth as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri Sreekanth fulfils the conditions specified in the Act and the rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Considering his vast experience and that his association would be of immense benefit to the Company, it is desirable to avail services of Sri Sreekanth as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri Sreekanth as an Independent Director, for the approval by the Members of the Company.

Copy of the letter for appointment of Sri Sreekanth as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Except for Sri A.R. Sreekanth, being the appointee and his relatives to the extent of their shareholding, if any, in the Company, none of the Directors, Key Managerial Personnel of

the Company and their relatives is concerned or interested in the aforesaid Resolution.

Item No. 6: The Committee of Creditors has appointed M/s N.D. Birla & Co., Cost Accountants, as the Cost Auditors for audit of cost accounting records of the Company for the financial year 2019-20 at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) besides applicable taxes and reimbursement of out of pocket expenses. In terms of the provisions of Section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, the Members are required to ratify the remuneration payable to the Cost Auditors and accordingly, the consent of the Members of the Company is solicited for the remuneration as set out in the Resolution in Item no. 5 which is accordingly commended for approval by the Board of Directors.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested in the said Resolution.

Inspection of Documents

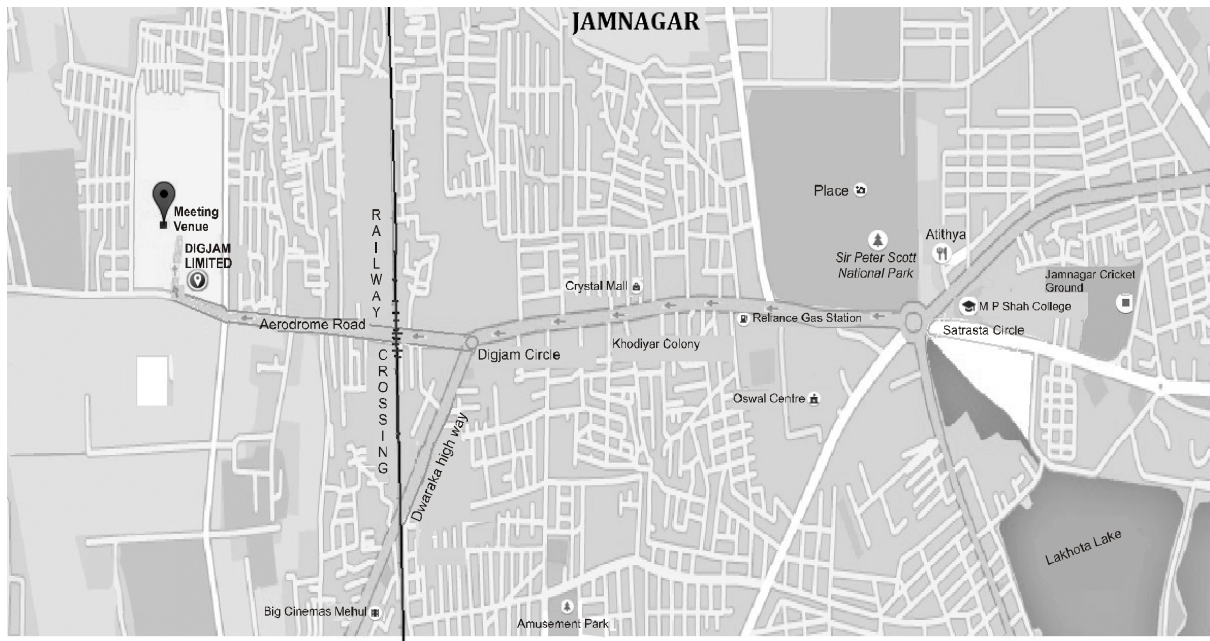
All the documents referred to in the notice and explanatory statement including the Memorandum and Articles of Association of the Company are open for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on any working day prior to the date of the Annual General Meeting.

Ahmedabad
February 26, 2020

For DIGJAM Limited
(Company under CIRP)

Registered Office:
Aerodrome Road,
Jamnagar 361 006
(Gujarat)
CIN: L17123GJ2015PLC083569

Jatin Jain
Company Secretary



DIGJAM LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present herewith our Annual Report along with the Audited Accounts of the Company for the year ended March 31, 2019.

INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)

The National Company Law Tribunal ("NCLT"), Ahmedabad Bench, vide Order dated April 26, 2019 ("Insolvency Commencement Order") has initiated Corporate Insolvency Resolution Process ("CIRP") based on petition filed by Oman Inc. HUF under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Sri Parag Sheth (IP Registration No. IBBI/IPA-002/IP-N00142/2017-18/10381) was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently, Hon'ble NCLT vide its Order dated January 1, 2020 had appointed Sri Sunil Kumar Agarwal (IP Registration No. IBBI/IPA-001/IP-01390/2018-19/12178) as Resolution Professional of the Company, which was proposed by the Committee of Creditors ("CoC") in their first meeting held on May 24, 2019. Pursuant to the Insolvency Commencement Order and in line with the provisions of the Code, the powers of the Board of Directors were suspended and the same were to be exercised by IRP/RP. Hence, this meeting is being convened by the Resolution Professional only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of provisions of Section 17 of the Code.

Since the Company is under CIRP, as per Section 17 of the Code, from the date of appointment of IRP/RP: -

- the management of the affairs of the Company shall vest in the RP.
- the powers of the Board of Directors of the Company shall stand suspended and be exercised by the RP.
- the officers and managers of the Company shall report to the RP and provide access to such documents and records of the Company as may be required by the RP.
- the financial institutions maintaining accounts of the Company shall act on the instructions of the RP in relation to such accounts and furnish all information relating to the Company available with them to the RP.

FINANCIAL RESULTS

	(Rs. Lacs)	
	March 31, 2019	March 31, 2018
Operations for the year resulted in (Loss)/Profit before Interest and Depreciation of	(2,650.89)	(1,600.72)
less: Finance Costs	1,530.80	1,413.85
less: Depreciation	263.55	275.19
less: Exceptional Items	-	-
(Loss)/Profit Before Tax	(4,445.24)	(3,289.76)
less: Taxation	-	-
(Loss)/Profit After Tax	(4,445.24)	(3,289.76)
Other Comprehensive Income	102.63	78.35
Balance brought forward	(4,342.61)	(3,216.60)
leaving a Balance of which is carried forward	(10,770.62)	(6,428.01)

The Directors do not recommend any dividend.

REVIEW OF KEY BUSINESS MATTERS

Economic growth in 2018-19 slowed progressively through the year to average 7% keeping capacity utilization across many industries sub-optimal. However strengthening domestic demand, resolved stressed loans and recapitalization of banks, income support to rural India, and normal monsoon suggest a return to improved growth and consumer markets in coming years.

The Company's products faced stagnant demand and competitive pressures from synthetic and blended fabrics and cheaper supplies from other countries. A marked shift to ready-mades and the move away from formal wear is also impacting overall superior fabric demand globally. The manufacturing of woollen and worsted fabrics at the Company's mills located at Jamnagar had been temporarily suspended with effect from October 22, 2018 due to extremely tight liquidity and working capital position. In the overall, the Company's operations suffered due to a combination of market circumstances, working capital constraints and cash losses. During the year, sales volume were lower at 3.14 lac metres (previous year: 16.4 lac metres) resulting in a substantially lower revenue of Rs. 9.21 crores (previous year: Rs.59.0 crores).

After the closure of the financial year in subject, the Company went into Corporate Insolvency Resolution Process with effect from April 26, 2019 and the sales were substantially decreased thereafter.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Sri Kishor Shah, Sri Bharat Anand, Ms. Meenakshi Birla, resigned as Directors of the Company with effect from March 8, April 1 & 12, 2019 respectively. Further, Sri C. Bhaskar, Managing Director & Chief Executive Officer of the Company also resigned from the Board with effect from April 12, 2019. The Board places on record their sincere and deep appreciation of the valuable guidance and services rendered by Sri Kishor Shah, Sri Bharat Anand, Ms. Meenakshi Birla and Sri C. Bhaskar during their respective tenures on the Board of the Company.

In accordance with the recommendations of the Remuneration & Nominations Committee, the Board has appointed Sri G. Ramanathan and Sri A.R. Sreekanth, as (Independent) Additional Directors with effect from January 30, 2019. Sri G. Ramanathan and Sri A.R. Sreekanth had declared that they meet the criteria of independence as per Section 149(6) of the Companies Act, 2013 ("the Act"). In terms of Article 113 of the Articles of Association of the Company read with Section 161 of the Act, Sri Ramanathan and Sri Sreekanth will hold office upto the date of the forthcoming Annual General Meeting.

The Board, upon the recommendations of the Remuneration & Nominations Committee, had also appointed Sri Ajay Agarwal and Sri Satish Shah as Whole-time Directors of the Company wef April 19, 2019 but they have resigned as Directors of the Company with effect from June 1 & 22, 2019 respectively.

Sri Sidharth Birla, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

During the year, five Board Meetings were held as detailed in the annexed Corporate Governance Report.

STATUTORY INFORMATION AND OTHER MATTERS

Information as per the requirements of the Act, our report on Corporate Governance alongwith the Auditors' Certificate on Compliance and the Managements' Discussion & Analysis Report form part of this report and are annexed hereto.

As per Section 134(3)(a) of the Act, the Annual Return for the financial year 2017-18 is put up on the Company's website and can be accessed at <http://digjam.co.in/files/policy/Annual%20Return%20for%20the%20year%202017-18.pdf>.

The Board has, on the recommendation of the Remuneration & Nominations Committee, framed a Policy for appointment and remuneration of Directors and Senior Managerial Personnel as well as criteria for determining independence and other relevant matters (policy and criteria annexed herewith; policy also available on weblink:<http://digjam.co.in/files/policy/Policy%20on%20Remuneration%20to%20Exec%20Directors%20%26%20Sr%20Management.pdf>). Pursuant to the provisions of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board carried out annual evaluation of its performance, and of individual Directors (including independent) as well as the evaluation of its Audit, Remuneration and Nominations and Stakeholders Relationship Committees. The concerned Director did not participate in the meeting while being evaluated. A questionnaire was circulated to all the Directors. The Remuneration and Nominations Committee also evaluated the performance of every Director. The evaluation of the Chairman of the Board and the non-independent Directors was also carried out at the separate meeting of the Independent Directors.

The information on Conservation of Energy, Technology absorption, foreign exchange earnings and outgo is annexed hereto.

The Company has in place a system of periodical review of business risks. The Audit Committee and the Board are informed about the risks identified, assessment thereof and minimization procedures and identification of elements of risks which in the opinion of the Board may threaten existence of the Company.

The Company has an internal control system commensurate with its size of operations. The internal audit function is carried out by an external agency which reports to the Chairman of the Audit Committee. During the course of internal audit, the efficacy and adequacy of internal control systems of the Company is also evaluated. Based on the reports, corrective actions are taken and the controls strengthened.

The Company has no subsidiary, joint venture or associate company. The Company has not invited/accepted any Fixed Deposits under Chapter V of the Act and there are none outstanding on March 31, 2019. The Company has not granted any loan or issued any guarantee or made any investment to which the provisions of Section 186 of the Act apply.

All transactions with related parties during the year were in the ordinary course of business on an arm's length basis. There are no such material transactions entered into by the Company which may have a potential conflict of interest with that of the Company and to which Section 188(1) of the Act applies and thus, disclosure in Form AOC-2 is not required to be annexed. In accordance with the provisions of the Act and SEBI Listing Regulations, all Related Party Transactions are placed before the Audit Committee for approval or for omnibus approval as necessary. The statement of all such transactions entered into

is placed before the said Committee for their review. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: <http://digjam.co.in/files/policy/Policy%20on%20Related%20Party%20Transactions.pdf>.

There are no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations except that the CIRP commenced vide Hon'ble NCLT Order dated April 26, 2019.

The Audit Committee constituted by the Company meets the requirement of Section 177 of the Act and Regulation 18 of SEBI Listing Regulations; details of its composition are furnished in the Corporate Governance Report. There was no instance during the year where the Board had not accepted any recommendation of the Audit Committee.

The Company has a vigil mechanism for Directors and employees to report genuine concerns in accordance with the Whistle Blower Policy; no employee is denied access to the Audit Committee in this regard. The said Policy provides for safeguards through Protected Disclosures against victimization of persons who use such mechanism, and is displayed on the Company's website. The details of the Whistle Blower Policy are also annexed herewith.

The Company has constituted a committee on Corporate Social Responsibility (CSR), the details of which are furnished in the Corporate Governance Report. While the statutory requirements on spending are not applicable to the Company in view of loss/inadequate profit, small steps have always been taken by the Company for social and inclusive development in its local area; however given the relatively small size and geographical spread, it has not been practical to yet undertake any significant projects beyond these. The CSR Policy of the Company is annexed herewith.

Information required pursuant to Section 197(12) of the Act read with Rule 5 (as amended) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed. However, in terms of Section 136 of the Act, the Annual Report is being sent to members of the Company excluding the information in respect of employees of the Company pursuant to Rule 5(2) of the aforesaid Rules and which will be furnished on request. The aforesaid statement is also available for inspection by shareholders at the Registered Office of the Company during business hours on working days upto the date of the ensuing Annual General Meeting.

The Company has set up a Committee to look into the complaints under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint relating to sexual harassment at work place has been received during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Chief Financial Officer have certified the Financial Statements as per the requirements of Regulation 17(8) of the SEBI Listing Regulations which has been reviewed by the RP and taken on record in view of commencement of Corporate Insolvency Resolution Process wef April 26, 2019. Having taken reasonable and bonafide care pursuant to Section 134(5) of the Act, the Directors indicate that (a) in the preparation of annual accounts, the applicable Accounting Standards had been

DIGJAM LIMITED

followed alongwith proper explanations relating to material departures; (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year; (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; (d) the Directors have prepared the annual accounts on a going concern basis; (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS' OBSERVATIONS

The Statutory Auditors in their report to the members have given a qualified opinion and the response of the Company with respect to it is as follows: -

- (a) *Company's inventories as at March 31, 2019 are valued at lower of cost or net realizable value based on management estimates. However, considering that the production had been temporarily suspended since October, 2018 due to extremely tight liquidity and working capital position and subsequently, as Corporate Insolvency Resolution Process ("CIRP") has commenced for the Company wef April 26, 2019, over all operations and sales have been restricted. Further, there could have been some degradation of stocks. These factors could affect net realizable value in subsequent periods.*
- (b) *On finalization of a Resolution Plan under the CIRP through Hon'ble NCLT, the Company may carry out, if required, a comprehensive assessment of impairment to the carrying value of the Property, Plant and Equipment and intangible Assets.*
- (c) *While trade receivables to the extent of Rs. 187 lacs (out of Rs. 327 lacs) has been recovered since March, 2019, the recoveries have been slow following disrupted supplies since October, 2018 and are expected to pick up after resolution.*
- (d) *The Company's production has been suspended since October, 2018, the Company has incurred a net loss of Rs. 4,333 lacs during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 10,734 lacs. This could indicate existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. However, following Corporate Insolvency Resolution Process initiated subsequent to the year-end, the Statements have been prepared on a going concern assumption.*

The observations and comments given by the Auditors in their report read together with notes on financial statements are self-explanatory and hence, the same to be treated as explanation provided under Section 134 of the Act.

The audited financial statements for the year ended March 31, 2019 are drawn up in accordance with the requirements of Ind-As Rules.

As per the Clause (ca) of Sub-Section (3) of Section 134 of the Companies Act, 2013, the auditors of the Company have not reported any fraud under sub-section (12) of Section 143 of the Companies Act, 2013.

The Secretarial Auditor in its Secretarial Audit Report has given the observations and the response of the Company with respect to it is as follows: -

- (a) As the quorum was not available and also the Audit Committee chairman was travelling outside India for an extended period, the Unaudited Financial Results for the QE September 30, 2018 which should have been before November 14, 2018 were submitted on December 13, 2018.
- (b) As there was paucity of funds, Company could not send letter to securities holders within 90 days of the SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, had been appointed as the Statutory Auditors of the Company at the First Annual General Meeting to hold office until the conclusion of the Sixth Annual General Meeting of the Company i.e. for a term of five years.

The Company had appointed M/s N.D. Birla & Co., Cost Accountants, Ahmedabad, to audit the cost accounts of the Company for the year ended March 31, 2019 and the remuneration payable to them was approved by the Members at their 3rd Annual General Meeting. Further, the CoC has appointed the said Cost Accountants for audit of cost records of the Company for the year ending March 31, 2020. In terms of Section 148 (3) of the Act, the remuneration payable to them is required to be approved at the forthcoming Annual General Meeting.

Pursuant to the provisions of Section 204 of the Act, the Company had appointed Sri Viral Sanghavi (Proprietor: Viral Sanghavi & Associates), Practising Company Secretary, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is attached herewith.

Pursuant to circular no. CIR/CFD/CMD1/27/2019 dated February 8, 2019, issued by the Securities and Exchange Board of India (SEBI), the Company has obtained Annual Secretarial Compliance Report, from a Practising Company Secretary (PCS) on compliance of all applicable SEBI Regulations and circulars/guidelines issued thereunder.

ACKNOWLEDGEMENTS

We place on record our sincere appreciation of the valuable cooperation and support received at all times by the Company from its bankers, other stakeholders, concerned Government Departments, other authorities, its channel partners, employees and shareholders.

Under the Authority given by Resolution Professional

Sidharth Birla
Chairman

New Delhi
February 4, 2020

S. Ragothaman
A. R. Sreekanth
Directors

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Board follows principles of good governance and emphasizes transparency, integrity and accountability. We believe that good governance is voluntary, self-disciplining with strongest impetus from Directors and the management itself. The management and organization at Digjam Limited endeavors to be progressive, competent and trustworthy, for customers and stakeholders, while reflecting and respecting the best of Indian values in its conduct.

CORPORATE INSOLVENCY RESOLUTION PROCESS

The National Company Law Tribunal ("NCLT"), Ahmedabad Bench, vide Order dated April 26, 2019 ("Insolvency Commencement Order") has initiated Corporate Insolvency Resolution Process ("CIRP") based on petition filed by Oman Inc. HUF under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Sri Parag Sheth (IP Registration No. IBBI/IPA-002/IP-N00142/2017-18/10381) was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently, Hon'ble NCLT vide its Order dated January 1, 2020 had appointed Sri Sunil Kumar Agarwal (IP Registration No. IBBI/IPA-001/IP-01390/2018-19/12178) as Resolution Professional of the Company, which was proposed by the Committee of Creditors ("CoC") in their first meeting held on May 24, 2019. Pursuant to the Insolvency Commencement Order and in line with the provisions of the Code, the powers of the Board of Directors were suspended and the same were to be exercised by IRP/RP.

As per Notification no. SEBI/LAD-NRO/GN/2018/21 dated May 31, 2018, regulations 17, 18, 19, 20 and 21 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, related to Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee respectively, shall not be applicable during the Insolvency Resolution Process period in respect of a listed entity which is undergoing CIRP under the Code and that the role and responsibilities of the Board of Directors as specified under regulation 17 shall be fulfilled by the Resolution Professional in accordance with sections 17 and 23 of the Code. Hence, the status of the Board of Directors and Committees presented in this Report is as just before the commencement of CIRP i.e. April 26, 2019.

THE BOARD OF DIRECTORS

The Board presently consists of 4 Directors, of whom 3 are independent and all 4 are non-executive. Current regulations require that the Company should have at least one Woman Director and that, if the non-executive chairman is from the promoter group at least 50% of the Directors should be

independent; while the criteria for 50% of the independent directors is met, in view of resignation of Ms. Meenakshi Birla wef April 12, 2019, the appointment of woman director will be done shortly. Independent Directors play an important role in deliberations at the Board level, bring with them their extensive experience in various fields including banking, finance, law, administration and policy, and contribute significantly to Board committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broader perspective, by ensuring that the interests of all stakeholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. Our Board has 3 Independent Directors viz. Sri S. Ragothaman (Company Director, formerly senior official at ICICI), Sri Gajendran Ramanathan, (retired Banker) and Sri A.R. Sreekanth (real estate consultant). While Sri Kishor Shah, and Sri Bharat Anand, Independent Directors, resigned from the Board of Directors wef March 8, 2019 and April 1, 2019 respectively, Ms. Meenakshi Birla, non-executive Director and Sri C. Bhaskar, Managing Director & Chief Executive Officer resigned from the Board of Directors wef April 12, 2019. Thereafter, Sri Ajay Agarwal and Sri Satish Shah were appointed as Whole-time Directors of the Company wef April 19, 2019 designated as Director (Operations) and Director (Finance) & Chief Financial Officer respectively and they also resigned from the Board with effect from June 1 & 22, 2019 respectively.

Independent Directors are given a formal letter of appointment (copy available on Company's website) which, inter alia, explains their role, function, duties and responsibilities. The Company has drawn up a Familiarization Programme for Independent Directors with a view to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of industry in which the company operates, business model of the Company etc. (weblink: <http://digjam.co.in/files/policy/Annual%20Return%20for%20the%20year%202017-18.pdf>). The Remuneration & Nominations Committee has laid down the criteria for performance evaluation of Independent Directors and such evaluation is to be done by the Board (excluding the Director being evaluated) and based on the evaluation, the Board determines the continuation/extension of the term. Performance evaluation of Non-Independent Directors and the Board as a whole and Chairman of the Company is also required to be done by the Independent Directors as per relevant regulations.

The position of the Chairman is non-executive, non-managerial in nature. Sri Sidharth Birla represent promoters; none of the Directors are related to each other or to promoters. The Board had conferred the title of Chairman Emeritus to Sri S.K. Birla, past Chairman of the Board of erstwhile Digjam Limited and he is invited to all Board Meetings. 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.	Shares held as on March 31, 2019
Sri Sidharth Birla	P	4/5	No	5/1/-	#	50,000
Sri Bharat Anand (upto April 1, 2019)	I	2/5	No	-	1,45,000	-
Ms. Meenakshi Birla (upto April 12, 2019)	P	5/5	No	2/2/-	50,000@	324
Sri S. Ragothaman	I	4/5	No	8/5/2	2,15,000	-
Sri G. Ramanathan	I	1/1	-	1/1/-	25,000	-
Sri Kishor Shah (upto March 8, 2019)	I	4/5	No	-	1,95,000	-
Sri A.R. Sreekanth	I	1/1	-	1/1/-	25,000	-
Sri C. Bhaskar (upto April 12, 2019)	E	5/5	Yes	4/3/1	-	2,100

DIGJAM LIMITED

- * : P = Promoter, I = Independent, E = Executive, NE = Non-Executive.
- ** : For the period under review (attendance data relates to relevant meetings while a Director)
- + : B =Board Membership (public limited companies only), C/Ch = Membership/Chairmanship of SEBI specified Board Committees.
- # : Sri Sidharth Birla has waived his sitting fees for the meetings held during the year.
- @ : Ms. Meenakshi Birla has waived her sitting fees for the meetings held on August 8, 2018 and thereafter during the year.

Details of Skill/experience/ competence of Directors as required are provided in the Annexure.

Appointment and remuneration of any Executive Director require approval of shareholders and such appointments are made for not more than five years and, when eligible, they can be re-appointed at the end of the term. Independent Directors, as required under the Companies Act, 2013 ('the Act'), are appointed for a term of upto 5 years in Annual General Meeting, and are eligible for re-appointment but cannot hold office for more than two consecutive terms (becoming eligible again after the expiry of three years from ceasing to be an independent director). 1/3rd of the other Directors retire every year and, when eligible, qualify for re-appointment. Nominee Directors, if any, are not considered independent and 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, including, inter alia, review of corporate performance, reporting to shareholders, approving annual budget including capital budget, monitoring the implementation and effectiveness of the governance practices, appointing key executives and monitoring their remuneration, monitoring and managing potential conflicts of interest, ensuring integrity of Company's accounting and financial reporting system and that appropriate systems of control are in place, reviewing Board evaluation framework, setting up corporate cultural values and high ethical standard, treating all shareholders fairly and exercising objective independent judgment on corporate affairs.

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 strict and 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 organization 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 and the Board

has adopted a Business Code of Conduct for Directors and Senior Executives. In accordance with the requirements, the Board has laid down the Whistle Blower Policy and Policy for Prevention of Sexual Harassment at Work place. The Board has also laid down the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as well as the Code of Conduct to Regulate, Monitor and Report Trading by Employees & other Connected Persons under the SEBI (Prohibition of Insider Trading) Regulations, 2015. As on date, the overall management of the Company is vested in RP. The day-to-day working of the plant at Jamnagar is looked after by experienced officers. The Chief Financial Officer heads the finance function discharging the responsibility entrusted to him under regulations and by the Board. They are collectively entrusted with ensuring that all management functions are carried out effectively and professionally.

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 all relevant matters and approve the quarterly financial results. Independent Directors are required to meet at least once a year without the presence of non-independent directors and the management to, inter alia, discuss prescribed matters. The Board sometimes meets on an ad-hoc basis to receive presentations about and deliberate upon the strategic and operational plans of the management. 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 relevant matter in the Agenda. Senior Officers are called to provide clarifications and make presentations whenever required. The Board met 5 times on May 24, August 8, November 30, December 13, 2018 & February 8, 2019. To enable fuller attention to the affairs of the Company, the Board delegates specified matters to its committees, which also prepare 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.

Independent Directors separately met on December 13, 2018 to, inter alia, discuss matters prescribed under Company Law and Regulation 25 of the SEBI Listing Regulations. The meeting was attended by Sri S. Ragothaman and Sri Bharat Anand.

Audit Committee

The terms of reference of the Audit Committee, as specified by the Board in writing, include the whole of the matters specified in SEBI Listing Regulations and the Companies Act, including a review of audit procedures and techniques, financial reporting systems, reviewing and approving related party transactions and disclosure thereof, scrutiny of any loans & investments, reviewing the functioning of Whistle Blower mechanism, review of Management Discussion & Analysis Report, reviewing internal control systems and procedures, management letters/letters of internal control weakness from Auditors, Internal Audit Report related to internal control weaknesses besides ensuring compliance with regulatory guidelines. The majority of committee members are Independent Directors. The Committee members collectively have requisite knowledge of finance, accounts and company law. The Committee recommends the appointment of CFO, external, internal, secretarial and cost auditors and their fees and other payments and also takes an overview of the financial reporting process to ensure that financial statements are correct, sufficient and credible. Any financial report of the Company can be placed in the public domain only after review by the Audit Committee. The reports of the statutory and internal

auditors are regularly 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 at present comprises Sri S. Ragothaman (Chairman), Sri Gajendran Ramanathan, Sri A. R. Sreekanth and Sri Satish Shah and is mandated to meet at least four times in a year; to assess the final audited accounts and to review each quarter, the quarterly results and the limited review report before they are put up to the Board. The Committee met 5 times on May 24, August 8, October 11, December 13, 2018 & February 8, 2019 during the year attended by Sri S. Ragothaman (4/5) and the then Committee Members Ms. Meenakshi Birla (4/5), Sri Kishor Shah (4/5) and Sri Bharat Anand (3/5). Sri Kishor Shah, Sri Bharat Anand and Ms. Meenakshi Birla ceased to be the members of the Committee due to their resignations from the Board of Directors of the Company. Chairman of the Audit Committee could not attend the Annual General Meeting due to unavoidable circumstances. Sri Jatin Jain, Company Secretary, acts as the Secretary to the Committee.

Remuneration & Nominations Committee

The Remuneration & Nominations Committee (which discharges the functions of the Nomination & Remuneration Committee as envisaged under Section 178 of the Act) comprises of non-executive Directors, majority of whom are independent. The Committee helps ensure that non-executive Directors make decisions on the appointment, remuneration, assessment and progression of Executive Directors and senior officers; any compensation of non-executive Directors is a subject only for the whole Board. The Committee has devised a policy on Board diversity and when required, makes recommendations to the Board on filling up Board vacancies that may arise from time to time or on induction of further Directors to strengthen the Board. The Committee has also formulated criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy for the remuneration of the Directors, Key Managerial Personnel and other employees as well as criteria for evaluation of Independent Directors and the Board (Remuneration Policy and the Evaluation criteria are annexed). The Committee presently comprises of Sri S. Ragothaman (as Chairman), Sri A.R. Sreekanth (Independent Directors) and Sri Sidharth Birla (non-executive Promoter Director). Sri Bharat Anand ceased to be Chairman of the Committee wef April 1, 2019 due to his resignation from the Board of Directors of the Company. The Committee met on January 7, 2019 when Sri Bharat Anand, Sri S. Ragothaman and Sri Sidharth Birla attended.

The Board approved payment to each non-executive Director sitting fees of Rs.25,000 for every Board Meeting, Rs. 20,000 for every Audit Committee meeting, Rs.5,000 for Stakeholders Relationship Committee meeting and Rs. 10,000 for every other Committee meeting attended by him besides Rs.25,000 for separate meeting of Independent Directors. No fee is paid for meetings of the CSR Committee and Committee of Directors (for sale of property/Non-core assets). No commission is paid to any Director. As approved by the Shareholders at the Annual General Meeting held on September 28, 2018, Sri C. Bhaskar was re-appointed as Managing Director & Chief Executive Officer for three years from January 1, 2018 on either a remuneration comprising of salary, commission (not exceeding 2% of net profits), perquisites and other benefits/allowances as may be decided by the Board from time to time, subject in aggregate to a maximum of 5% of the net profits of the Company as per relevant calculation or where in any financial year, the Company has no/inadequate profits, remuneration by way of salary,

allowances and benefits as per the rules of the Company within the applicable limits (presently Rs. 5 lacs per month) of Schedule V of the Act, whichever is higher. Accordingly he is being paid a salary of Rs. 2,45,000 per month and benefits/perquisites as per the rules of the Company (well within the limits prescribed/approved by the Board). There are no severance fees (routine notice period not considered as severance fees), other benefits, bonus or stock options. On April 12, 2019, Sri C. Bhaskar had resigned from the Board of Directors of the Company and thus ceasing to be the Managing Director & Chief Executive Officer also. The Company does not have any pecuniary relationship or transactions with any non-executive Director; Sri Bharat Anand, who had resigned from the Board of Directors of the Company wef April 1, 2019, is a partner of Khaitan & Co. LLP, a reputed firm of Advocates, who also act for the Company from time to time and to whom the Company paid Rs. 6,06,750 during the year towards Retainership, fee and reimbursement of expenses on different matters but the Board has determined that the said amount is not material to the firm's overall income and therefore would not be deemed to affect his independence.

Stakeholders Relationship Committee

The Committee is empowered to consider and resolve the grievances of security holders of the Company as well as to discharge all functions of the Board in connection with transfers and issue of certificates and record keeping in respect of the securities issued by the Company from time to time as well as to oversee the performance of the Registrar and Share Transfer Agents. Any shareholder grievance is referred to this Committee in the first instance for earliest resolution of a problem. The Company has about 67,000 shareholders and with a view to expedite share transfers, the Registrar and Share Transfer Agent of the Company, MCS Share Transfer Agent Limited, has been authorised to effect share transfers/transmissions, etc. The Company Secretary, Sri Jatin Jain, is appointed as Compliance Officer under relevant regulations. The Committee at present comprises of Sri S. Ragothaman (Chairman) only as Sri Kishor Shah, Ms. Meenakshi Birla, Sri C. Bhaskar, Sri Ajay Agarwal and Sri Satish Shah ceased to be the members of the Committee due to their resignations from the Board of Directors of the Company. During the year, 20 complaints/queries were received and all have been resolved. No cases of physical share transfers and for dematerialization or re-materialization were pending on March 31, 2019.

Corporate Social Responsibility ("CSR") Committee

The Board of Directors have constituted a Corporate Social Responsibility ("CSR") Committee, in line with the provisions of the Companies Act, 2013 to (i) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company; (ii) recommend the amount of expenditure to be incurred on such activities and (iii) monitor the implementation of the said CSR Policy from time to time. The Committee at present comprises only of Sri A.R. Sreekanth. As Sri Bharat Anand, Ms. Meenakshi Birla, Sri Ajay Agarwal and Sri Satish Shah ceased to be the members of the Committee due to their resignations from the Board of Directors of the Company. The Committee met on May 24, 2018.

Committee of Directors

The Committee of Directors was reconstituted on April 19, 2019 in view of the change in the directorate of the Company and presently comprises of Sri Sidharth Birla, Chairman, Sri Gajendran Ramanathan and Sri S. Ragothaman attends to matters specified and/or delegated appropriately by the Board from time to time. Besides, the Board, from time to time, constitutes committees of Directors for specific purposes. These committees meet as and when necessary for discharge of their respective functions.

DIGJAM LIMITED

Committee of Directors (for sale of property/non-core assets)

The Committee of Directors (for sale of property/non-core assets) constituted during the year with the core purpose of sale of surplus land/non-core assets of the Company and at present comprising of Sri S. Ragothaman, Sri G. Ramanathan and Sri A.R. Sreekanth. The Committee meets as and when required and at last met on March 2, 2019. Sri Kishor Shah, Sri Ajay Agarwal and Sri C. Bhaskar ceased to be the members of the Committee due to their resignations from the Board of Directors of the Company.

SHAREHOLDER INFORMATION & RELATIONS

The primary source of information for Shareholders is the Annual Report, which includes, inter-alia, the reports of the Board 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 via print media of quarterly financial results and performance besides significant matters, within time periods stipulated from time to time by Stock Exchanges. Quarterly results are published in Financial Express, all editions (including Ahmedabad, in Gujarati).

General Meetings of the Company are held at its Registered Office at Aerodrome Road, Jamnagar 361 006, Gujarat. The 1st and 2nd Annual General Meetings were held on September 23, 2016 (at 10.00 a.m.) and September 22, 2017 (at 10.00 a.m.) respectively at Company's Registered Office at Aerodrome Road, Jamnagar 361 006 while the 3rd Annual General Meeting was held on September 28, 2018 (at 9.00 a.m.) at Ashirwad Club Resort, Near Jamnagar – Khambhaliya By-Pass Road, Jamnagar 361 006. The 4th Annual General Meeting is scheduled to be held at venue as per the notice in this Annual Report and Book Closure will be as per the notice. Besides, the Special Resolutions for approving the appointment of and remuneration payable to Sri C. Bhaskar as Managing Director for the period from March 18, 2016 to December 31, 2017, for keeping the Register of Members of the Company and the respective Register of other security holders, if any, as required u/s 88 of the Act together with the Index of Members and/or other security holders at the office of RTA and for amendment of Articles of Association at the Annual General Meeting held on September 23, 2016, Special Resolution was approved at the AGM held on September 28, 2018 for approving the appointment of and remuneration payable to Sri C. Bhaskar as Managing Director for three years wef January 1, 2018. No Special Resolution was put through postal ballot during the year and there is no item in the notice for the forthcoming Annual General Meeting requiring postal ballot. No Dividend has been declared so far 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 Share Transfer Agent Limited, 383, Lake Gardens, 1st Floor, Kolkata 700 045 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); designated e-mail ID for grievance redressal is digjamcosec@gmail.com (of Compliance Officer) and mcssta@rediffmail.com (of Registrar and Share Transfer Agents). Shareholders may also write to Registrars directly in case of any inquiry/grievances, 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 relevant information is displayed on the Company's website: www.digjam.co.in.

No presentation has been made to institutional investors, etc. The financial year of the Company is from April 1 to March 31. The Company continues to upload from time to time necessary financial data on its website. 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 'DIGJAMLT') and BSE Ltd., Mumbai (Stock Code 539979). The Company could not pay listing fees to each of these Stock Exchanges for the year 2019-20 as on the date of this report. Equity Shares of the Company are compulsorily traded in dematerialized form. The Company has entered into agreements with NSDL and CDSL. The ISIN is INE731U01010. As on March 31, 2019, 8,69,17,087 Equity Shares representing 99.17% of the total Equity Shares were held in dematerialized form and 7,24,534 Equity Shares representing 0.83% were held in physical form. Out of the balance as on April 1, 2018 of the unclaimed 3,33,889 shares held by 12,442 shareholders credited in "DIGJAM Limited Unclaimed Suspense Account" in dematerialized form, 20 shareholders/heirs have approached for claiming the shares and accordingly, 1,212 shares were transferred in the said cases and the remaining 3,32,677 shares belonging to 12,422 shareholders remain unclaimed to the credit of this account. Voting Rights in respect of the aforesaid 3,32,677 shares held in the Unclaimed Suspense Account will remain frozen till the time such shares are claimed by the concerned Shareholders. By operation of the 2nd Proviso to sub-section (2) of Section 47 of the Act, the holder of 5,00,000 – 8% Non-Convertible Redeemable Preference Shares (unlisted) of Rs. 100/- each, a company forming part of the Promoter Group, became entitled to 50,00,000 Voting Rights thereon with effect from March 27, 2017.

Distribution of shareholding pattern of Equity Shareholding, high/low market price data and other information is given below:

Distribution and pattern of Equity Shareholding as on March 31, 2019:

Distribution of Equity Shareholding				
Shareholding range(Nos.)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500	55,376	82.83	54,77,421	6.25
501 – 1,000	4,948	7.40	43,63,030	4.98
1,001 - 2,000	2,816	4.21	46,31,364	5.28
2,001 - 5,000	2,224	3.33	78,37,948	8.94
5,001 - 10,000	831	1.24	65,75,429	7.50
10,001 and above	660	0.99	5,87,56,429	67.05
Total	66,855	100.00	8,76,41,621	100.00

This statement is on the basis of the Shareholding pattern as on March 31, 2019 submitted to the Stock Exchanges.

Pattern of Equity Shareholding as on March 31, 2019

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Banks, FIs,				
Insurance Companies	35	0.05	89,67,673	10.23
Domestic Companies	607	0.91	3,32,59,449	37.95
Mutual Funds	3	0.00	740	0.00
Non-residents	1,005	1.50	5,70,246	0.65
Resident Individuals/others	65,205	97.54	4,48,43,513	51.17
Total	66,855	100.00	8,76,41,621	100.00

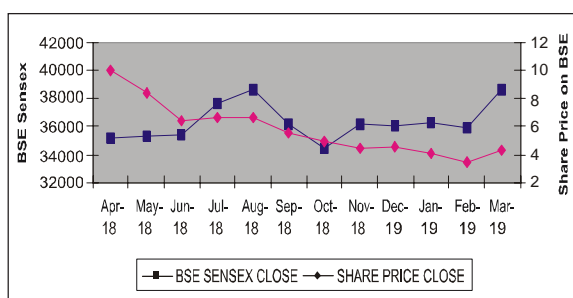
This statement is on the basis of the Shareholding pattern as on March 31, 2019 submitted to the Stock Exchanges.

Aggregate of non-promoter shareholding: 68.59%

Monthly High and Low Market Price Data of Equity Shares [April 2018 to March 2019]

	B S E		N S E	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Year 2018				
April	11.80	9.10	11.85	9.00
May	10.45	7.51	10.20	7.40
June	8.40	5.58	8.40	5.90
July	7.62	5.70	7.50	5.75
August	7.95	6.49	7.95	6.40
September	7.50	5.30	7.55	5.15
October	6.63	4.13	6.70	4.15
November	5.26	4.41	5.30	4.35
December	5.10	4.01	5.10	4.05
Year 2019				
January	5.25	4.01	5.15	4.00
February	4.31	2.85	4.30	2.85
March	4.85	3.55	4.90	3.50
During the Year	11.80	2.85	11.85	2.85

Equity performance compared to BSE Sensex during April 1, 2018 to March 31, 2019



The Credit Analysis & Research Limited (CARE) had revised the Company's credit rating in July, 2017 to CARE (Single D) for Long Term Bank Facilities for INR 40.50 Crores and for Short Term Bank Facilities for INR Rs. 54.00 Crores. During the year in subject, there is no change in credit rating of the Company.

Total fees for all services, paid by the Company, to the Statutory Auditors has been disclosed in the notes to the Audited Accounts.

COMMODITY AND FOREIGN EXCHANGE RISKS

The Company is exposed to commodity price risks due to fluctuation in prices of raw materials. Further, the Company is liable to pay for its imports/expenses in the relevant currency (US Dollar, Australian Dollar, Euro and/or Pound) while major part of its export receivables are denominated in US Dollar and Euro; accordingly the Company is subject to foreign exchange risks arising from fluctuations in the exchange rates vis-a-vis the Indian Rupee. The Company seeks to mitigate commodity price risks through constant monitoring of input prices, and advance booking/purchases of raw materials when relevant subject to availability of funds. In respect of foreign exchange risks, the

Company takes pro-active steps to manage these risks, by regularly tracking the currency parity scenario and at times taking suitable forward cover in consultation with the Bankers to the Company.

DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, managerial staff and workmen, trainees, contract) are covered under this Policy. No related complaint was filed during the year, and accordingly, none are pending.

MANDATORY/NON-MANDATORY PROVISIONS

There have been no transactions of a material nature of the Company with its promoters, Directors or the management, their subsidiaries or relatives, etc. except for transactions of routine nature as disclosed in the notes on accounts. Accordingly, there have been no potential conflict(s) with the interests of the Company.

There has been no instance of non-compliance by the Company, nor any strictures or penalties imposed by the SEBI or any Statutory Authority on any matter related to capital markets except penalty of Rs. 1,71,000/- to BSE and National Stock Exchange of India for non-compliance of regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and non-compliance in regard to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 requiring Company to send letter to securities holders within 90 days of circular and two reminders thereof which Company could not do so due to paucity of funds. Of the non-mandatory suggestions, those relating to a Chairman's Office, appointment of separate persons to the posts of Chairman and that of the Managing Director & CEO, audit qualification as well as reporting by Internal Auditor directly to Audit Committee have been adopted; sending six-monthly information to each shareholder household has not been adopted. 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.

Under the Authority given by Resolution Professional

Sidharth Birla
Chairman
New Delhi
February 4, 2020

S. Ragothaman
A. R. Sreekanth
Directors

BOARD OF DIRECTORS (Annexure to Corporate Governance Report)

SRI SIDHARTH BIRLA (DIN: 00004213), Chairman

Industrialist with experience in industry and business of over 41 years, is a Science Honours Graduate and holds a Master's degree in Business Administration from IMEDE (now called IMD), Lausanne, Switzerland. He has attended various management programs at the Harvard Business School, Boston, USA, including the Owner/President Management Program, Making Corporate Boards More Effective, etc. He is presently on the Board of listed entities Xpro India Ltd. (Promoter Director) and Kanoria Chemicals & Industries Ltd. (Independent Director). He is also Director of Birla Brothers Private Ltd., Central India

DIGJAM LIMITED

General Agents Ltd., iPro Capital Ltd., Xpro Global Pte. Ltd., Singapore and Alpha Capital Resources Pte., Ltd., Singapore.

SRI S. RAGOTHAMAN (DIN: 00042395)

A Commerce Graduate and Chartered Accountant. Presently a self-employed professional. Formerly a senior official of ICICI Ltd.; he has to his credit vast experience of over 43 years in the field of Finance. He is presently Independent Director of listed entities Xpro India Limited, National Peroxide Limited, Shreyas Shipping & Logistics Ltd., The Bombay Dyeing & Manufacturing Co. Ltd. and Ultramarine & Pigments Ltd. He is also a Director of ABT Finance Ltd., Xpro Global Ltd., and Avana Global FZCO Dubai.

SRI G. RAMANATHAN (DIN: 08321952)

A retired banking professional with over 37 years of experience in various capacities including as Branch/Zonal head across two PSU banks and has also involved in successful implementation of various developments projects/financial inclusion schemes.

SRI A.R. SREEKANTH (DIN: 05324789)

A real estate consultant and co-ordinator, has rich experience of about 13 years in housing and land development projects, besides, several years in planning and establishment of floriculture projects.

SRI BHARAT ANAND (DIN: 02806475)

An Economics and Law Graduate and Member of the Bar Council of Delhi and Solicitor, England and Wales. After working for eight years in the London office of Freshfields Bruckhaus Deringer, he joined Khaitan & Co. LLP and is Partner in their Corporate Department. His area of expertise is mergers and acquisitions, corporate and commercial joint ventures and collaborations and he has advised several major transactions in these areas. Sri Anand has been ranked amongst India's leading Second Generation Lawyers. Sri Bharat Anand is a Director on the Board of Mankind Pharma Ltd., H D Motor Company India Pvt. Ltd., Magnet Labs Pvt. Ltd., and Lifestar Pharma Pvt. Ltd.

Sri Bharat Anand, Independent Director of the Company, resigned w.e.f. April 1, 2019 due to paucity of time and other commitments.

MS. MEENAKSHI BIRLA (DIN: 00019582)

A graduate in Business Administration and is a post graduate in Marketing from Cass Business School, City University, London. Ms. Birla is a Director on the Board of iPro Capital Ltd. and Holland & Sherry India Pvt. Ltd.

Ms. Meenakshi Birla, non-executive Director of the Company, resigned wef April 12, 2019 as it was no longer possible for her to devote time or attention and do justice to the Directorship in view of her professional pre-occupation and responsibilities going forward, particularly in view of her expanding involvement in governance at multiple educational institutions at Kolkata.

SRI C. BHASKAR (DIN: 00003343), Managing Director & Chief Executive Officer

A Chemical Engineer and a post-graduate from IIM, Calcutta, with experience of 40 years in Consulting, Industry, Business and Financial Management. Has worked in areas of Corporate and Business planning, Marketing, Operations and Factory Management. He has attended management development programmes at the Indian School of Business and other institutions. He is Managing Director and Chief Executive Officer

of Xpro India Ltd. (listed). He is also Independent Director of Kriti Industries (India) Ltd. (listed) and a Director of Xpro Global Ltd., Holland & Sherry India Pvt. Ltd. and Xpro Global Ltd., Singapore.

Sri C. Bhaskar, Managing Director & Chief Executive Officer of the Company, resigned wef April 12, 2019 in view of increasing demands of his other professional responsibilities which, going forward, would constrain the time he would be able to devote to the Company.

SRI SATISH SHAH (DIN: 07203948)

A Commerce Graduate as well as Fellow member of The Institute of Chartered Accountants of India, with an experience of over 39 years in industry. He is having expertise in auditing, finance and general management. Sri Satish Shah, appointed as an Additional Director and Whole-time Director, designated as Director (Finance) and Chief Financial Officer, wef April 19, 2019.

Sri Satish Shah, resigned as Director of the Company wef June 22, 2019 due to ill health.

SRI AJAY AGARWAL (DIN: 03508224)

A Masters in Commerce (Delhi University) with an experience of over 35 years in manufacturing industry. He is having expertise in operations, administration, general management and Government liasoning. Sri Ajay Agarwal, was appointed as an Additional Director and Whole-time Director, designated as Director (Operations), wef April 19, 2019.

Sri Ajay Agarwal, resigned as Director of the Company wef June 1, 2019 as Sri Agarwal wanted to render his services for the noble and social needs of the nation relating to various communities.

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

As per Clause D of Schedule V (Annual Report) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid affirmation needs to be signed by the Chief Executive Officer of the Company. As there is no Chief Executive Officer of the Company as on date of finalization of Directors' Report, this affirmation cannot be obtained by the Company.

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of DIGJAM Limited

1. This certificate is issued in accordance with the terms discussed with the Resolution Professional of the Company.
2. I, Jigisha Solanki, Proprietor of M/s. J.B. Solanki & Co., Practising Company Secretaries, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).
3. After the closure of the Financial Year, A Corporate Insolvency Resolution Process ("CIRP") has commenced for the Company with effect from April 26, 2019 vide Order No. C.P. (I.B.) 594/9/NCLT/AHM/2018 dated April 26, 2019 issued by the Hon'ble National Company Law Tribunal, Ahmedabad.

Managements' Responsibility

- The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Practising Company Secretary's Responsibility

- Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

- Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019 except that the listing fees for the year 2019-20 has not been paid to the Stock Exchanges.
- 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.

Date: 10/01/2020
Place: Ahmedabad

For J. B. Solanki & Co.
Practising Company Secretary

Jigisha Solanki
Proprietor
ACS : 55270 COP : 21308

MANAGEMENTS' DISCUSSION & ANALYSIS REPORT

We submit herewith our Managements' Discussion & Analysis Report for the year ended March 31, 2019. We have included 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 woollen worsted textiles segment and operates a fully equipped composite mill (ISO 9001 certified) in Jamnagar, Gujarat, which has been manufacturing high quality worsted fabrics for over last six decades. The woollen worsted industry in the country comprises of a few mills in the organized sector and a number of units in the unorganized sector. Company's commitment to quality and customer orientation reflects in its strong widely recognized and valuable brand - DIGJAM, supported by a well-established national distribution network. The mill has a proven track record of design and manufacture of high quality fabrics. The Company is proactive in its marketing efforts by enhancing its brand visibility,

strengthening marketing organization and closer interaction with and expansion of its channel partners. The Company gives high priority to its export business and is continuously exploring new areas. It has an independent marketing team supported by an appropriate network abroad for export business.

OPERATIONS

A summary of key operating indicators is given below; detailed performance may be viewed from financial statements and notes thereto in the Annual Report.

	2018-19	2017-18
Product : Woolen/Worsted Fabrics		
Production (Lac Mtrs)	1.03	15.9
Sales (Lac Mtrs):		
- Domestic	2.90	11.7
- Exports	0.24	4.8
Revenue (Lac Rs.)	921	5,901

The financial year ended saw a decrease in domestic growth rates to 7% reflecting weaker global outlook and subdued agriculture and service growth. Rural consumption remains sluggish but private consumption proved the driver of growth following GST reduction on a range of products and a cut in key monetary policy rates. Industrial production growth on the other hand stood at 3.6% for 2018-19 down from 4.3% the previous year. Growth in the last quarter was particularly impacted by market sentiment, financial crunch across distribution channels and uncertainty due to the impending elections and as a consequence industrial output in March 2019 declined by 0.1% while consumer durables output, an indicator of urban demand, fell 5.1% compared to 6.2% growth in March 2018.

The textile industry remains one of the mainstays of the national economy, and a significant contributor to Indian exports. The woollen/worsted fabric industry, however, increasingly faces challenges in the market from changing consumption patterns driven by cheaper alternative fabrics and shift away from daily formal wear. The demand during the year was particularly affected due general liquidity constraints in the market. The price of wool surged further during the year setting new highs, mainly due to strong Chinese demand, resulting in higher raw material cost.

Besides the subdued market situation, the Company's overall operations suffered on account of the temporary suspension of manufacturing of woollen and worsted fabrics at the Company's mills located at Jamnagar due to extremely tight liquidity and working capital position. The operations in the overall, resulted in loss before interest and depreciation of Rs. 26.51 Crores. Finance costs and Depreciation were Rs.15.31 Crores and Rs 2.64 Crores respectively, yielding a loss before tax of Rs. 44.45 Crores during the year. The liquidity pressures resulting from the losses further impacted operations, marketing efforts and cash flows.

Various options were examined to rebuild the resources of the Company, particularly after the losses as described. These steps included, but were not limited to, raising fresh long term resources or disposal of surplus assets to reduce debt and meet operational requirements. Despite of all efforts to revive the Company, Corporate Insolvency Resolution Process was commenced wef April 26, 2019 as per the Regulations of Insolvency and Bankruptcy Code, 2016.

DIGJAM LIMITED

We believe that our business is backed by necessary skills and expertise and remain cautiously optimistic that performance will improve upon the approval of the Resolution Plan, with continuing momentum of operational improvements and expected upturn in the economic conditions helping domestic as well as export demand.

ENVIRONMENT & SAFETY

We are fully conscious of the need for both environmentally clean and safe operations. 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.

OTHER MATTERS

The difficult financial position and the consequences thereof continue to disrupt operations, production remains temporarily suspended and the management of funds remains a major concern. During the year the Company continued incurring losses and the current liabilities exceeded its current assets. The Company is under the Corporate Insolvency Resolution Process since April 26, 2019 and is subject to the risks, concerns and opportunities arising therefrom. We look forward to a successful revival and rehabilitation plan to utilize the Company's intrinsic strengths. Internal control systems are regarded as being adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance with all relevant regulations and laws. We record our appreciation of all our sincere employees, gratefulness to our Shareholders, lenders and banks 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 "Managements' 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 success of revival plans under the Corporate Insolvency Resolution Process, 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.

Under the Authority given by Resolution Professional

Sidharth Birla
Chairman

New Delhi
February 4, 2020

S. Ragothaman
A. R. Sreekanth
Directors

Annexure to the Directors' Report

POLICY ON REMUNERATION TO EXECUTIVE DIRECTORS & SENIOR MANAGEMENT

This Policy concerns the remuneration and other terms of employment for the Company's Executive Directors and Senior Management (Key Management Personnel and others one level below the Board).

1. Guiding principles:

The objective of this remuneration policy is to outline a framework to support that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent executives of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance.

The Remuneration & Nominations Committee (RNC) of the Board (equivalent to the Nomination & Remuneration Committee in the Companies Act, 2013) determines individual remuneration packages for executive Directors and, where relevant, other senior non-director management personnel, taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate. Remuneration of the Chairman is recommended by the Committee to the Board of the Company.

2. Remuneration:

a) Base Compensation (fixed salaries)

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable salary:

The RNC may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

c) Severance pay:

There are, in the usual course, no severance fees (routine notice period not considered as severance fees) or other severance benefits.

3. Role of the Remuneration & Nominations Committee:

The Remuneration & Nominations Committee (RNC) of the Board discharges the functions of the Nomination and Remuneration Committee as envisaged under Sec.178 of the Companies Act, 2013. The RNC is responsible for

- a) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this policy;

- b) advising the Board on issues concerning principles for remuneration, remuneration and other terms of employment for Executive Directors & Senior Executives;
- c) recommending to the Board, candidates and terms of employment for EDs and senior executives
- d) monitoring and evaluating programs for variable remuneration;
- e) monitoring and evaluating the application of this Policy; and
- f) monitoring and evaluating current remuneration structures and levels in the Company.

The RNC is also responsible for overseeing the Company's share option schemes and any long term incentive plans, which includes determination and recommendation to the Board of the eligibility for benefits.

4. Authority to decide on deviations from this Policy:

The Board of Directors may, in any individual or collective case, deviate from this Policy if there are, in its absolute discretion, particular reasons to do so.

5. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. No such amendment or modification will be however binding on the Employees unless the same is notified to the Employees in writing.

Annexure to the Directors' Report

CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD

The Company's Governance Code provides for review of the overall functioning of the Board and which has been regularly carried out by the Board. The Companies Act, 2013 mandates performance evaluation of the Independent Directors by the Board, inter alia, to determine renewal/extension of tenure. The Act also provides for the Remuneration & Nominations Committee to evaluate every director's performance.

As required under Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Remuneration & Nominations Committee has laid down the following criteria for performance evaluation of Independent Directors as well as of the Board.

1. Broad understanding of the Company's business including financial, marketing, strategic plans and key issues;
2. Special skills/expertise contributing to the overall effectiveness and diversity of the Board;
3. Making measured and balanced contributions to Board discussions and deliberations after taking into consideration the interests of all stakeholders;
4. Standards of propriety;
5. Assisting the Company in implementing best Corporate Governance practices.

It is expected that while evaluating the Independent Directors on the aforesaid criteria, the Board will be able to record their relative satisfaction and also decide whether to extend or continue the term of appointment of the Independent Director. However,

subject to applicable laws, the evaluation details shall be confidential.

Further, the important criteria for evaluating the Board may be:

1. Spread of talent and diversity in the Board;
2. Contribution to effective Corporate Governance and transparency in the Company's operations;
3. Deliberations/decisions on the Company's strategies, policies and plans and provision of guidance to the Executive Management.
4. Monitoring the implementation of the strategies and the executive management's performance;
5. Dialogue with the management.

Annexure to the Directors' Report

Information as per Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

- i. The steps taken or impact on conservation of energy:

Energy conservation receives priority attention on an on-going basis in the Company and continuous efforts are made to conserve and optimize use of energy with constant monitoring, regular maintenance and improved operating techniques. Some specific steps taken include:

- Replacement of DC motors with AC motors and hydraulic systems with AC drives.
- Electronic counter meters and proximity switches are being installed in place of electromechanical counter meters and switches.
- Supply air fans have been replaced with FRP fans in the humidification plant.
- Maintenance of near unity Power Factor; Installation of capacitors to improve PF and reduce transmission losses.
- Use of natural lighting wherever feasible; replacing of conventional lamps with energy efficient lighting.

- ii. The steps taken by the Company for utilizing alternate sources of energy:

The Company is examining the usage of solar energy. Further, the Company is presently sourcing part of its power requirement through Indian Energy Exchange where some of the sellers are generating power through renewable resources.

- iii. The capital investment on energy conservation equipment:

Financial impact not separately quantified.

B. Technology Absorption

- i. The efforts made towards technology absorption :

Constant monitoring of process, technology and product up gradation globally and to offer similar products through in-house R&D as well as through progressive manufacturing activities.

DIGJAM LIMITED

Continuous improvements being made in quality control methods and testing facilities.

Regular interaction with foreign equipment designers and manufacturers and major raw material suppliers for improvements in processing and operating parameters.

- ii. The benefits derived:
 - a. Fabrics certified in accordance with Oeko-Tex Standard 100 as meeting the human ecological standards for products with direct contact to skin.
 - b. Technology upgradation to meet the specifications of exportable products.
 - c. Increased range and variety of fabrics with finishes like bio-polishing, 100% wool washable fabrics and nano finished fabrics.
 - d. Improvement in quality and marketability of existing products.
 - e. Energy and water conservation.
 - f. Better and easier availability of materials leading to less dependence on imported items and saving of foreign exchange outgo.
 - g. Improved productivity and improved machine performance resulting in saving in process cost.
- iii. No fresh technology has been imported during the last three years.
- iv. The expenditure on Research and Development:
 - Recurring expenditure: estimated at Rs. 10.98 lacs

C. Foreign Exchange Earnings and Outgo

	(Lac Rs.)	
	Year ended March 31, 2019	Year ended March 31, 2018
Total foreign exchange earned	79.83	2,390
Total foreign exchange used	Nil	30

Under the Authority given by Resolution Professional

New Delhi
February 4, 2020

Sidharth Birla
Chairman

S. Ragothaman
A. R. Sreekanth
Directors

WHISTLE BLOWER POLICY

1. Preface

- a. The Company has adopted its Corporate Governance Regulations under relevant Regulation, Listing Agreement and Company Law as well as best practices relating thereto. The Board believes that the good governance is voluntary and self-disciplining, with the strongest impetus coming from Directors and the management itself. The management and organization at DIGJAM Limited aims to be progressive, competent and trustworthy, while reflecting and respecting the best of Indian values in conduct. The Board lays significant emphasis on integrity,

transparency and accountability by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has formulated the Code of Conduct for Directors and Senior Management ("the Code"), which lays down the principles and standards that should govern the actions of the Company and their employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the Code cannot be undermined. This policy requires the employees to report violations, i.e., every employee of the Company shall promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company.

- b. Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called 'Whistle Blower Policy' for directors, stakeholders, employees and their representatives to freely communicate their concerns about illegal or unethical practices/behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.
- c. Under the Companies Act, 2013 every listed company is required to establish a vigil mechanism for directors and employees to report genuine concerns.
- d. Accordingly, this Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach the Audit Committee of the Company.

2. Definitions

The definitions of some of the key terms used in this Policy are given below. Capitalized terms not defined herein shall have the meaning assigned to them under the Code/ Company's Rules.

- a. **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- b. **"Employee"** means every employee of the Company and their representative bodies including Directors of the Company.
- c. **"Investigators"** mean those persons authorized, appointed, consulted or approached by the Audit Committee and include the auditors of the Company and the police.
- d. **"Protected Disclosure"** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- e. **"Company"** means DIGJAM Limited.
- f. **"Subject"** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- g. **"Whistle Blower"** means an Employee making a Protected Disclosure under this Policy.

3. Scope

- a. This Policy is an extension of the Code of Conduct for Directors & Senior Management, Code of Best Practices for the Board and Rules and Regulations of the Company. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigators.
- c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

4. Eligibility

All Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or its subsidiaries. Any such disclosure shall be made within a reasonable time from the occurrence of the alleged violation and in any case, not later than six months from alleged occurrence.

5. Disqualifications

- a. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistle Blowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

6. Procedure

- a. All Protected Disclosures should be addressed to the Chairman of the Audit Committee of the Company. The contact details of the Chairman of the Audit Committee are:
**Sri S. Ragothaman,
C-3, Golden Gate Apartments,
New No. 33, Habibullah Road,
T. Nagar,
Chennai – 600 017.**
- b. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.

- c. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigator appointed for this purpose.
- d. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- e. The Whistle Blower must disclose his/her identity in the covering letter forwarding such Protected Disclosure (and not in the Protected Disclosure itself). Anonymous disclosures will not be entertained by the Audit Committee as it would not be possible for it to interview the Whistle Blowers.

7. Investigation

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Investigator, as directed by Audit Committee, who will investigate / oversee the investigations under the authorization of the Audit Committee.
- b. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- c. Any member of the Audit Committee who may have a conflict of interest in respect of the matter under investigation/the protected disclosure, should recuse himself and the other members of the Committee shall deal with the matter.
- d. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation sought does not merely require them to admit guilt.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report.

No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

- j. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- k. The investigation shall be completed normally within 60 days of the receipt of the Protected Disclosure.

8. Protection

- a. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Whistle Blowers are cautioned that their identity may become known for reasons outside the control of Audit Committee (e.g. during investigations carried out by Investigators).
- b. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- c. Any violation of the above protection should be reported to the Chairman of the Audit Committee who shall cause the same to be investigated and recommend appropriate action, if required, to the management.

9. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- c. Investigations will be launched only after a preliminary review which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct, and
 - ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself

should not be undertaken as an investigation of an improper or unethical activity.

10. Decision

If an investigation leads the Audit Committee to conclude that an improper or unethical act has been committed, the Audit Committee shall direct the management of the Company to take such disciplinary or corrective action as the Audit Committee deems fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

11. Reporting

The Investigator shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

12. Retention of documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of three years.

13. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees unless the same is notified to the Employees in writing.

Annexure to the Directors' Report

CORPORATE SOCIAL RESPONSIBILITY POLICY

Having regard to the Company's size and scope, small steps have been always taken at unit level for social and inclusive development in the local area; however, given the relatively small size and geographical spread, it has not been practical to undertake directly any significant project outside these. The Company thus adopted a policy to support external bodies including relevant bodies, NGOs or Government Relief Funds selected by the Committee, including through financial contribution to them.

The Committee will focus on activities in areas, excluding those undertaken in pursuance of normal business of the Company, selected from those identified and prescribed under the Companies Act, 2013 (Annexure) with greater participation in the areas of health and social welfare, efforts towards reducing child mortality, promotion of education & social responsible behavior, and employment enhancing vocational skills.

The Company will endeavor to spend, in every financial year, an amount considered appropriate by the Board, inter-alia keeping in view the benchmark of 2% of the average net profits of the Company during the 3 immediately preceding financial years. Surplus, if any, arising out of CSR projects shall be ploughed back and will not form part of the business profit of the Company.

ANNEXURE - AREAS PRESCRIBED UNDER THE COMPANIES ACT, 2013:

- a) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;

- b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- d) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- e) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- f) measures for the benefit of armed forces veterans, war widows and their dependents;
- g) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- h) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
- i) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- j) rural development projects.
- k) slum area development.

Average increase in remuneration during the last financial year for Employees other than Managerial Personnel is (4.42%) and 7.35% for Managerial Personnel (which includes arrears paid for the preceding period).

- f) If remuneration is as per the remuneration policy of the Company: Yes

Note: For the above computation, sitting fees paid to the Directors, leave encashment and retirement benefits have not been considered as remuneration.

Under the Authority given by Resolution Professional

Sidharth Birla
Chairman

New Delhi
February 4, 2020

S. Ragothaman
A. R. Sreekanth
Directors

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
DIGJAM Limited
L17123GJ2015PLC083569
Aerodrome Road,
Jamnagar 361 006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DIGJAM Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Further, the Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad Bench, has admitted petition for initiation of Corporate Insolvency Resolution Process ("CIRP") u/s 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code") filed by operational creditor vide Order no. C.P. (I.B.) 594/9/NCLT/AHM/2018 dated 26th April, 2019 but this report do not get affected by CIRP as the same was initiated after the closure of financial year under review.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Digjam Limited for

Annexure to the Directors' Report

Particulars pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

- a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year:
Sri C Bhaskar (Managing Director & CEO): **22:1**
- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:
Sri C. Bhaskar – (Managing Director & CEO): **Nil**
Sri Satish Shah – (Vice President & CFO): **26**
Sri Jatin Jain – (Company Secretary): **28**
- c) The percentage increase in the median remuneration of employees in the financial year : **0.40**
- d) The number of permanent employees on the rolls of Company: **643 (as on March 31, 2019)**
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

DIGJAM LIMITED

the financial year ended on 31st March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **[Applicable only to the extent of Foreign Direct Investment and Overseas Direct Investment]**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (upto 10th November, 2018) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 11th November, 2018) **[Not Applicable as the Company has not issued any further share capital during the period under review];**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **[Not applicable as the Company does not have any Employee Stock Option Scheme and Employee Stock Purchase Scheme]**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable as the Company does not have any listed debt securities]**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **[Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.]**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto 10th September, 2018) and Securities and Exchange Board of India

(Buyback of Securities) Regulations, 2018 (with effect from 11th September, 2018 **[Not Applicable as there was no reportable event during the period under review];**

- vi. The laws as are applicable specifically to the Company are as under:
 - a) Textiles Committee Act, 1963;
 - b) Textiles (Development and Regulation) Order, 2001;
 - c) Textile (Consumer Protection) Regulations, 1988;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except :

- Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, requires the submission of financial results within the period prescribed under this regulations. The Unaudited Financial Results for the QE September 30, 2018 should have to be disclosed before November 14, 2018 but the same was submitted on December 13, 2018, This is violation of Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. However, Company has paid penalty of Rs. 1,71,000/- each to both the Stock Exchanges in view of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/ P/2018/77 dated 03.05.2018, as per instructions of Stock Exchanges.
- As per SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20.04.2018, Company was required to send letter to securities holders holding securities in physical form, seeking PAN and bank details within 90 days of the circular and two reminders thereof after the gap of 30 days. However, the Company could not send letter to securities holders within 90 days of circular and two reminders thereof due to paucity of funds. This is in violation of the SEBI Circular no. SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dated. 20.04.2018

We further report that: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary, we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

- As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, there were no specific events/actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.

This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

For, Viral Sanghavi & Associates
Company Secretaries

CS Viral Sanghavi
Proprietor

M No. ACS 24951 CP 9035
On 15th June 2019 at Jamnagar

ANNEXURE TO SECRETARIAL AUDITORS' REPORT

To,
The Members,
DIGJAM Limited
L17123GJ2015PLC083569
Aerodrome Road,
Jamnagar 361 006

Our Secretarial Review Report of even date, for the financial year ended 31st March 2019 is to be read along with this letter.

Management's Responsibility

- It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

- Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
- We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
- Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

- The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- We have not verified the correctness and appropriateness of financial records and books of account of the Company.

For, Viral Sanghavi & Associates
Company Secretaries

CS Viral Sanghavi
Proprietor

M No. ACS 24951 CP 9035
On 15th June 2019 at Jamnagar

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGJAM LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Digjam Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- As referred in Note 5 to the financial statements, the Company's inventories as at 31 March 2019 are carried at Rs. 2,338.24 lacs, being the lower of cost and net realizable value based on management / Resolution Professional's estimates. We have not been able to obtain sufficient appropriate audit evidence to test the methods and assumptions used by the Management in determining the net realisable values and therefore we are unable to conclude if the value of inventories is fairly stated in the financial statements.
- As referred in Note 3A and 3B to the financial statements, as at 31 March 2019, the carrying value of the Company's Property, Plant and Equipment and Intangible Assets are Rs. 17,078.60 lacs and Rs. 5.37 lacs respectively. In accordance Ind AS 36 "Impairment of Assets", in view of the uncertainty of resumption of the Company's operations, the Management is required to make an assessment of impairment to the carrying value of its assets. Pending resolution of the Corporate Insolvency Resolution Process ("CIRP") as referred in Note 34 to the financial statements, we have been informed that the Management has not performed an analysis to determine any impairment to the carrying value of these assets. Consequently we are unable to conclude if any impairment needs to be recognised to

DIGJAM LIMITED

the carrying value of these assets and its consequential effects on the financial statements.

- (III) We refer to Note 6 to the financial statements. As stated in the Note, the Company has trade receivables amounting to Rs. 327.31 lacs as at 31 March 2019, (of which Rs. 187.21 lacs has been recovered / adjusted subsequently until the date of this report). In view of suspension of operations, uncertainty of resumption of future operations and absence of confirmations as at the year end, we have not been able to obtain sufficient appropriate audit evidence regarding the recoverability of the balance trade receivables of Rs. 140.10 lacs and therefore are unable to conclude on the reasonableness of the carrying value of the trade receivables and the consequential effects, if any, on the financial statements.
- (IV) We draw attention to Note 34 to the financial statements, which indicates that the Company's production has been suspended since October 2018, the Company has incurred a net loss of Rs. 4,333.59 lacs during the year ended 31 March 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 10,733.83 lacs. This indicates existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going-concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Note further refers to the current status of the Corporate Insolvency Resolution Process which is initiated subsequent to the year, and the basis for preparing the financial statements using the going concern assumption.

Pending the completion of the Corporate Insolvency Resolution Process and in accordance with Insolvency and Bankruptcy Code 2016 ("Code") we have not been able to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of going concern assumption in the preparation of the financial statements.

Management's / Resolution Professional's Responsibility for the Financial Statements

In accordance with the Code, the Honourable National Company Law Tribunal, Ahmedabad ("NCLT") on 26 April 2019 admitted Corporate Insolvency Resolution Process application against the Company and appointed an Interim Resolution Professional. Subsequently, Resolution Professional was appointed by the NCLT on 01 January 2020. In view of the pendency of the CIR process, the power and responsibilities of the Board of Directors were suspended and shall vest with the Resolution Professional ("RP") under the provisions of the Code.

The Company's Management / Resolution Professional is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal

financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management / Resolution Professional is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management / Resolution Professional either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

However, in view of the Corporate Insolvency Resolution Process having been commenced before NCLT, the accounts have been prepared on a going concern basis for the reasons specified in Note 34 to the financial statements.

Those Board of Directors/Resolution Professional are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements of the Company in accordance with Standards on Auditing specified under section 143(10) of the Act and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - a) We have sought, and except for the matters described in the Basis for Disclaimer of Opinion section above, we have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether 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 Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section above, we

are unable to state whether the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) The matters described in the Basis for Disclaimer of Opinion section above in our opinion, may have adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors/ Resolution Professional, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section above.
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses adverse opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
 (Firm's Registration No.117366W/W-100018)

Kartikeya Raval
 (Partner)

Place: Ahmedabad (Membership No. 106189)
 Date: 4 February, 2020 (UDIN: 20106189AAAABB7904)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Digjam Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's / Resolution Professional's Responsibility for Internal Financial Controls

The Company's Board of Directors / Resolution Professional is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding

DIGJAM LIMITED

the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31 March 2019:

- The Company did not have appropriate internal controls for assessment of impairment, if any, to the carrying value of Property, Plant and Equipment and Intangible Assets.
- The Company did not have appropriate internal controls for assessment of net realisable value of Inventories.
- The Company did not have appropriate internal controls for assessment of recoverability of trade receivables.
- The Company did not have appropriate internal control process to assess the appropriateness of using the going concern assumption.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effects/possible effects of the material weaknesses described in Basis for Adverse Opinion section above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31 March 2019, and the material weakness has affected our opinion on the said financial statements of the Company and we have issued a disclaimer of opinion on the financial statements of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Kartikeya Raval
(Partner)

Place: Ahmedabad (Membership No. 106189)
Date: 4 February, 2020 (UDIN: 20106189AAAABB7904)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (2) on 'Report on Other Legal and Regulatory Requirements' on our report of even date and to be read subject to the possible effects of the matters described in the Basis of Disclaimer of Opinion section above.)

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the year 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 explanation given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and the records examined by us and based on the examination of the Orders provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except for the following:

Particulars of the land	Gross Block (as at 31 March 2019)	Net Block (as at 31 March 2019)	Remarks
Freehold land at Jamnagar, Gujarat	Rs. 5.91 lacs	Rs. 5.91 lacs	The documents for the land are yet to be mutated from the former names of the Company viz. Birla VXL Limited (Digjam Woollen Mills) to Digjam Limited.

Immovable properties of freehold and leasehold land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmation directly received by us from the lender.

- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence, reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and any other relevant provisions of the Act and Companies (Acceptance of Deposit) Rules, 2014, as amended would apply. Accordingly, clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities. In case of Provident Fund, Employees State Insurance, Income Tax and Professional Tax, there are cases of delay in payment.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Employees' State Insurance, Goods and Service Tax and other material statutory dues in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income tax, Goods and Service Tax, Service Tax and Custom Duty as at 31 March 2019 on account of disputes except for the following:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in lacs)	Amount Unpaid (Rs. in lacs)
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	18.04.2006 to 31.07.2006	11.74	10.99
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Oct 2009 to Sept 2014	115.16	106.52
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Oct 2014 to July 2017	28.21	26.09

- (viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company has not taken any loans or borrowings from government or has not issued any debentures. The details of default are as under:

Name of Lender	Amount of default of repayment as at 31 March 2019 (Rs. in Lacs)		Period of default upto 31 March 2019
	Principal	Interest	
UCO bank	5079.00	811.36	Since May 2018
State Bank of India	1158.51	7.09	Since May 2018

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has utilised the money raised by way of term loans during the year for the purpose for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Kartikeya Raval
(Partner)

Place: Ahmedabad
Date: 4 February, 2020

(Membership No. 106189)
(UDIN: 20106189AAAABB7904)

DIGJAM LIMITED

BALANCE SHEET AS AT MARCH 31, 2019

	Notes	As at March 31, 2019	(Rs. in lacs) As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3A	17,078.60	17,354.69
Intangible Assets	3B	5.37	8.04
Financial Assets			
Other Financial Assets	4	1.05	3.79
Total Non-Current Assets		17,085.02	17,366.52
Current Assets			
Inventories	5	2,338.24	3,577.18
Financial Assets			
Trade Receivables	6	327.31	610.58
Cash and Cash Equivalents	7	251.19	12.91
Other Balances with Banks	8	—	134.11
Other Financial Assets	4	11.90	17.99
Current Tax Assets	9	23.16	22.71
Other Current Assets	10	59.56	125.20
Total Current Assets		3,011.36	4,500.68
Total Assets		20,096.38	21,867.20
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	8,764.16	8,764.16
Other Equity	12	(5,867.62)	(1,534.03)
Total Equity		2,896.54	7,230.13
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	2,919.28	2,912.13
Other Financial Liabilities	14	90.17	227.64
Provisions	15	445.20	471.79
Total Non-Current Liabilities		3,454.65	3,611.56
Current Liabilities			
Financial Liabilities			
Borrowings	13	5,831.25	5,549.98
Trade Payables	16		
- dues to micro and small enterprises		47.74	47.74
- dues to creditors other than micro and small enterprises		3,297.50	3,120.71
Other Financial Liabilities	14	4,101.80	1,849.16
Provisions	15	105.55	169.94
Other Current Liabilities	17	361.35	287.98
Total Current Liabilities		13,745.19	11,025.51
Total Liabilities		17,199.84	14,637.07
Total Equity and Liabilities		20,096.38	21,867.20

Accompanying notes form integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Jatin Jain
Company Secretary

Satish Shah
Chief Financial Officer

Ahmedabad
February 4, 2020

Under Authority
Sidharth Birla
Chairman

S. Ragothaman
A. R. Sreekanth
Directors

New Delhi
February 4, 2020

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2019**

	Notes	Year ended March 31, 2019	(Rs. in lacs) Year ended March 31, 2018
INCOME			
Revenue from Operations	18	921.18	5,901.44
Other Income	19	108.38	102.67
Total		1,029.56	6,004.11
EXPENSES			
Cost of Materials Consumed	20	16.97	2,384.90
Purchase of Stock-in-Trade	21	127.03	601.23
Changes in Inventories (of Finished Goods, Work-in-Progress and Stock-in-Trade)	22	1,086.00	228.48
Employees Benefits Expense	23	1,756.48	2,403.27
Finance Costs	24	1,530.80	1,413.85
Depreciation and Amortisation Expense	25	263.55	275.19
Other Expenses	26	684.95	1,986.95
Total		5,465.78	9,293.87
Loss before Tax		(4,436.22)	(3,289.76)
Tax Expense			
Current Tax		—	—
Deferred Tax	28	—	—
Total		—	—
Loss for the year		(4,436.22)	(3,289.76)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		102.63	78.35
Income Tax relating to items that will not be reclassified to profit or loss		—	—
Total Other Comprehensive Income		—	78.35
Total Comprehensive Income for the year		(4,333.59)	(3,211.41)
Earnings per Equity Share (Face Value of Rs. 10/- each)			
- Basic (in Rs.)	37	(5.06)	(3.75)
- Diluted (in Rs.)		(5.06)	(3.75)

Accompanying notes form integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Jatin Jain
Company Secretary

Satish Shah
Chief Financial Officer

Ahmedabad
February 4, 2020

Under Authority
Sidharth Birla
Chairman

S. Ragothaman
A. R. Sreekanth
Directors

New Delhi
February 4, 2020

DIGJAM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

	Year ended March 31, 2019	(Rs. in lacs) Year ended March 31, 2018
A. Cash Flow from Operating Activities		
Loss before tax	(4,333.59)	(3,211.41)
Adjustments for:		
Depreciation and Amortisation Expense	263.55	275.19
Finance Costs	1,530.80	1,413.85
Interest Income	(29.13)	(51.64)
Provisions/Liabilities no longer required written back	(46.31)	(35.23)
(Gain)/Loss on sale of Property, Plant & Equipment (Net)	13.75	(0.65)
Provision for Doubtful Trade Receivables and Bad Debt written off	45.02	8.07
Net Unrealised Foreign Exchange Loss/(Gain)	(0.05)	(0.06)
Operating Loss before Working Capital Changes	(2,555.96)	(1,601.88)
Changes in Working Capital:		
(Increase)/Decrease in Inventories	1,238.95	504.81
(Increase)/Decrease in Trade Receivables, Financial Assets and Other Assets	312.77	873.00
Increase/(Decrease) in Trade Payables, Financial Liabilities, Other Liabilities and Provisions	67.99	(278.44)
Cash Generated from Operations	(936.26)	(502.51)
Income Taxes paid	(0.45)	(3.08)
Net Cash Generated by Operating Activities [A]	(936.71)	(505.59)
B. Cash flows from Investing Activities		
Capital Expenditure on Property, Plant and Equipment and Intangible Assets	(0.19)	(1.50)
Proceeds from sale of Property, Plant and Equipment	1.66	1.94
Proceeds from Earnest Money	1,540.00	600.00
Interest Received	29.13	51.64
Bank Balances not considered as Cash and Cash Equivalents – Matured/(Invested)	134.11	21.70
Net Cash Flow used in Investing Activities [B]	1,704.71	673.78
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	963.06	561.62
Repayment of Long Term Borrowings	(516.00)	-
Proceeds from Short Term Borrowings	1,466.74	9,790.88
Repayment of Short Term Borrowings	(1,188.07)	(9,306.99)
Finance Cost	(1,255.48)	(1,218.00)
Net Cash Flow from Financing Activities [C]	(529.75)	(172.49)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	238.25	(4.30)
Cash and Cash Equivalents at the beginning of the year (Note 7)	12.91	17.19
Effect of Exchange differences on restatement of Foreign Currency Cash and Cash Equivalents	0.03	0.02
Cash and Cash Equivalents at the end of the year (Note 7)	251.19	12.91

Note: The above Cash Flow Statement has been prepared as per 'Indirect Method' as set out in Ind AS 7 on Statement of Cash Flow.

Accompanying notes form integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Jatin Jain
Company Secretary

Satish Shah
Chief Financial Officer

Ahmedabad
February 4, 2020

Under Authority
Sidharth Birla
Chairman

S. Ragothaman
A. R. Sreekanth
Directors

New Delhi
February 4, 2020

Statement of changes in Equity for the year ended March 31, 2019

(Rs. in lacs)

Particulars	Other Equity				Total Other Equity	Total Equity
	Equity Share Capital	Securities Premium Reserve	Capital Reserve	Retained Earnings		
Balance as at March 31, 2017	8,764.16	4,382.08	511.90	(3,216.60)	1,677.38	10,441.54
Loss for the year	—	—	—	(3,289.76)	(3,289.76)	(3,289.76)
Other Comprehensive Income for the year, net of income tax	—	—	—	78.35	78.35	78.35
Balance as at March 31, 2018	8,764.16	4,382.08	511.90	(6,428.01)	(1,534.03)	7,230.13
Loss for the year	—	—	—	(4,436.22)	(4,436.22)	(4,436.22)
Other Comprehensive Income for the year, net of income tax	—	—	—	102.63	102.63	102.63
Total Comprehensive Income for the year	—	—	—	102.63	102.63	102.63
Balance as at March 31, 2019	8,764.16	4,382.08	511.90	(10,761.60)	(5,867.62)	2,896.54

Accompanying notes form integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Jatin Jain
Company Secretary

Satish Shah
Chief Financial Officer

Ahmedabad
February 4, 2020

Under Authority
Sidharth Birla
Chairman

S. Ragothaman
A. R. Sreekanth
Directors

New Delhi
February 4, 2020

DIGJAM LIMITED

Notes forming part of the Financial Statements

Notes to Financial Statements

1. Company Overview

- a) DIGJAM Textiles Limited ("The Company") was incorporated as a company limited by shares on June 17, 2015 under the Companies Act, 2013 as a wholly owned subsidiary of erstwhile Digjam Limited. A Scheme of Amalgamation ("the Scheme") u/s 391 to 394 of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013 as applicable, between erstwhile Digjam Limited (the "Amalgamating Company") with the Company (the "Amalgamated Company") was sanctioned by the Hon'ble High Court of Gujarat vide Order dated February 17, 2016. The said Scheme became effective on March 17, 2016 upon filing of the certified copy of the Order with the Registrar of Companies, Gujarat and pursuant thereto, the entire business and undertaking of the Amalgamating Company stands transferred to and vested in the Company as going concern without any further act, instrument, deed as and from the Appointed Date under the Scheme i.e. close of business on June 30, 2015. The name of the Company was changed to 'Digjam Limited' w.e.f March 23, 2016 in terms of the Scheme of Amalgamation. The Company is engaged in the business of trading in all kinds of textiles and manufacturing of high quality woolen/worsted fabrics at Jamnagar, Gujarat under the brand "DIGJAM".
- b) In terms of the Scheme, the Company on April 29, 2016 has allotted 8,76,41,621 fully paid-up Equity Shares of Rs. 10 each at a premium of Rs. 5 per Equity Share and 5,00,000 - 8% Non-Convertible Redeemable Preference Shares of Rs. 100 each at par fully paid-up in the ratio of 1 share for every 1 share held in the Amalgamating Company. The Scheme provided for cancellation of inter-company balances and inter-company investments.
- c) The Board of Directors (suspended) have signed these Financial Statements for the year ended March 31, 2019 as per the authority given by Resolution Professional, Sri Sunil Kumar Agarwal, vide authority letter dated February 3, 2020. The statutory auditors have issued a disclaimer of opinion in respect of the financial statements for the year ended March 31, 2019.

2. Significant Accounting Policies

a) Statement of Compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

b) Basis of Preparation of Financial Statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristic into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 1) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- 2) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- 3) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, unless otherwise stated.

c) Use of Estimates

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

d) Inventories

Inventories include stock-in-transit/bonded warehouses and with others for manufacturing/processing/ replacement.

Inventories are stated at lower of cost on weighted average basis and net realizable value. Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

e) Cash and Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

f) Revenue Recognition

Sale of Goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, related discounts and claims. The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity

Sale of Services

Revenue from job work services and management consultancy services are recognized based on the services rendered in accordance with the terms of contracts.

Dividend Income

Dividend Income is recognized when the Company's right to receive is established which generally occurs when the shareholders approve the dividend.

Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other Incomes

Wherever it is not possible to determine the quantum of accrual with reasonable certainty, e.g. Insurance & other claims, these continue to be accounted for to the extent the Company is reasonably certain of their ultimate collection.

g) Property, Plant and Equipment

Property, Plant & Equipment are stated at acquisition cost (i.e. fair value on the Appointed Date as determined under the Scheme of Amalgamation) less accumulated depreciation and net of impairment, if any. The actual cost capitalised includes freight, installation cost, duties and taxes and other incidental expenses related to acquisition.

Properties in the course of construction for production, supply or administration purposes are carried at cost, less any recognized impairment loss. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in Progress (CWIP) and such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Derecognition

All items of Property, Plant and Equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Depreciation/amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortization on Property, Plant & Equipment other than freehold land, buildings and plant and

DIGJAM LIMITED

machinery are charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013. Depreciation on Building and Plant and Machinery has been charged on Straight Line Method over the useful life of assets as determined by the Valuer while evaluating fair value. The estimated useful lives and residual values of the property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

h) Intangible Assets

Intangible Assets acquired separately

Intangible Assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and impairment losses, if any. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of Intangible Assets

An Intangible Asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an Intangible Asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Useful lives of Intangible Assets

Intangible Assets are amortized over their estimated useful life on a straight line basis over a period of 5 years.

i) Impairment

Financial Assets (other than at fair value)

The Company assesses at each Balance Sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Non Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating unit for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j) Leasing

Leases are classified as operating leases whenever the lessor retains substantially all the risks and rewards of ownership. Rental expense from operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increase, such increases are recognized in the year in which such benefits accrue.

k) Foreign Currencies

In preparing the financial statements of the Company, the transactions in currencies other than the entity's functional currency (INR) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date.

Exchange differences arising on monetary items are recognized in profit or loss in the period in which they arise.

l) Employee Benefits

Employee Benefits include Provident Fund, Superannuation Fund, Employee State Insurance Scheme, Gratuity Fund and compensated absences.

Defined Contribution Plan:

The Company's contribution to Provident Fund, Superannuation Fund and Employees State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans:

For Defined Benefit Plans in the form of Gratuity Fund and compensated absences, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

1. Service costs comprising current service costs, gains and losses on curtailments and settlements; and
2. Net interest expense or income

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-Term Employee Benefits:

The undiscounted amount of Short-Term Employee Benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service.

m) Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n) Earnings Per Share

Basic Earnings Per Share is computed by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company did not have any potential dilutive securities in any period presented.

o) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Current tax is measured at the amount expected to be paid to from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of Deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of Deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

p) Provisions, Contingent Liabilities, Contingent Assets and Commitments

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present obligations of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liabilities and Contingent Assets are not recognized in the financial statements.

q) Financial Instruments

Financial Instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets and Financial Liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

1. Financial Assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

At initial recognition, financial assets are classified: As financial assets measured at amortized cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified at amortised cost. Financial assets are subsequently measured at amortised cost using effective interest rate method, if:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the

Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the profit or loss on disposal of that financial asset.

Impairment of Financial Assets

The Company assesses impairment based on Expected Credit Loss (ECL) model to the following:

i. Financial Assets measured at amortized cost;

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- A. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- B. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

ii. Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not in its legal form.

Equity Instruments

An Equity Instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity Instruments issued by a company are recognized at the proceeds received, net of issue costs.

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost where the fair value approximates such amortised cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

r) Operating Cycle

The Company presents assets and liabilities in the balance sheet based on current / non-current classification based on operating cycle.

An asset is treated as current when it is:

1. Expected to be realized or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realized within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when

1. It is expected to be settled in normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Company has identified twelve months as its operating cycle.

3. Recent Pronouncements for Indian Accounting Standards (Ind AS)

New Standard / Amendments issued but not yet effective:

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules has notified the following new and amendments to existing standards. These amendments are effective for annual periods beginning from April 1, 2019. The Company will adopt these new standards and amendments to existing standards once it become effective & are applicable to it.

Ind AS 116 – Leases

Ind AS 116 'Leases' replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessee to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The accounting from Lessor perspective largely remain unchanged from the existing standard – i.e. lessor will continue to classify the leases as finance or operating leases.

Based on the preliminary assessment and current conditions, the Company does not expect any significant impacts on transition to Ind AS 116. The quantitative impacts would be finalized based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options.

Amendments to existing Ind AS:

The MCA has carried amendments to the following existing standards which will be effective from 1st April, 2019. The Company is not expecting any significant impact in the financial statements from these amendments. The quantitative impacts would be finalized based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The company does not currently have any such long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

DIGJAM LIMITED

3. PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS (Refer Note 13c & 13g)

(Rs. In lacs)

	GROSS CARRYING AMOUNT				DEPRECIATION & AMORTISATION				NET BLOCK
	As at	Additions	Disposals	As at	As at	Additions	Disposals	As at	As at
	April 1, 2018			March 31, 2019	April 1, 2018			March 31, 2019	March 31, 2019
A TANGIBLE ASSETS									
Land	14,986.18	—	—	14,986.18	—	—	—	—	14,986.18
Building	1,314.29	—	—	1,314.29	83.72	41.86	—	125.58	1,188.71
Plant & Equipment	1,525.80	—	17.22	1,508.58	438.93	208.83	8.84	638.92	869.66
Furniture & Fixtures	19.10	—	5.09	14.01	3.93	1.87	0.92	4.88	9.13
Vehicles	26.43	—	—	26.43	5.92	4.85	—	10.77	15.66
Office Equipment	22.29	0.19	10.99	11.49	6.90	3.58	8.25	2.23	9.26
	17,894.09	0.19	33.30	17,860.98	539.40	260.99	18.01	782.38	17,078.60
B INTANGIBLE ASSETS									
Software	14.83	—	0.18	14.65	6.79	2.55	0.06	9.28	5.37

	GROSS CARRYING AMOUNT				DEPRECIATION & AMORTISATION				NET BLOCK
	As at	Additions	Disposals	As at	As at	Additions	Disposals	As at	As at
	April 1, 2017			March 31, 2018	April 1, 2017			March 31, 2018	March 31, 2018
A TANGIBLE ASSETS									
Land	14,986.18	—	—	14,986.18	—	—	—	—	14,986.18
Building	1,314.29	—	—	1,314.29	41.86	41.86	—	83.72	1,230.57
Plant & Equipment	1,525.80	—	—	1,525.80	221.33	217.60	—	438.93	1,086.87
Furniture & Fixtures	19.10	—	—	19.10	1.93	2.00	—	3.93	15.17
Vehicles	35.73	—	9.30	26.43	6.95	6.98	8.01	5.92	20.51
Office Equipment	20.97	1.32	—	22.29	3.52	3.38	—	6.90	15.39
	17,902.07	1.32	9.30	17,894.09	275.59	271.82	8.01	539.40	17,354.69
B INTANGIBLE ASSETS									
Software	14.65	0.18	—	14.83	3.42	3.37	—	6.79	8.04

(Rs. in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
4. OTHER FINANCIAL ASSETS (Refer Note 2b)		
Non-Current		
Unsecured, considered good		
Security Deposits	1.05	3.79
Total	1.05	3.79
Current		
Unsecured, considered good		
Security Deposits	11.90	14.30
Interest accrued on loans and deposits	—	3.69
Total	11.90	17.99
5. INVENTORIES (Refer Note 13c & 13g)		
Inventories		
(lower of cost and net realisable value)		
Raw Materials	76.27	197.89
Work-in-Progress	925.36	1,450.40
Stock In Trade	130.41	195.52
Finished Goods	1,185.76	1,681.61
Stores, Spares and Packing Materials	20.44	51.76
Total	2,338.24	3,577.18

DIGJAM LIMITED

<u>Particulars</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
		(Rs. in lacs)
6. TRADE RECEIVABLES (Refer Note 13g)		
a. Receivables considered good – secured	—	—
b. Receivables considered good – unsecured	726.89	965.73
c. Receivables which have significant increase in credit risk	—	—
d. Receivables – credit impaired	—	—
Allowance for doubtful debts (expected credit loss allowance)	(399.58)	(355.15)
Total	327.31	610.58
Note:		
a) There are no amounts due by directors or other officers of the Company either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.		
b) Refer Note 30 for information about credit risk and market risk of Trade Receivables		
c) Break-up of Trade Receivables		
Trade Receivables	327.31	610.58
Receivables from related parties	—	—
Total	327.31	610.58
d) Movement in allowance for doubtful trade receivables		
Opening Balance	355.15	348.03
Add: Provision during the year	44.43	7.72
Less: Utilisation	—	(0.60)
Closing Balance	399.58	355.15
7. CASH AND CASH EQUIVALENTS		
Cash on Hand	16.04	1.00
Balances with Banks in Current Account	235.15	11.91
Total	251.19	12.91
8. OTHER BALANCES WITH BANKS		
In Deposit Accounts (Earmarked Balance held as Margin Money)	—	134.11
Total	—	134.11
9. CURRENT TAX ASSETS (NET)		
Tax Refund Receivable	23.16	22.71
10. OTHER ASSETS		
Current		
Prepaid Expenses	12.14	22.98
Balances with Govt. Authorities	39.62	61.34
Advance to Suppliers	2.69	24.97
Others	5.11	15.91
Total	59.56	125.20
11. Equity Share Capital		
Authorised Share Capital		
10,00,50,000 (as at March 31, 2018 10,00,50,000) Equity Shares of Rs. 10 each	10,005.00	10,005.00
25,00,000 (as at March 31, 2018: 25,00,000) Preference Shares of Rs. 100 each	2,500.00	2,500.00
	12,505.00	12,505.00
Issued, Subscribed & Fully Paid-up		
8,76,41,621 (as at March 31, 2018: 8,76,41,621) Equity Shares of Rs. 10 each	8,764.16	8,764.16

DIGJAM LIMITED

11.1 Equity Shares carry voting rights at the General Meeting of the Company and are entitled to dividend and to participate in surplus, if any, in the event of winding up.

* Non-Convertible Redeemable Preference Shares are classified as Financial Instruments and disclosed under Financial Liabilities.

In terms of the Scheme of Amalgamation ("the Scheme") between erstwhile Digjam Limited (the "Amalgamating Company") with the Company (the "Amalgamated Company") sanctioned by the Hon'ble High Court of Gujarat vide Order dated February 17, 2016 the Company in April, 2016 has allotted 8,76,41,621 fully paid-up Equity Shares of Rs. 10 each at a premium of Rs. 5 per Equity Share and 5,00,000 - 8% Non-Convertible Redeemable Preference Shares of Rs. 100 each at par fully paid-up in the ratio of 1 share for every 1 share held in the Amalgamating Company.

Particulars	(Rs. in lacs)	
	As at March 31, 2019	As at March 31, 2018
11.2 Reconciliation of number of Shares		
Equity Shares		
Number of shares at the beginning of the year	87,641,621	87,641,621
Shares issued and allotted during the year	—	—
Balance at the end of year	87,641,621	87,641,621
11.3 Shareholders holding more than 5% shares in the Company		
Name of the Shareholders		
Central India General Agents Ltd.		
No. of Shares	1,65,14,000	1,65,14,000
% of Shares held	18.84%	18.84%
ICICI Bank Ltd.		
No. of Shares	73,41,497	81,37,062
% of Shares held	8.38%	9.28%
Birla Holdings Ltd.		
No. of Shares	72,50,000	72,50,000
% of Shares held	8.27%	8.27%
12. Other Equity		
Securities Premium Reserve		
Balance at the beginning of the year	4,382.08	4,382.08
Add: Premium on shares issued during the year	—	—
Balance at the end of year	4,382.08	4,382.08
Capital Reserve		
Balance at the beginning of the year	511.90	511.90
Balance at the end of year	511.90	511.90
Retained Earnings		
Balance at the beginning of the year	(6,428.01)	(3,216.60)
Add: Loss for the year	(4,436.22)	(3,289.76)
Add: Other Comprehensive Income arising from remeasurement of defined benefit obligation	102.63	78.35
Balance at the end of year	(10,761.60)	(6,428.01)
Total	(5,867.62)	(1,534.03)
13. BORROWINGS		
Non-Current		
Secured – at amortised cost		
Term Loans from Banks (Refer note 13c)	1,273.71	1,250.00
Less: Current maturity of term loans	1,273.71	834.00
	—	416.00
Vehicle Loans (Refer note 13e)	—	2.60
Less: Current maturity of vehicle loans	—	2.39
	—	0.21

DIGJAM LIMITED

<u>Particulars</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
	(Rs. in lacs)	
Unsecured – at amortised cost		
Deposits (Refer note 13f)	2,604.00	2,204.00
Less: Current maturity of Deposits	—	—
	2,604.00	2,204.00
Liability of Non-Convertible Redeemable Preference Share (Refer note 13a,13b,30 & 36)	315.28	291.92
Total	2,919.28	2,912.13
Current		
Secured – at amortised cost		
Short Term Loan from Banks (Refer note 13g)	5,782.25	5,500.98
Unsecured – at amortised cost		
Deposits	49.00	49.00
Total	5,831.25	5,549.98

Note

- a. The Non-Convertible Redeemable Preference Shares of Rs. 100 each allotted on April 29, 2016 under the Scheme of Amalgamation on the same terms and conditions on which the said shares were allotted by the Amalgamating Company and are entitled to dividend @ 8% p.a. (non-cumulative) in preference to the Equity Shares but are not entitled to vote at the General Meeting of the Company unless dividend has been in arrears for minimum 2 years. For the purpose of determination/accrual of all rights (including the right of redemption), the date of allotment viz. March 27, 2015 is deemed to be the relevant date. Consequently, w.e.f March 27, 2017, the Preference Shares are entitled to Voting Rights in terms of the second proviso to sub-section (2) of section 47 of the Companies Act, 2013. The Preference Shares are non-participating and shall have preferential right to repayment in the case of winding up or repayment of capital of the amount of the Share Capital paid-up. These Preference Shares are classified as Financial Instruments and hence, disclosed as Financial Liabilities in terms of IND AS requirements.
- b. The Non-Convertible Redeemable Preference Shares are redeemable at par at the end of 10 years from March 27, 2015 with an option to the Company to redeem at any time earlier thereto.
- c. Loan from a Bank total outstanding Rs. 1,273.71.00 lacs (As at March 31, 2018: Rs 1,250.00 Lacs), carrying interest linked to the Marginal Cost of Funds Based Lending Rate (MCLR), which is secured by first charge on fixed assets at Jamnagar and DIGJAM Brand and second paripassu charge on present and future stocks of raw materials, stock-in-process, finished goods and other current assets besides pledge of part of promoters' shareholding. The loan is repayable in 3 equal instalments payable after 24 Months, 30 Months and 34 months respectively from 24.06.2016. The Company could not pay first and second instalment for Rs. 417 Lacs each due in June and December 2018 and interest of Rs. 199.90 lacs from March 18 onwards.
- d. Loan from Housing Development Finance Corporation Limited total outstanding - Rs. Nil (As at March 31, 2018: Rs. Nil) together with the right of recompense, if any, on account of settlement is secured by mortgage on specified immovable properties.
- e. Loan from bank for purchase of vehicles total outstanding – Rs. Nil (As at March 31, 2018: Rs. 2.60 Lacs,) secured against the vehicles purchased out of those loans which was fully repaid during the year.
- f. Unsecured Intercompany Deposits of Rs. 2,604.00 lacs (As at March 31, 2018: Rs. 2,204.00 Lacs) are repayable after June, 2020. (Includes from related party – Rs. 730.00 lacs; (As at March 31, 2018: Rs. 530.00 Lacs)). Company could not pay interest amounting to Rs. 643.10 lacs since September 2015.
- g. Secured loans are for working capital from consortium of banks, comprising of UCO Bank and State Bank of India, and are secured by first charge on inventories and book debts besides second charge on movable machinery and fixed assets at Jamnagar as well as on DIGJAM brand, all ranking paripassu, and pledge of part of the promoters' shareholding in the Company. Company could not pay Letter of Credits established on various dates with Uco bank amounting to Rs. 810.16 lacs and interest thereon Rs. 195.50 lacs since April 2018.

DIGJAM LIMITED

Particulars	(Rs. in lacs)	
	As at March 31, 2019	As at March 31, 2018
14. OTHER FINANCIAL LIABILITIES (Refer Note 2b)		
Non-Current		
Trade Deposits	90.17	183.73
Others	—	43.91
Total	90.17	227.64
Current		
Current maturities of Non-Current borrowings (Note 13)	1,273.71	836.39
Earnest Money	2,140.00	600.00
Interest accrued *	688.09	412.77
Total	4,101.80	1,849.16
*Includes to a related party – Rs. 155.36 lacs (Rs. 93.51 lacs as at March 31, 2018)		
15. PROVISIONS		
Non-Current		
Provision for Employee Benefits	445.20	471.79
Total	445.20	471.79
Current		
Provision for Employee Benefits	105.55	169.94
Total	105.55	169.94
Note: The provision for Employees Benefits includes Gratuity and compensated absences. For other disclosures refer note 27.		
16. TRADE PAYABLES		
Acceptances	—	37.22
Total outstanding dues of Micro and Small Enterprises (Note 16a)	47.74	47.74
Total outstanding dues of creditors other than Micro and Small Enterprises	3,297.50	3,083.49
Total	3,345.24	3,168.45

Note:

- a. Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2019. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by auditors:
- The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year

– Principal amount due	47.74	47.74
– Interest due	19.99	—
 - The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.

	—	—
--	---	---
 - The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.

	—	—
--	---	---
 - The amount of interest accrued and remaining unpaid at the end of each accounting year.

	19.99	—
--	-------	---
 - The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006

	—	—
--	---	---
- b. Refer Note 29 for information about credit risk and market risk of Trade Payables.

DIGJAM LIMITED

<u>Particulars</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
(Rs. in lacs)		
17. OTHER LIABILITIES		
Current		
Statutory remittances (includes payable towards TDS, TCS, GST and employee statutory obligations)	254.57	144.30
Advance received from customers	106.78	143.68
Total	<u>361.35</u>	<u>287.98</u>
(Rs. in lacs)		
18. REVENUE FROM OPERATIONS		
Sale of Products	898.49	5,731.05
Other Operating Income	22.69	170.39
Total	<u>921.18</u>	<u>5,901.44</u>
PARTICULARS OF SALE OF PRODUCTS		
Cloth	849.71	5,682.27
Others	48.78	48.78
Total	<u>898.49</u>	<u>5,731.05</u>
19. OTHER INCOME		
Interest Income comprises (At amortised cost)		
From Banks	6.51	10.04
From Others	22.62	41.60
Provisions/liabilities no longer required written back	46.31	35.23
Gain on Sale of Property, Plant and Equipment (Net)	1.37	0.65
Miscellaneous Income	31.57	15.15
Total	<u>108.38</u>	<u>102.67</u>
20. COST OF MATERIALS CONSUMED		
Inventories at the beginning of the year	197.89	438.86
Add: Purchases during the year	17.36	2,201.59
	<u>215.25</u>	<u>2,640.45</u>
Less: Sales / Transfer	122.01	57.66
	<u>93.24</u>	<u>2,582.79</u>
Less: Inventories at the end of the year	76.27	197.89
Total	<u>16.97</u>	<u>2,384.90</u>
Details of Material Consumed		
Wool and Synthetic Fibres	9.80	2,276.91
Yarn (bought out)	3.75	47.32
Others	3.42	60.67
21. PURCHASE OF STOCK-IN-TRADE		
Cloth	105.07	559.89
Others	21.96	41.34
Total	<u>127.03</u>	<u>601.23</u>

DIGJAM LIMITED

<u>Particulars</u>	(Rs. in lacs)	
	<u>Year ended March 31, 2019</u>	<u>Year ended March 31, 2018</u>
22. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Inventories at the end of the year		
Finished Goods	1,185.76	1,681.61
Work-in-progress	925.36	1,450.40
Stock-In-Trade	130.41	195.52
	<u>2,241.53</u>	<u>3,327.53</u>
Inventories at the beginning of the year		
Finished Goods	1,681.61	1565.40
Work-in-progress	1,450.40	1748.35
Stock-In-Trade	195.52	242.26
	<u>3,327.53</u>	<u>3,556.01</u>
Net (Increase)/Decrease	<u>1,086.00</u>	<u>228.48</u>
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages, Bonus, etc.	1,360.78	1,911.51
Contribution to Provident and Other Funds	238.95	291.25
Staff Welfare Expenses	156.75	200.51
Total	<u>1,756.48</u>	<u>2,403.27</u>
24. FINANCE COSTS		
Interest Expenses		
Working Capital and Term Loan	1,420.55	1296.51
Others	23.35	21.62
Other borrowing costs	86.90	95.72
Total	<u>1,530.80</u>	<u>1,413.85</u>
25. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on Property, Plant and Equipment	260.99	271.82
Amortization on Intangible Assets	2.56	3.37
Total	<u>263.55</u>	<u>275.19</u>
26. OTHER EXPENSES		
Consumption of Stores, Spares and Packing Materials	34.64	212.06
Power and Fuel	127.46	822.57
Processing Expenses	29.83	99.44
Rent*	94.13	99.29
Repairs Expenses		
Repairs to Buildings	1.59	10.96
Repairs to Machinery	1.33	38.21
Repairs Others	0.91	4.75
Insurance expenses	36.18	35.65
Rates and Taxes	25.02	17.65
Travelling expenses	22.00	58.03
Brokerage, Rebate, Discount and Commission	20.65	88.95
Freight and Other Selling Expenses	8.04	166.02
Advertisement and Sales Promotion	3.00	73.92
Directors Sitting Fees	7.11	11.74
Legal and Professional	87.40	79.96
Payments to Auditors **	11.69	16.15
Bad Debts written off	0.58	0.35
Provision for doubtful trade receivables / Advances	57.48	7.72
Net Loss on Foreign Currency transactions and translations	0.64	18.58
Assets Discarded	15.12	0.09
Fees and Subscription	14.94	16.15
Conveyance Expenses	19.38	32.68
Other Expenses	65.83	76.03
Total	<u>684.95</u>	<u>1,986.95</u>

* The Company is lessee under various operating leases, none of which is non-cancellable.

DIGJAM LIMITED

** PAYMENT TO AUDITORS (EXCLUDING GOODS AND SERVICES TAX/SERVICE TAX)

<u>Particulars</u>	<u>Year ended March 31, 2019</u>	<u>Year ended March 31, 2018</u>
		(Rs. in lacs)
a. To Statutory Auditors		
For Statutory Audit	8.00	8.00
For Other Services	3.50	7.03
For reimbursement of expenses	0.19	1.12
Total	11.69	16.15

27. EMPLOYEE BENEFITS:

I. Post-Employment Benefits

Defined Benefit Plan:

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 IRDA guidelines. The details of these defined benefit plans recognised in the financial statements are as under:

The defined benefit plans typically expose the Company to various risk such as:

Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

Interest Risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan assets.

Longevity Risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

a. Movement in present value of defined benefit obligation are as follows:

<u>Particulars</u>	<u>Gratuity</u>	
	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Obligations at the beginning of the year	1,206.55	1,317.35
Current service cost	52.36	60.89
Interest cost	94.35	95.64
Actuarial (gain)/loss – due to change in financial assumptions	19.28	(40.20)
Actuarial (gain)/loss- due to experience adjustments	(135.97)	(54.93)
Benefits paid	(268.87)	(172.20)
Present value of benefit obligation at the end of the year	967.70	1,206.55
Movement in the fair value of plan assets are as follows:		
Plan assets at the beginning of the year, at fair value	744.37	865.53
Interest Income	58.20	62.84
Return on plan assets excluding interest income	(14.06)	(16.78)
Contributions from the employer	3.00	4.98
Benefits paid	(268.87)	(172.20)
Fair value of plan assets at the end of the year	522.64	744.37

DIGJAM LIMITED

- b. The amount included in the balance sheet arising from the entities obligation in respect of defined benefit plan is as follows:

(Rs. in lacs)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Present value of benefit obligation at the end of the year	(967.70)	(1,206.55)
Fair value of plan assets at the end of the year	522.64	744.37
Net Liability arising from defined benefit obligation	(445.06)	(462.18)

- c. Amount recognized in the Statement of Profit and Loss in respect of the defined benefits plans are as follows:

(Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	52.36	60.89
Net interest expense	36.14	32.80
Components of defined benefit costs recognised in the Statement of Profit & Loss	88.50	93.69
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses on obligation for the period	(116.69)	(95.13)
Return on plan assets, excluding interest income	14.06	16.78
Components of defined benefit costs recognised in Other Comprehensive Income	(102.63)	(78.35)
Total	(14.13)	15.34

The current service cost and the net interest expenses for the year are included in the Employee Benefits Expense line item in the Statement of Profit and Loss. The remeasurement of the net defined benefit liability/asset is included in Other Comprehensive Income.

- d. Investment details of plan assets:

To fund the obligations under the gratuity plan, Contributions are made to Life Insurance Corporation of India, who invests the funds as per IRDA guidelines.

- e. The defined benefit obligations shall mature after year ended March 31, 2019 as follows:

(Rs. in lacs)

Particulars	Gratuity
As at March 31	
2020	133.85
2021	60.03
2022	96.38
2023	70.36
2024	129.95
Thereafter	513.38

- f. Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(Rs. in lacs)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Delta effect of +1% change in the rate of Discounting	(53.17)	(65.68)
Delta effect of -1% change in the rate of Discounting	59.55	73.70
Delta effect of +1% change in the rate of salary increase	59.83	74.30
Delta effect of -1% change in the rate of salary increase	(54.35)	(67.34)
Delta effect of +1% change in the rate of employee turnover	5.13	7.97
Delta effect of -1% change in the rate of employee turnover	(5.64)	(8.82)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using "Projected Unit Credit" method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in Balance Sheet.

The Company has made a contribution of Rs. 3 lacs (as at March 31, 2018: Rs. 4.98 lacs) to the defined benefit plans during the financial year 2018-19.

g. The principal assumptions used for the purpose of actuarial valuation were as follows:

<u>Particulars</u>	Gratuity	
	Year ended March 31, 2019	Year ended March 31, 2018
Discount Rate	7.47%	7.82%
Expected Return on Plan Assets	7.47%	7.82%
Annual Increase in Salary Costs	6.00%	6.00%
Rate of Employee Turnover	1.00%	1.00%
Mortality Tables	Indian Assured Lives Mortality (2006-08)	

Future Salary increases are based on long term average salary rise expected taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employee market. Future Separation & mortality rates are obtained from relevant data of Life Insurance Corporation of India.

II. Other Long Term Employee Benefits:

Compensated absences

The liability towards compensated absences (leave encashment) for the year ended March 31, 2019 based on actuarial valuation carried out by using Projected Unit Credit Method resulted in decrease in liability by Rs. 73.84 lacs (As at March 31, 2018: Rs. 42.52 lacs decrease).

a. The principal assumptions used for the purpose of actuarial valuation were as follows: -

<u>Particulars</u>	Leave Encashment	
	Year ended March 31, 2019	Year ended March 31, 2018
Discount Rate	7.47%	7.82%
Expected return on plan assets	—	—
Mortality Tables	Indian Assured Lives Mortality (2006-08)	

28. Deferred Tax Assets (Net)

<u>Particulars</u>	(Rs. In lacs)	
	As at March 31, 2019	As at March 31, 2018
Deferred Tax Liabilities:		
In relation to Property, plant and equipment	493.45	546.53
Deferred Tax Assets (refer note 28(a))		
In relation to Carried Forward Business Losses	(493.45)	(546.53)
Total	—	—

Note: a. 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 been recognised to the extent of deferred tax liabilities.

DIGJAM LIMITED

29. Financial Instruments

1. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in note 13 off set by cash and bank balances) and total equity of the Company.

Gearing Ratio

<u>Particulars</u>	(Rs. in lacs)	
	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Debt (note i)	10,024.24	9,298.50
Less: Cash and Bank Balances & Deposit Accounts	251.19	147.02
Net Debt	9,773.05	9,151.48
Total Equity	2,896.54	7,230.13
Net Debt to Equity Ratio	337.40%	126.57%

I. Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in note 13.

2. Category-wise classification of financial instruments

<u>Particulars</u>	(Rs. in lacs)	
	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Financial Assets		
Measured at amortised cost		
a. Trade Receivables	327.31	610.58
b. Cash and Cash Equivalents	251.19	12.91
c. Other Balances with Banks	—	134.11
d. Financial Assets	12.95	21.78
Total	591.45	779.38
Financial Liabilities		
Measured at amortised cost		
a. Borrowings	10,024.24	9,298.50
b. Trade Payables	3,345.24	3,168.45
c. Other Financial Liabilities	2,918.26	1,240.41
Total	16,287.74	13,707.36

In respect of financial instruments, measured at amortised cost, the fair value approximates the amortised cost.

<u>Financial Assets / Liabilities</u>	<u>Fair Value</u>	(Rs. In lacs)		
		<u>Fair Value Hierarchy</u>		
		Quoted price in active market (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
		{Note 2(b)}		
As at March 31, 2019				
Redeemable Preference Shares (refer note 13)	315.28	—	315.28	—
As at March 31, 2018				
Redeemable Preference Shares (refer note 13)	291.92	—	291.92	—

3. Financial Risk Management Objectives

Read with Note 34, the Company's financial liabilities comprise mainly of borrowings, trade payables and other financial liabilities. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, loans, trade receivables and other financial assets.

The Company's business activities are exposed to a variety of financial risks, namely market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework who are responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

A. MANAGEMENT OF MARKET RISK

The Company's size and operations results in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- Interest rate risk

i. Currency Risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates.

The carrying amounts of the Company's foreign currency dominated monetary assets and monetary liabilities at the end of the reporting period are as follows: -

<u>Particulars</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Liabilities (Foreign Currency)		
In US Dollars (USD)	61,376.40	1,08,011.13
In Euro (EUR)	56,289.04	87,212.24
In Great Britain Pound (GBP)	68,000.00	44,000.00
Assets (Foreign Currency)		
In US Dollars (USD)	33,735.29	3,073.37
In Euro (EUR)	—	—
In Great Britain Pound (GBP)	—	—
Liabilities (INR)		
In US Dollars (USD)	42.64	70.40
In Euro (EUR)	44.13	70.48
In Great Britain Pound (GBP)	62.03	40.58
Assets (INR)		
In US Dollars (USD)	23.20	2.00
In Euro (EUR)	—	—
In Great Britain Pound (GBP)	—	—

Foreign Currency Sensitivity Analysis

The Company is mainly exposed to the currency: USD, EUR and GBP.

The following table details, Company's sensitivity to a 5% increase and decrease in the rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign exchange rates. This is mainly attributable to the exposure outstanding on receivables and payables in the Company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. A positive number below indicates an increase in the profit and equity where the rupee strengthens 5% against the relevant currency. For a 5% weakening

DIGJAM LIMITED

of the rupee against the relevant currency, there would be a comparable impact on the profit and equity and the balances below would be negative.

Impact on profit or loss and total equity

(Rs. In lacs)

<u>Particulars</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Increase in exchange rate by 5%	(6.28)	(8.97)
Decrease in exchange rate by 5%	6.28	8.97

ii. Interest Rate Risk

Interest Rate Risk is the risk that the future cash flow with respect to interest payments on borrowing will fluctuate because of change in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation with floating interest rates.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows: -

(Rs. in lacs)

<u>Particulars</u>	<u>Increase/Decrease in basis points</u>	<u>Effect on loss before tax</u>
As at March 31, 2019	200 bps	113.81
As at March 31, 2018	200 bps	106.11

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

B. MANAGEMENT OF CREDIT RISK

Credit Risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Company and it arises principally from the Company's Receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer including the default risk of the industry also has an influence on credit risk assessment. Credit Risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of the customers to which the Company grants credit terms in the normal course of business (Refer note 7 – Trade receivables).

C. MANAGEMENT OF LIQUIDITY RISK

Liquidity Risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The details of contractual maturities of significant financial liabilities are as under:

(Rs. In lacs)

<u>Particulars</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1 – 5 Years</u>	<u>More than 5 years</u>	<u>Total</u>
As at March 31, 2019					
Borrowings	10,024.24	7,104.96	2,604.00	315.28	10,024.24
Trade Payables	3,345.24	3,345.24	—	—	3,345.24
Financial Liabilities	2,918.26	2,828.09	90.17	—	2,918.26
Total	16,287.74	13,278.29	2,694.17	315.28	16,287.74
As at March 31, 2018					
Borrowings	9,298.50	6,386.37	2,620.21	291.92	9,298.50
Trade Payables	3,168.45	3,168.45	—	—	3,168.45
Financial Liabilities	1,240.41	1,012.77	227.64	—	1,240.41
Total	13,707.36	10,567.59	2,847.85	291.92	13,707.36

30. Contingent Liabilities and Commitments

	As at March 31, 2019	As at March 31, 2018
Service Tax matters under appeal	155.11	155.11
Stamp Duty – Pursuant to the Scheme	48.80	48.80
Other Matters	72.93	—

(In the opinion of the Company, the possibility relating to net outflow on the above accounts are remote)

31. Segment Information

The company is primarily engaged in the business segment of “Textiles”. Information reported to and evaluated regularly by the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessing performance focuses on the business as a whole and accordingly, in the context of Operating Segment as defined under the Indian Accounting Standard 108, there is single reportable segment.

The information based on location of customers are as under:

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue		
Within India	933.22	3,873.88
Outside India (excluding Deemed Exports)	96.34	2,130.23
Total	1,029.56	6,004.11
Carrying amount of Assets		
Within India	19,793.18	21,585.17
Outside India	303.20	282.03
Total	20,096.38	21,867.20
Additions to Fixed Assets		
Within India	0.19	1.50
Outside India	—	—
Total	0.19	1.50

32. There is a claim raised by Asset Reconstruction Company (India) Limited (“Arcil”) in Debt Recovery Tribunal on account of duly settled dues, for which even the relevant charges registered with Registrar of Companies, Gujarat had been satisfied in terms of Arcil’s no objection letter. The Company has been legally advised that the claim is not tenable and does not expect any outflows on this account.

33. After completion of the Financial Year under review, an order dated July 3, 2019 was issued by the Office of the Principal Commissioner (Appeals), GST & Central Excise regarding demand of Service Tax on selling commission paid to overseas selling representatives for the period from October, 2014 to June, 2017 upholding the demand of service tax of Rs. 28,21,436/- u/s 73(1) alongwith interest u/s 75 and penalty imposed u/s 78 of the Act. Further, penalty u/s 77(2) of the Act was reduced to Rs. 10,000/-.

Another Order dated December 20, 2019 was issued by the office of Chief Controlling Revenue Authority, Gujarat State, Gandhinagar upholding the demand of Rs. 4,97,500/- plus penalty of Rs. 50,000/- on the combination of Authorised Share Capital of erstwhile Digjam Limited with that of the Company under the Scheme of Amalgamation.

As the Company is under CIRP wef April 26, 2019, moratorium period is going on at present and hence, no court of law, tribunal, arbitration panel or other authority can execute any judgement, decree or order against the Corporate Debtor during moratorium period. Therefore, Company is taking up the matter with the appropriate authorities.

34. The Company continues to be severely affected by working capital availability and lack of liquidity affecting its operations severely. The Company’s production has been suspended since October 2018, and has incurred a net loss of Rs. 4,333.59

DIGJAM LIMITED

lacs during the year ended 31 March 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 10,733.83 lacs. This indicates existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going-concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Subsequent to year-end, based on a petition filed by operational creditor, a Corporate Insolvency Resolution Process ("CIRP") under the Insolvency and Bankruptcy Code 2016 (Code) has been initiated for the Company vide Order dated 26th April, 2019 of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT"). Pursuant to Order Mr. Parag Sheth was appointed Interim Resolution Professional ("IRP") and Subsequently, Sri Sunil Kumar Agarwal was appointed as Resolution Professional ("RP") vide Order dated January 1, 2020 of the Hon'ble NCLT, as proposed by the Committee of Creditors ("CoC") in their first meeting held on May 24, 2019. Consequently, the powers of the Board of Directors have been suspended and the same are exercisable by IRP/RP, in accordance with the Code.

In accordance with the CIRP, the IRP had published brief particulars of invitation for expression of Interest from prospective Resolution applicants to submit resolution plan and invited Resolution Plans therefor. The IRP has received responses from certain parties who have submitted their respective resolution plans and upon change of IRP to RP, the same will now be examined by the RP. Thereafter, the Resolution plans will be submitted to COC for their approval. The plan, as approved by the COC shall be submitted to NCLT for approval in accordance with section 20 of the Code. The RP is taking necessary action as required under the said section to keep the Company as going concern. In view of the above, these Financial Statements have been prepared on going concern basis.

35. As the Company is under Corporate Insolvency Resolution Process ("CIRP") since April 26, 2019, DLF have submitted their claim to IRP which was not admitted and thereafter, 'DLF' has approached to Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") even though an appeal u/s 34 of the Arbitration and Conciliation Act, 1996 has already been filed by the Company against the two Arbitration Awards pronounced in April, 2017 in the DLF matter.

36. **Related Party Disclosures:** According to Ind AS 24 'Related Party Disclosures'

Non-executive Directors are disclosed as Key Managerial Personnel as per the requirement of Ind AS 24. However, they are not KMPs as per the Companies Act, 2013

A. List of Related Parties:

1. Promoter Company

- a) Central India General Agents Ltd.

2. Entities over which Key Managerial Personnel have control

- a) Tanjore Partners LLP

3. Post-employment benefit funds

- a) Digjam Officers' Superannuation Scheme;
- b) Shree DigvijayaWoollen Mills Limited Employees Gratuity Fund

4. Key Managerial Personnel/Directors

- a) Non-Executive Independent Directors:
 - (i) Sri Bharat Anand;
 - (ii) Sri S. Ragothaman;
 - (iii) Sri G. Ramanathan (wef January 30, 2019)
 - (iv) Sri Kishor Shah (upto March 8, 2019)
 - (v) Sri A.R. Sreekanth (wef January 30, 2019)
- b) Non-Executive Non-Independent Directors:
 - (i) Sri Sidharth Birla;
 - (ii) Ms. Meenakshi Birla;
- c) Executive Director:
 - (i) Sri C. Bhaskar, Managing Director & CEO
- d)
 - (i) Sri A. K. Upadhyay, President & COO (from May 24, 2018 to October 9, 2018)
 - (ii) Sri Satish Shah, Vice President & CFO;
 - (iii) Sri Ajay Agarwal, Vice President (Operations) (wef December 13, 2018)
 - (iv) Sri Jatin Jain, Company Secretary

B. Transaction with Related Parties:

(Rs. in lacs)

Related Party	Nature of transaction	Year ended	
		March 31, 2019	March 31, 2018
Central India General Agents Ltd.	Aggregate of long term deposits taken from time to time	200.00	100.00
	Interest expenses (gross) on above Deposits	68.73	48.15
	Maximum outstanding balance (credit) during the year	885.36	623.51
	Non-convertible Redeemable Preference Shares	315.28	291.92
Digjam Officers' Superannuation Scheme	Contribution to post employment benefit fund	17.83	25.29
Shree Digvijaya Woollen Mills Limited Employees Gratuity Fund	Contribution to post employment benefit fund (with LIC)	3.00	15.35
Sri Bharat Anand	Sitting Fees	1.45	0.80
Sri G. Momen	Sitting Fees	—	0.70
Sri A.C. Mukherji	Sitting Fees	—	1.00
Sri S. Ragothaman	Sitting Fees	2.15	2.15
Sri Kishor shah	Sitting Fees	1.95	2.25
Sri Sidharth Birla	Sitting Fees (refer note a)	—	0.50
Ms. Meenakshi Birla	Sitting Fees (refer note b)	0.50	2.20
Sri C. L. Rathi	Sitting Fees	—	0.60
Sri G. Ramanathan	Sitting Fees	0.25	—
Sri A.R. Sreekanth	Sitting Fees	0.25	—
Sri C. Bhaskar	Remuneration (refer note c)	32.93	37.34
Sri A.K. Upadhyay	Remuneration (refer note d)	31.72	—
Sri Satish Shah	Remuneration	27.97	20.82
Sri Ajay Agarwal	Remuneration (refer note e)	9.33	—
Sri Jatin Jain	Remuneration	9.11	6.84

- a) Sri Sidharth Birla waived his sitting fees for the meetings held during the year under review.
- b) Ms. Meenakshi Birla waived her sitting fees for the meetings held after May 24, 2018
- c) The remuneration exclude gratuity funded through LIC, and leave obligation for which contribution/provision are not separately identified. There was no other transaction with them during the aforesaid period.
- d) KMP for the period from May 24, 2018 to October 9, 2018 and hence, remuneration for the said period has been mentioned.
- e) KMP wef December 13, 2018 and hence, remuneration for the period from December 13, 2018 to March 31, 2019 has been mentioned

DIGJAM LIMITED

Balance outstanding at the end of the year: (Rs. in lacs)

<u>Related Party</u>	<u>Nature of transaction</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Central India General Agents Ltd.	Outstanding balance (credit)	885.36	623.51
Digjam Officers' Superannuation Scheme	Contribution outstanding	37.37	25.29
Shree Digvijaya Woollen Mills Limited Employees Gratuity Fund	Contribution outstanding	445.06	462.18
Sri C. Bhaskar	Payables	52.23	22.05
Sri A.K. Upadhyay	Payables	31.42	—
Sri Satish Shah	Payables	27.27	10.77
Sri Ajay Agarwal	Payables	9.33	—
Sri Jatin Jain	Payables	10.77	2.35

C. Related Party relationships have been identified by the Management and relied upon by the Auditors.

37. EARNINGS PER SHARE

(Rs. in lacs)

<u>Particulars</u>	<u>Year ended March 31, 2019</u>	<u>Year ended March 31, 2018</u>
Loss after tax	(4,436.22)	(3,289.76)
Loss pertaining to equity shareholders	(4,436.22)	(3,289.76)
Number of equity shares	87,641,621	87,641,621
Nominal value per share	10	10
Basic and diluted EPS	(5.06)	(3.75)

38. Effective from April 01, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers". The adoption of the standard did not have material impact on the financial results of the Company.

39. Previous years' figures have been regrouped and rearranged wherever necessary.

Jatin Jain
Company Secretary

Satish Shah
Chief Financial Officer

Under Authority
Sidharth Birla
Chairman

S. Ragothaman
A. R. Sreekanth
Directors

New Delhi
February 4, 2020

FORM: MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

DIGJAM LIMITED

CIN: L17123GJ2015PLC083569; Regd. Office: Aerodrome Road, Jamnagar 361 006 (Gujarat)
Tel.: 91-288-2712972; Fax: 91-288-2712991; Email: digjamcosec@gmail.com; Website: www.digjam.co.in

Name of the member(s)	:
Registered address	:
E-mail Id	:
Folio No./ Client Id & DP ID	:

I/We, being the member(s) of shares of the above named company, hereby appoint:

- 1) Name :Address:
e-mail id :Signature:or failing him;
- 2) Name :Address:
e-mail id :Signature:or failing him;
- 3) Name :Address:
e-mail id :Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held on Friday, April 3, 2020 at 10.00 a.m. at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.	1	2	3	4	5	6
-----------------	---	---	---	---	---	---

Signed this.....day of.....2020

.....
Signature of shareholder



Signature of Proxy holder(s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

- CUT HERE -

ATTENDANCE SLIP

(To be presented at the entrance)

**4TH ANNUAL GENERAL MEETING ON FRIDAY, APRIL 3, 2020 AT 10.00 A.M. OF
DIGJAM LIMITED**

CIN: L17123GJ2015PLC083569; at the Registered Office at Aerodrome Road, Jamnagar 361 006 (Gujarat)
Tel.: 91-288-2712972; Fax: 91-288-2712991; Email: digjamcosec@gmail.com; Website: www.digjam.co.in

Folio No./DP ID No.& Client ID No No. of Shares

Name of the Member Signature

Name of the Proxy holder Signature

A Product of Progressive Art House, 8697704066

If undelivered, please return to:

DIGJAM LIMITED

Aerodrome Road,
Jamnagar 361 006 (Gujarat)
INDIA

10th March, 2020

To
M/s. Digjam Limited
Aerodrome Road
Jamnagar
Gujrat-361006

Sub: DESPATCH OF ANNUAL REPORT 2018-2019

Dear Sir,

We hereby confirm that the dispatch of Annual Reports to the Shareholders commence on 10th March, 2020 and to be completed on 11th March, 2020 by Courier and Post.

This is your information and records.

Assuring our best services and close co-operation at all times.

Thanking you.

Yours Sincerely,
For Global Enterprises