

Sri S. K. Birla
Chairman Emeritus

Board of Directors

Sri Sidharth Birla
Chairman

Sri Bharat Anand
Smt. Meenakshi Bangur
Sri G. Momen
Sri A. C. Mukherji
Sri S. Ragothaman
Sri C. L. Rathi
Sri C. Bhaskar

Managing Director & Chief Executive Officer

Company Secretary

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

Senior Executives

Sri R. K. Kedia
President & Chief Operating Officer

Sri P. K. Das
Vice President (Exports)

Sri Ravinder Sharma
Vice President (Sales & Marketing)

Sri Satish Shah
Asst. Vice President & Chief Financial Officer

Registered Office & Mills

Aerodrome Road,
Jamnagar 361 006, Gujarat

Tel.:+91-288-2712972
Fax:+91-288-2712991
e-mail: cosec@digjam.co.in
website: www.digjam.co.in

Corporate Identity Number

L17110GJ1948PLC000753

Registrars & Share Transfer Agents

MCS Share Transfer Agent Ltd.
12/1/5, Manoharpukur Road,
Kolkata 700 026

Auditors

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

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Sixty-fourth Annual General Meeting of the Members of the Company will be held on Friday, September 5, 2014 at 10.00 a.m. at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006 (Gujarat), to transact the following business:

1. To consider and adopt the Directors' Report and the audited Financial Statements of the Company for the financial year ended March 31, 2014 and the Auditors Report thereon.
2. To appoint a Director in place of Smt. Meenakshi Bangur (DIN: 00019582), who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint Auditors of the Company for a term of three years 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 M/s Deloitte Haskins & Sells, Chartered Accountants, (Registration No. 117365W), Ahmedabad be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting, until the conclusion of the Sixty-seventh Annual General Meeting of the Company (i.e. for a term of three years) at a remuneration to be decided by the Board of Directors in consultation with M/s Deloitte Haskins & Sells."

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 A.C. Mukherji (DIN: 00063975), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office until the conclusion of the third consecutive Annual General Meeting of the Company hereafter."

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 G. Momen (DIN: 00402662), Director of the Company whose present period of office is liable to determination by retirement of directors by rotation 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 third consecutive Annual General Meeting of the Company hereafter."

6. 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 S. Ragothaman (DIN: 00042395), Director of the Company whose present period of office is liable to determination by retirement of directors by rotation 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 fifth consecutive Annual General Meeting of the Company hereafter."

7. 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 Bharat Anand (DIN: 02806475), Director of the Company whose present period of office is liable to determination by retirement of directors by rotation 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 fifth consecutive Annual General Meeting of the Company hereafter."

8. AS A SPECIAL RESOLUTION

"RESOLVED that in supersession of the Resolution adopted by the Company at the Extra-Ordinary General Meeting held on April 25, 1994 with respect to the borrowing powers of the Board of Directors, consent of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 or any statutory modification or re-enactment thereof and the rules made thereunder, to borrow any sum(s) of money or moneys from time to time notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up Share Capital of the Company and its free reserves, as the Board may, from time to time, deem

IMPORTANT : VOTING THROUGH ELECTRONIC MEANS

In accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as well as Clause 35B of the Listing Agreement, the Company has made arrangements with Central Depository Services (India) Limited (CDSL) for Members to vote on the Resolutions in this Notice through electronic means. Kindly refer note no. 10 on page no. 3 for detailed instructions in this regard. E-voting facility will be available from August 30, 2014 (9.00 a.m.) to September 1, 2014 (6.00 p.m.).

necessary for the purpose of the Company, provided however the total amount so borrowed and outstanding at any one time shall not exceed Rs. 750 Crores (Rupees Seven Hundred Fifty Crores only)."

9. AS A SPECIAL RESOLUTION

"RESOLVED that in supersession of the Resolution adopted by the Company at the 48th Annual General Meeting held on September 27, 1997 with respect to creation of securities in favour of Banks/Financial Institutions and others by the Board of Directors for the borrowings of the Company, consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 or any statutory modification or re-enactment thereof and the rules made thereunder, to the Board of Directors to mortgage and/or charge (by way of first, second or other subservient charge as may be agreed to between the Company and the lenders and/or Debenture Trustees), all the immovable and movable properties, present and future, pertaining to the undertaking of the Company and the whole or substantially the whole of the said undertaking of the Company, with the right to take over the management and concern of the undertaking whose properties are agreed to be mortgaged and/or charged in certain events, to or in favour of any Financial Institutions, Banks and other lending Institutions or Funds, Debenture Trustees, to secure their respective Rupee and/or Foreign Currency Loans or other financial assistance lent, granted and advanced or agreed/hereafter agreed to be lent, granted and advanced to the Company or the Debentures, Bonds or other financial instruments as may be issued and allotted by the Company and/or agreed to be subscribed to by such Institutions/Banks/Funds, or any other person, for such amount(s) not exceeding Rs. 500 Crores in the aggregate on account of principal together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Trustees, costs, charges and other moneys payable by the Company to the respective Financial Institutions, Banks and other lending institutions and Debenture holders and/or Trustees under the Loan/Subscription Agreement(s) entered into/to be entered into by the Company in respect of the said Loans, Debentures or other financial instruments or assistance.

RESOLVED FURTHER that the Board of Directors of the Company including a Committee thereof, be and is hereby authorized to finalize with the Financial Institutions, Banks and other lending Institutions or Debenture Trustees the documents for creating mortgage(s) and/or charge(s) as aforesaid and to do all acts, deeds and things in connection therewith and incidental thereto."

The Register of Members of the Company will remain closed from August 29, 2014 to September 5, 2014 (both days inclusive).

New Delhi
May 8, 2014

BY ORDER OF THE BOARD

G. K. Sureka

Company Secretary

Registered Office:

Aerodrome Road,
Jamnagar 361 006,
(Gujarat)

CIN: L17110GJ1948PLC000753

e-mail: cosec@digjam.co.in

Tel.: +91-288-2712972

Fax: +91-288-2712991

website: www.digjam.co.in

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. **Members are requested to register their e-mail addresses and changes therein: those holding shares in physical form are requested to register/update their e-mail addresses with the Company's Registrars and Transfer Agents, M/s MCS Share Transfer Agent Ltd., 12/1/5, Manoharpukur Road, Kolkata 700 026. Shareholders holding shares in dematerialised form are requested to register their e-mail addresses and changes therein with the concerned Depository through their Depository Participant. In absence of e-mail address, the documents will be sent in physical mode.**
6. Members may also note that the Notice of the 64th Annual General Meeting and the Annual Report for year 2013-14 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.
7. Members who continue to hold Shares in physical form are requested to intimate the changes, if any, in their registered address including the PIN CODE to the Company's Registrars and Transfer Agents. Members holding Shares in dematerialized form are required to get all changes in respect of their holding recorded with their Depository Participant (DP).
8. 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.

9. Under Section 205C of the Companies Act, 1956, the amount of share application money refund unclaimed for seven years from the due date amounting to Rs.1,13,519 had been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government on February 17, 2014. Further, in view of the provisions of Section 125 of the Companies Act, 2013 the sale proceeds of fractional shares arising out of the Scheme of Arrangement in 2006 lying unpaid Rs. 9,840 with the Company will be transferred to the IEPF once the aforesaid provisions come into force.

10. Voting through electronic means

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, 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 64th Annual General Meeting (AGM) by electronic means and 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:

- a. Log on to the e-voting website: www.evotingindia.com during the voting period.
- b. Click on "Shareholders" tab
- c. Now, select "DIGJAM LIMITED" from the drop down menu and click on "SUBMIT".
- d. Now Enter your User ID:
 - (i) a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (ii) 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. Now, fill up the following details in the appropriate boxes:

For Members holding shares in Demat / Physical Form

PAN*	Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

*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 the first two letters of their first name and the 8 digits (including

zeros) printed on the address label. For example, if your name is Ramesh Kumar and the Sequence Number (SQ) printed on your address label is say RA00073142, then enter RA00073142 (total 10 characters). 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.

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company, please re-enter the User ID as mentioned in d(i) above in the Dividend Bank Details field.

- 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 against the Company's name 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- p. If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

- q. • Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) for which they wish to vote.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Authorised Person/Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- II. 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com. You can also contact the helpdesk on the toll free number:1800-200-5533.
- III. **The e-voting period commences on August 30, 2014 (9.00 am) and ends on September 1, 2014 (6.00 pm), 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/entitlement date of July 18, 2014, may cast their vote electronically.**
- The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder by electronic means, the shareholder shall not be allowed to change it subsequently or cast his vote by any other means.
- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off/entitlement date of July 18, 2014.
- V. Sri Viral Sanghavi, Company Secretary (Membership No. 24951 & CP No.9035) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results shall be declared at the AGM of the Company or thereafter. 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 within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the NSE and BSE.
11. **EXPLANATORY STATEMENT pursuant to Section 102 of the Companies Act, 2013 ('the Act')/SEBI Code for Corporate Governance:**

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

In terms of Sections 149, 152 and any other applicable provisions of the Act, effective from April 1, 2014, Independent Directors shall

not be counted for the purpose of determining the directors liable to retire by rotation. Smt. Meenakshi Bangur, accordingly retires at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

Smt. Meenakshi Bangur, aged 29 years, is a graduate in Business Administration and a post graduate in marketing from City University, London. She is a Director on the Board of Pioneer Clothing & Agents Ltd. and a member of Committee of Directors and Corporate Social Responsibility Committee of the Company.

Smt. Bangur holds 324 Equity Shares of Rs. 10/- each in the Company (neg.%).

Except for the appointee, Smt. Meenakshi Bangur and her father, Sri Sidharth Birla and their other relatives to the extent of their shareholding interest 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. 3: Members will please note that appointment of Auditors M/s Deloitte Haskins & Sells, Chartered Accountants (Registration No. 117365W), Ahmedabad is being proposed to be made for a term of three consecutive years in terms of Section 139 of the Act and the rules made thereunder subject to ratification by Members at every Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

Item No. 4: Sri A. C. Mukherji, aged 88 years, is the past chairman of New India Assurance Co. Ltd. having vast knowledge and experience. Sri Mukherji is a Director on the Boards of Kirloskar Pneumatic Co. Ltd., Ludlow Jute and Specialties Ltd. and NPR Finance Ltd.

He is the Chairman of Remuneration & Nominations Committee and a member of the Audit Committee, Stakeholders Relationship Committee and Committee of Directors of the Company. He is Chairman of Audit Committees of Kirloskar Pneumatic Co. Ltd. and Ludlow Jute and Specialties Ltd. and a member of Audit Committee of NPR Finance Ltd.

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

Sri A.C. Mukherji retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Act, Sri Mukherji being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director to hold office for a term of three consecutive years until the conclusion of the third consecutive Annual General Meeting hereafter i.e. the Sixty-seventh Annual General Meeting of the Company.

In the opinion of the Board, Sri Mukherji 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 knowledge and experience and that his continued association would be of immense benefit to the Company, it is desirable to continue to avail services of Sri Mukherji as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri Mukherji as an Independent Director, for the approval by the Members of the Company.

Copy of the draft letter for appointment of Sri Mukherji 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. C. Mukherji, 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 Resolution.

Item No. 5: Sri G. Momen, aged 81 years, is a businessman of repute and is well known in Tea trade Industry. He holds expertise in marketing of teas for over two decades and holds general expertise in marketing of products, besides expertise in packaging of teas for purposes of marketing. He is Chairman of Dover Tea Pvt. Ltd., White Cliff Construction Co. Pvt. Ltd., White Cliff Infrastructure Pvt. Ltd., White Cliff Holdings Pvt. Ltd., White Cliff Tea Pvt. Ltd., White Cliff Properties Pvt. Ltd. He is Director on the Boards of Apeejay Tea Ltd. (formerly: Apeejay Surendra Corporate Services Ltd.), Baghmari Tea Co. Ltd., Bengal Tea & Fabrics Ltd., Harrison's Malayalam Ltd., Kanco Tea & Industries Ltd., The Scottish Assam (India) Ltd. and Williamson Magor & Co. Ltd.

Sri G. Momen is the Chairman of the CSR Committee of the Company and the member of its Audit and Remuneration & Nominations Committees. He is Chairman of Shareholders/ Investors Grievance & Remuneration Committees and member of Audit and Share Transfer Committees of Bengal Tea & Fabrics Ltd. He is Chairman of the Remuneration Committee of Harrison's Malayalam Ltd. He is also member of the Audit Committee of The Scottish Assam (India) Ltd. He is also member of Remuneration Committee of Apeejay Tea Ltd. and Kanco Tea & Industries Ltd. Besides, he is also Chairman of CSR Committee and member of Investors Grievance Committee of Williamson Magor & Co. Ltd.

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

Sri Momen is a director whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Act, Sri Momen being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company to hold office for a term of three consecutive years until the conclusion of the third consecutive Annual General Meeting hereafter i.e. the Sixty-seventh Annual General Meeting of the Company. A notice under Section 160 of the Act has been received from a member proposing Sri Momen as a candidate for the office of Director of the Company.

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

Copy of the draft letter for appointment of Sri Momen 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 G. Momen, 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 Resolution.

Item No. 6: Sri S. Ragothaman, aged about 68 years, is a Commerce Graduate and Chartered Accountant. He is presently self-employed professional and was formerly a senior official of ICICI Limited. He has to his credit vast experience of over 38 years in the field of finance.

Sri S. Ragothaman is a Director on the Boards of Bombay Dyeing and Manufacturing Co. Ltd., Hinduja Foundries Ltd., National Peroxide Ltd., Sakthi Finance Ltd., Shreyas Relay Systems Ltd., Shreyas Shipping & Logistics Ltd., Xpro India Ltd. and Xpro Global Ltd.

Sri Ragothaman is Chairman of the Audit Committee of our Company as well as of the Audit Committees of Shreyas Relay Systems Ltd. and Xpro India Ltd. and a member of the Audit Committees of Bombay Dyeing and Manufacturing Co. Ltd., Hinduja Foundries Ltd. and Shreyas Shipping & Logistics Ltd. He is also member of the Remuneration Committee of Bombay Dyeing and Manufacturing Co. Ltd. as well as Chairman of Remuneration Committee and member of Investor Grievance Committee of Hinduja Foundries Ltd. Besides, he is also a member of the Remuneration Committee of Shreyas Shipping & Logistics Ltd., Shreyas Relay Systems Ltd. and Sakthi Finance Ltd.

Sri S. Ragothaman and his spouse inter se hold 25,723 (.03%) and 40,148 (.05%) Equity Shares in the Company respectively.

Sri Ragothaman is a director whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Act, Sri Ragothaman being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company to hold office for a term of five consecutive years until the conclusion of the fifth consecutive Annual General Meeting hereafter i.e. the Sixty-ninth Annual General Meeting of the Company. A notice under Section 160 of the Act has been received from a member proposing Sri Ragothaman as a candidate for the office of Director of the Company.

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

Copy of the draft letter for appointment of Sri Ragothaman 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 S. Ragothaman, 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 Resolution.

Item No. 7: Sri Bharat Anand, aged about 38 years, is 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 H D Motor Company India Pvt. Ltd. He is member of Audit Committee, Remuneration & Nominations Committee and Committee of Directors of our Company.

Sri Bharat Anand does not hold any Equity Share in the Company.

Sri Bharat Anand is a director whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Act, Sri Anand being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company to hold office for a term of five consecutive years until the conclusion of the fifth consecutive Annual General Meeting hereafter i.e. the Sixty-ninth Annual General Meeting of the Company. A notice under Section 160 of the Act has been received from a member proposing Sri Anand as a candidate for the office of Director of the Company.

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

Copy of the draft letter for appointment of Sri Bharat Anand 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 Bharat Anand, 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 Resolution.

Item No. 8: The Company at its Extra-Ordinary General Meeting held on April 25, 1994, authorized the Board of Directors of the Company by way of Ordinary Resolution under Section 293(1)(d)

of the Companies Act, 1956 to borrow for the purpose of the Company moneys in excess of the paid-up capital of the Company and its free reserves provided the sum or sums so borrowed and remaining outstanding at any point of time shall not exceed Rs. 750 Crores.

However, pursuant to the provisions of Section 180(1)(c) of the Act, the Board can exercise such borrowing powers only with the approval of Members of the Company by way of Special Resolution. It may be mentioned that there is no change in the borrowing limit of Rs. 750 Crores as earlier approved by the Members at the aforesaid Extra-Ordinary General Meeting. The resolution is accordingly recommended for approval as a Special Resolution under the Act.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

Item No. 9: The Company at its 48th Annual General Meeting held on September 27, 1997, authorized the Board of Directors of the Company by way of Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, to create mortgage and/or charge on the immovable and movable properties of the Company in favour of the lenders to secure their financial assistance as mentioned in the said Resolution.

However, pursuant to the provisions of Section 180(1)(a) of the Act, the Board can exercise such power to create mortgage and/or charge on the immovable and movable properties i.e. the whole or substantially the whole of the undertaking of the Company, only with the approval of Members of the Company by way of Special Resolution. The resolution is accordingly recommended for approval as a Special Resolution under the Act.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the 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.

New Delhi
May 8, 2014

Registered Office:
Aerodrome Road,
Jamnagar 361 006,
(Gujarat)
CIN: L17110GJ1948PLC000753

BY ORDER OF THE BOARD

G. K. Sureka
Company Secretary
e-mail: cosec@digjam.co.in
Tel.: +91-288-2712972
Fax: +91-288-2712991
website: www.digjam.co.in

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, 2014.

FINANCIAL RESULTS	(Rs. Lacs)	
	<u>March 31, 2014</u>	March 31, 2013
Operations for the year resulted in an operating Profit before Interest and Depreciation of	14,68.89	5,11.95
add: Other Income	2,28.03	18,53.37
less: Finance Costs	12,79.78	14,57.97
less : Depreciation	3,88.35	4,62.84
Profit Before Tax	28.79	4,44.51
less: Taxation	—	—
Profit After Tax	28.79	4,44.51
add: Balance brought forward	(83,37.74)	(87,82.25)
leaving a Balance of which is carried forward	(83,08.95)	(83,37.74)

(Note: Other income in previous year includes gain of Rs.16,37.59 lacs from sale of certain surplus properties)

The Directors do not recommend any dividend.

REVIEW OF KEY BUSINESS MATTERS

The business environment remained very challenging as the Indian economy continued to underperform and GDP growth rate weakened to an estimated 4.8%, with yet greater weakness in the industrial sector, consumer durables and capital goods. Inflation remained on the higher side affecting interest rate policies. India remained somewhat vulnerable on the macroeconomic front, with significant current account and fiscal deficits depreciating the rupee. While steps taken by the Government narrowed CAD down to 2.2% of GDP, the economy remains constrained by slow growth, contracting manufacturing, weak investment and reduced private consumption. The deceleration of economic growth can be argued to have bottomed out, but return to growth of 8-9% could take longer depending on the speed and effectiveness of implementation of economic policies and measures. Global growth in 2014-15 is however expected to see a recovery from the period of recessions and weaknesses, with GDP growth going up to 3.3% from the 2.4% seen last year, with the advanced economies, particularly the US, leading the recovery. Growth in the Euro area has been hesitant. Although growth in developing countries was relatively weak, at an estimated 4.8 percent, it has been firming in recent months, partly reflecting the growth in high-income countries.

The global woollen textiles markets, particularly in Europe, remained depressed despite a mild improvement in global growth. The demand for woollen fabrics was also affected by competition from non-woollen materials and weather conditions in several markets in the latter part of the year. Mergers and corporate restructuring at major customers in the US also led to rescheduling of shipments and deferring of substantial orders. Improvement in the economy in general, particularly in the US, UK and Europe would augur well for exports of woollen fabrics.

Despite these overall depressed conditions, the Company's achieved 11% higher sales at Rs.146 crores against Rs.132 crores last year, while volumes were 7.7% higher, reflecting higher

realisation. Domestic volumes were 20% higher than last year but exports dropped by about 10%. Costs increased due to persistent inflation, increases in energy and fuel costs, and volatility in wool prices. The Company continues to take steps to broaden its markets and the year witnessed material progress in strengthening quality and development of new fabric structures and finishes, which have all been well received by the market. The Company continuously takes measures to improve operations, trim overheads and discretionary spend, and strengthen liquidity. The proceeds from disposal of a portion of property not affecting operations, which netted a gain of Rs. 16,38 lacs in the previous year was used to trim debts, thus lowering finance costs.

DIRECTORS

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st April, 2014, Independent Directors are not to be included in the total number of directors of the Company for the purpose of determining the directors liable to retire by rotation. Accordingly, Smt. Meenakshi Bangur retires at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

Sri A C Mukherjee retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for appointment as Independent Director of the Company in terms of Section 149 and other applicable provisions of the Companies Act, 2013.

Sri G. Momen, Sri S. Ragothaman and Sri Bharat Anand, Directors, whose present term of office is liable to determination by retirement of Directors by rotation under the applicable provisions of the Companies Act, 1956, being eligible, offer themselves for appointment, in terms of Section 149 and other applicable provisions of the Companies Act, 2013, as Independent Directors of the Company. Necessary notices have been received from members proposing them as candidates for the office of Directors of the Company.

STATUTORY INFORMATION AND OTHER MATTERS

Our report on Corporate Governance along with Auditors' certificate on compliance, and the Managements' Discussion & Analysis Report, as required under Clause 49 of the Listing Agreement, and information required under Section 217(1)(e) of the Companies Act, 1956 ("Act") read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, all form part of this report and are annexed hereto. Section 217(2A) of the Act is not applicable as there were no relevant employees during the year. The Company has not invited/accepted any Fixed Deposits and there are none outstanding on March 31, 2014. Relations with employees were cordial and we record our appreciation of the contribution made by employees during the year.

The Managing Director & Chief Executive Officer and the Chief Financial Officer have certified as per the requirements of Clause 49(V) of the Listing Agreement, which has been reviewed by the Audit Committee and taken on record by the Board. Having taken reasonable and bonafide care, pursuant to Section 217(2AA) of the Act, the Directors indicate that (i) in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanations relating to material departures; (ii) the directors had selected such accounting policies

and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year; (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and (iv) the directors had prepared the annual accounts on a going concern basis.

Pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 notified on December 9, 2013, the Company has set up a Committee to look into complaints under the said Act. The Company has not received any complaints relating to sexual harassment at work place from any woman employee during the year.

The Company, having regard to its size and scope, is generally compliant with relevant guidelines on Corporate Social Responsibility (CSR), even though not presently applicable to the Company. The Board has also constituted a committee to mentor and monitor CSR activities. Small steps have been always 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 undertake directly any significant projects outside these. The Company has accordingly adopted a policy to support external bodies including relevant bodies, NGOs or Government Relief Funds selected by the Board, including through financial contribution to them, with greater participation in the areas of health and social welfare, efforts toward reducing child mortality, promotion of education & socially responsible behaviour, and employment enhancing vocational skills.

AUDITORS' OBSERVATIONS

The observations of the Auditors regarding advances towards building are explained in the Note No. 12 to the Accounts; necessary legal steps have been initiated by the Company to get possession of the said building/recovery of amounts paid along with interest, and the advances are considered good. After close of the year, NSE has advised the Company, based on recommendation of the Qualified Audit Review Committee of SEBI, to suitably rectify the qualification in this regard. Considering that the matter is sub-judice, the Company will take appropriate steps based on professional/legal advice.

AUDITORS

The Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, retire and, being eligible, offer themselves for re-election. They are proposed to be appointed to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the third consecutive Annual General Meeting of the Company thereafter (i.e. for a term of three consecutive years).

The Company had appointed M/s N. D. Birla & Co., Cost Accountants, Ahmedabad to audit the cost accounts of the Company pursuant to Section 233B of the Act. The Cost Audit Report for the year ended March 31, 2013 had been e-filed in the XBRL format by the Cost Auditor on September 8, 2013, which is well within the due date of September 27, 2013.

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.

For and on behalf of the Board

New Delhi
May 8, 2014

Sidharth Birla
Chairman

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Board has always followed the principles of good governance and emphasizes transparency, integrity and accountability. We believe that good governance is voluntary, self-disciplining with the strongest impetus coming from Directors and the management itself. The management and 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.

THE BOARD OF DIRECTORS

The Board presently consists of 8 Directors, of whom 4 are independent and 7 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; these criteria are met. As per SEBI Regulations an independent Director will be one who (a) does not have any material pecuniary relationships or transactions with the Company, its Promoters, Directors, Senior Management (this comprises all members of management one level below Executive Directors, including all functional heads) or its holding company, its subsidiaries and associates; (b) is not related to Promoters or persons occupying management positions at the Board level or at one level below the Board; (c) has not been an Executive of the Company in the immediately preceding 3 financial years; (d) is not a Partner or an Executive or was not a Partner or an Executive during the preceding 3 years of Statutory Audit or Internal Audit Firm associated with the Company and legal firm(s) and consulting firm(s) that have a material association with the company; (e) is not a material supplier, service provider or customer or a lessor or lessee of the Company; (f) is not a substantial shareholder of the Company i.e. owning 2% or more of the voting power; and (g) is not less than 21 years of age. Our Board has 4 independent Directors viz. Sri A. C. Mukherji (ex-CMD of New India Assurance Co.), Sri G. Momen (Businessman of repute), Sri S. Ragothaman (Company Director, formerly senior official at ICICI) and Sri Bharat Anand (Advocate & Solicitor and partner of Khaitan & Co. LLP).

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. The Chairman and non-executive directors review the functioning and effectiveness of the Board and the attendance record of directors every year. The position of the Chairman is non-executive, non-managerial in

nature. The management of the Company is vested in executive director(s) appointed for the purpose, subject to the general supervision, control and direction of the Board. Sri C Bhaskar is the Managing Director & Chief Executive Officer accountable to the Board for actions and results and is the only executive director. Sri Sidharth Birla and Smt. Meenakshi Bangur represent promoters and are related to each other; none of the other Directors are related to each other or to promoters. Sri C.L. Rathi is a non-executive (non-independent) director. The Board had conferred the title of Chairman Emeritus to the past Chairman Sri S.K. Birla and he is invited to be present at Board Meetings. Details are given below by category, attendance, shareholding, fees and total Directorships besides Memberships and Chairmanships of Board Committees.

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 Code of Conduct for Directors and Senior Executives. The Board has also laid down a Code of Conduct for Prevention of Insider Trading administered by the Compliance Officer. The overall management of the Company is vested in the Managing Director, subject to general supervision, control and direction of the Board. Sri C. Bhaskar was appointed as Managing Director & Chief Executive Officer

Director	Category*	Board attendance **	Attendance at last AGM	B/C/Ch+	Sitting Fees Paid Rs.	No. of Shares held
Sri Sidharth Birla	P	4/4	Yes	5/-/-	65,000	50,000
Sri Bharat Anand	I	2/4	No	1/1/-	30,000	–
Smt. Meenakshi Bangur	P	3/4	No	2/-/-	45,000	324
Sri G. Momen	I	2/4	No	8/4/1	80,000	–
Sri A.C. Mukherji	I	4/4	Yes	4/3/2	1,45,000	116
Sri S. Ragothaman	I	2/4	Yes	9/4/3	60,000	25,723
Sri C. L. Rathi	NE	4/4	No	2/-/1	80,000	–
Sri C. Bhaskar	E	4/4	Yes	4/2/-	–	2,100

* : 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.

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, 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, besides review of corporate performance and reporting to shareholders.

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

w.e.f. June 1, 2012. Sri Bhaskar holds the qualifications of B. Tech (Chem.), PGDM (IIM-Cal) MIMA, FIPI and has about 35 years of consultancy and industrial experience. The day-to-day working of the plant at Jamnagar is looked after by experienced officers reporting to the President & Chief Operating Officer, who is responsible for the overall operations of the plant and reports to the Managing Director & Chief Executive Officer. The Assistant Vice President & 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 (*w.e.f. April 1, 2014*) 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 4 times on April 26, July 25, October 29, 2013 & January 29, 2014. 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.

Audit Committee

The terms of reference of the Audit Committee, as specified by the Board in writing, include the whole specified in the SEBI Code and the Companies Act, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all Independent Directors collectively having requisite knowledge of finance, accounts and company law. The Committee recommends the appointment of CFO, external, internal and cost auditors and their fees and 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 comprises Sri S. Ragothaman (as Chairman wef May 8, 2014), Sri A. C. Mukherji, Sri G. Momen and Sri Bharat Anand (wef May 8, 2014) 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 4 times on April 26, July 25, October 25, 2013 and January 29, 2014 during the year attended by Sri A. C. Mukherji (4/4), Sri G. Momen (3/4) and Sri S. Ragothaman (2/4). Sri G. K. Sureka, 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. Presently the Committee comprises of Sri A. C. Mukherji (as Chairman), Sri Bharat Anand, Sri G. Momen (independent Directors) and Sri Sidharth Birla (non-executive Promoter Director). During the year, the Committee met on March 15, 2014 attended by Sri A. C. Mukherji, Sri Sidharth Birla and Sri G. Momen. 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. When required, the Committee 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 Board approved payment to each non-executive Director sitting fees of Rs. 15,000 for every Board Meeting and every Audit Committee meeting, Rs. 5,000 for every other Committee meeting attended by him. No fee is paid for meetings of the CSR Committee. No commission is paid to any Director. The Committee is expected to meet at least once in a year. As approved by the Shareholders, Sri C. Bhaskar was appointed as Managing Director & Chief Executive Officer for the

period from June 1, 2012 upto December 31, 2014 on a remuneration not exceeding Rs. 3.00 lac per month comprising of salary, allowances and benefits/perquisites including periodic increments as may be decided by the Board duly recommended by the Committee, which is to be regarded as the minimum remuneration payable to him in the event of inadequacy/absence of profits. The Board decided to pay him a salary of Rs. 1,50,000 per month w.e.f June 1, 2012 and benefits / perquisites as per the rules of the Company. There are no severance fees, other benefits, bonus or stock options. The Company does not have any pecuniary relationship or transactions with any non-executive Director; Sri Bharat Anand 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.4,54,000 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 Company has about 75,000 shareholders. With a view to expedite the share transfers, the Registrar and Share Transfer Agents of the Company, MCS Share Transfer Agent Limited, has been authorised to effect share transfers/transmissions, etc. 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 Secretary, Sri G.K. Sureka, is appointed as Compliance Officer under relevant regulations. The Committee comprises of Sri C.L. Rathi (Chairman), Sri A. C. Mukherji and Sri C. Bhaskar. During the year, 27 complaints/queries were received and have all been resolved. No cases of physical share transfers and for dematerialization or re-materialization were pending on March 31, 2014.

Committee of Directors

The Committee of Directors comprises of Sri Sidharth Birla, Chairman, Sri Bharat Anand, Smt. Meenakshi Bangur, Sri A. C. Mukherji and Sri C. Bhaskar. The Committee attends to matters specified and/or delegated appropriately by the Board from time to time.

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 comprises of Sri G. Momen, as Chairman, Smt. Meenakshi Bangur and Sri C. Bhaskar as members. Sri R. K. Kedia, President & Chief Operating Officer of the Company is the management invitee at the meetings of the CSR Committee. During the year, the Committee met on January 29, 2014.

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 last 3 Annual General Meetings were held on August 25, 2011, August 23, 2012 and August 23, 2013. The next AGM shall be held at the Registered Office as per the notice in this Annual Report and Book Closure will be as per the notice. Special Resolution was approved at the AGM held on August 23, 2012 for appointment of Sri C. Bhaskar as Managing Director for the period from June 1, 2012 to December 31, 2014 and approval of remuneration payable to him. The last Annual General Meeting was attended by Sri Sidharth Birla, Sri A.C. Mukherji, Chairman of the Audit Committee, Sri S. Ragothaman and Sri C. Bhaskar. No Special Resolution was put through postal ballot during the period and there is no item in the notice for the forthcoming Annual General Meeting requiring postal ballot. Dividends have not been declared over the last 3 financial years and thus there was no date of mailing nor delay in payment. The Company keeps all shareholders informed via advertisements in appropriate newspapers of relevant dates and items requiring notice. **MCS Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Kolkata 700 026 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 investors@digjam.co.in (of Compliance Officer) and mcssta@rediffmail.com (of Registrar and Share Transfer Agents). Shareholders may also write to Registrars directly in matters relating to transfers etc. The Company had published and shall continue to publish quarterly results etc. in English and relevant vernacular print media and hold Annual General Meetings, and pay dividends (if any) within the time limits prescribed by law or regulations. The relevant information is displayed on the Company’s website: www.digjam.co.in

No presentation has been made to institutional investors, etc. The present 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 ‘DIGJAM’) and BSE Ltd., Mumbai (Stock Code 503796). Company has paid the up-to-date listing fees for each of these Stock Exchanges. Equity Shares of the Company are compulsorily traded in dematerialized form since May 8, 2000. The Company has entered into agreements with NSDL and CDSL. The ISIN is INE471A01023. As on March 31, 2014, 8,65,73,958 Equity Shares representing 98.78% of the total Equity Shares were held in dematerialized form and 10,67,663 Equity Shares representing 1.22% were held in physical form. Of the unclaimed 1,61,986 shares held by 6,654 shareholders credited

in “DIGJAM Limited Unclaimed Suspense Account” in dematerialized form in accordance with the Listing Agreements with Stock Exchanges, 6 shareholders/heir have approached the Company during the year claiming the shares and accordingly, 76 shares were transferred in the said cases and the remaining 1,61,910 shares belonging to 6,648 shareholders remain unclaimed to the credit of this account.

Voting rights in respect of the aforesaid 1,61,910 shares held in the Unclaimed Suspense Account will remain frozen till the time such shares are claimed by the concerned Shareholders.

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

Distribution of Equity Shareholding as on March 31, 2014

Shareholding range (Nos.)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500	66,378	88.62	57,73,812	6.59
501 – 1000	4,094	5.47	35,37,508	4.04
1,001 - 2,000	2,061	2.75	33,20,368	3.79
2,001 - 5,000	1,418	1.89	48,74,893	5.56
5,001 - 10,000	483	0.64	36,53,969	4.17
10,001 and above	468	0.63	6,64,81,071	75.85
Total	74,902	100.00	8,76,41,621	100.00

This statement is on the basis of the Shareholding pattern as on March 31, 2014 submitted to the Stock Exchanges.

Pattern of Equity Shareholding as on March 31, 2014

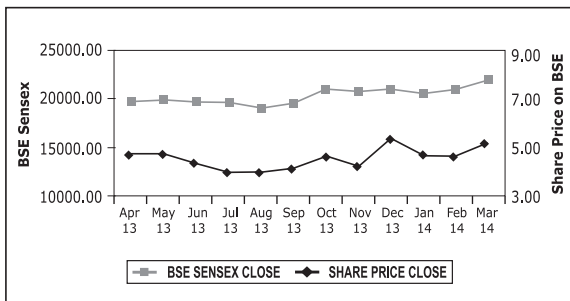
Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Banks, FIs, Insurance Companies	44	0.06	1,18,31,913	13.50
Domestic Companies	786	1.05	3,94,96,198	45.07
Mutual Funds (incl. UTI)	4	0.01	2,511	0.00
Non-residents	1,389	1.85	3,10,283	0.35
Resident Individuals/others	72,679	97.03	3,60,00,716	41.08
Total	74,902	100.00	8,76,41,621	100.00

This statement is on the basis of Shareholding pattern as on March 31, 2014 submitted to the Stock Exchanges. Aggregate of non-promoter shareholding: 56.47%

Monthly High and Low Market Price Data of Equity Shares (April 2013 to March 2014)

	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Year 2013				
April	5.55	4.55	5.70	4.70
May	5.99	4.81	6.20	4.90
June	5.25	4.15	5.45	4.15
July	4.98	3.61	4.90	3.55
August	4.60	3.25	4.45	3.30
September	5.00	3.46	5.45	3.55
October	4.90	3.90	5.30	3.85
November	5.14	4.15	5.40	4.05
December	6.51	3.91	6.50	3.85
Year 2014				
January	6.74	4.75	6.75	4.55
February	5.33	4.56	5.25	4.70
March	6.40	4.80	6.40	4.80
During the period	6.74	3.25	6.75	3.30

Equity performance compared to BSE Sensex during April 1, 2013 to March 31, 2014



MANDATORY/NON-MANDATORY PROVISIONS

We have adopted all mandatory requirements (except where not relevant or applicable). Of the non-mandatory suggestions, we have adopted those relating to a Chairman's Office, the Nomination and Remuneration Committee and mechanism for evaluation of non-executive board members. 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 case of non-compliance by the Company nor any strictures or penalties imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets. The above represents the Company's philosophy on, and implementation of, its corporate governance. Auditor's certification as required forms a part of this Annual Report.

For and on behalf of the Board

New Delhi
May 8, 2014

Sidharth Birla
Chairman

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

This is to confirm that the Company has received affirmation of compliance with "Code of Conduct for Directors and Senior Executives" laid down by the Board of Directors from all the Directors and Senior Management personnel of the Company, to whom the same is applicable, for the year ended March 31, 2014.

New Delhi
May 8, 2014

C. Bhaskar
Managing Director & Chief Executive Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Digjam Limited

We have examined the compliance of the conditions of Corporate Governance by **Digjam Limited** for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

Gaurav J Shah
Partner
Membership No. 35701

New Delhi
May 8, 2014

MANAGEMENTS' DISCUSSION & ANALYSIS REPORT

We submit herewith our Managements' Discussion & Analysis Report for the year ended March 31, 2014. 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 the worsted textiles segment and runs a fully equipped composite mill (ISO 9001 certified) manufacturing high quality worsted fabrics at Jamnagar, Gujarat, with normal production capacity of 5 million meters of fabric per annum. The worsted industry in the country comprises of a few mills in the organized sector and a number of units in the unorganized sector. The Company has been a notable player in this industry in India for more than 60 years. Its commitment to quality and customer orientation reflects in its strong nationally recognized and valuable brand **DIGJAM**, supported by a well-established national distribution network. The Company has a proven track record of design and manufacture of high quality fabrics. The Company consistently takes steps to push forward its marketing efforts by enhancing its brand visibility, strengthening marketing organization and closer interaction with and expansion of its channel partners.

The Company has always laid stress on export markets and exploring new areas. It has an independent marketing team

supported by an appropriate network abroad for export business. It exports a significant portion of its production to markets in Europe, USA, Canada, Middle East, Far East etc. The Company has received Oekotex Certification, which certifies that fabric is free from hazardous chemicals.

OPERATIONS

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

Product : Fabrics	2013-14	2012-13
Production (Lac Mtrs)	29.7	30.0
Sales (Lac Mtrs)		
- Domestic	28.9	24.0
- Exports	14.3	16.1
	43.2	40.1
Sales (Lac Rs.)	146.43	131.88

The year under review has been extremely challenging with continuing macro-economic challenges. Substantially slowed GDP growth, high inflation – particularly in food, volatile currency, a high current account deficit, rising fuel & energy costs and poor consumer sentiments characterized the domestic situation. Global geo-political developments such as tapering of quantitative easing by the US treasury and adverse developments in parts of Asia and the Middle-East added to the concerns. Overall consumer confidence remained low in the backdrop of the uncertain political situation leading up to the general elections. The Global economy is on a recovery track and growth is expected to accelerate to 3.2 percent in 2014 from 2.4 percent last year, with initial acceleration reflecting a pick-up in advanced economies - particularly the United States, a major export destination for the Company.

Global and domestic woollen textiles industry also saw a difficult year rendered more challenging with uncertain weather conditions prevailing in many parts of the world and increasing competition from non-woollen fabrics. Despite this scenario, the Company achieved higher overall sales, both in volume and value, with sales at 43.2 lac meters (Rs.146.43 lacs) against 40.1 lac meters (Rs.130.88 lacs) in the previous year. Production levels were marginally lower. Sales realization was better in domestic and export markets. Domestic markets contributed to volume growth. However, export demand was sluggish due to persistent economic slowdown in key destinations, increasing competitiveness of China, and corporate restructuring/mergers at some major U.S. customers. Operations resulted in an earnings before interest and depreciation of Rs.1468.89 lacs against Rs. 511.95 lacs in the previous year. Finance costs were lower at Rs.1279.78 lacs (Rs.1457.97 lacs), Depreciation was also lower at Rs. 388.35 lacs (Rs.462.84 lacs) and accordingly yielded a profit before tax of Rs. 28.79 lacs.

These results were achieved in the face of prevailing recessionary conditions, volatile wool prices, increased energy costs and a competitive environment, balanced by efforts towards cost control and productivity enhancements. We believe that our businesses are backed by necessary skills and expertise and remain cautiously optimistic that performance and profitability will improve with continuing momentum of operational improvements and the expected upturn in the global and Indian economy and markets.

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. Hence, the Company attempts to take care of welfare and betterment of employees.

OTHER MATTERS

There are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Internal control systems are regarded as being adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance with all relevant regulations and laws. We record our appreciation of all our sincere employees, gratefulness to our Shareholders, lenders and banks 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 global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, economic developments within India and countries with which the Company conducts business besides other factors, such as litigation and labour negotiations.

For and on behalf of the Management Team

New Delhi
May 8, 2014

C. Bhaskar
Managing Director & Chief Executive Officer

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014.

A. Conservation of Energy

a. Energy conservation measures taken:

A phased programme for replacement of DC motors with AC motors as well as hydraulic systems with AC drives has been taken up. In the humidification plant, supply air fans are being replaced with FRP fans. The

working of the air conditioning plant is being regularly monitored to control energy consumption. Steps have been taken to reduce transmission losses and maintain high power factor by installing power capacitors. Transformer losses have been checked by rearranging the load between the existing transformers and reducing the number of transformers. The existing lighting is being replaced in phases with energy efficient 4' tube lights and where feasible, with compact fluorescent lamps.

- b. Additional Investments and proposals being implemented for reduction of consumption of energy:

The programme for replacement of DC motors with AC motors and hydraulic systems with AC drives is proposed to be continued along with that for replacement of supply air fans in the humidification plant. Operation of viable processes is being maximized during off-peak hours. It is planned to continue the replacement of the existing lighting with 4' energy efficient tube lights and compact fluorescent lamps. A number of other proposals for energy conservation are under study.

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

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

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

As per Form - A annexed.

B. Technology Absorption

- e. Efforts made in technology absorption :

As per Form - B annexed.

C. Foreign Exchange Earnings and Outgo

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

The Company exports fabrics to markets in USA/Europe and also to Far East and the Middle East. Digjam fabrics are certified under Oeko-Tex Standard 100 i.e. meeting ecological standards for textiles and their chemical ingredients on health and well-being of humans. Premium fabrics with special finishes including nano for oil, soil and water repellency with soft handle, teflon, bio-polishing, 100% wool washable fabrics, cool touch, anti-felting, etc. have been developed. Exports continue to be affected by the slow recovery in USA and Europe as well as the volatility of the Indian Rupee during the year. Intensive export efforts continue.

- g. Total Foreign Exchange used and earned:

	(Lac Rs.)	
	<u>2013-14</u>	<u>2012-13</u>
- Used (As per notes to accounts)	3148	2816
- Earned (As per notes to accounts)	5343	5756

ANNEXURE

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

	<u>2013-14</u>	<u>2012-13</u>
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a. Purchased Units (in thousand)	14,364	14,360
Total amount (Rs. in thousand)	96,372	1,02,637
Avg. rate/Unit (Rs.)	6.71	7.15
b. Own Generation		
Through Diesel Generator Units (in thousand)	24	33
Units per Ltr. of Diesel Oil	2.42	2.51
Avg. Cost/Unit (Rs.)	20.63	19.52
2. Coal (Steam Coal and Lignite used in Boiler for steam)		
Qty. (M. Tonnes)	10,478	10,525
Total cost (Rs. in thousand)	44,790	39,602
Avg. rate/M. Tonne (Rs.)	4,275	3,763
B. CONSUMPTION PER UNIT OF PRODUCTION		
Products Fabric/Shawls (per Mtr.)		
- Electricity (KWH)	4.83	4.78
- Coal (Steam & Lignite Kg/Mtr.)*	3.52	3.50

* For generation of steam.

ANNEXURE

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D):

- Specific areas in which R&D carried out by the Company :
 - Product development by using new fibres and new processes.
 - New finishes.
 - Improvement in quality.
 - Process and System improvement particularly by implementing the Quality Management System IS/ISO 9001:2008.
 - Energy and Water conservation.
 - Increased productivity.
- Benefits derived as a result of the above R&D :
 - Fabrics certified in accordance with Oeko-Tex Standard 100 as meeting the human ecological standards for products with direct contact to skin.

- b. Increased variety of fabric finishes like bio-polishing, 100% wool washable fabrics and nano finished fabrics.
 - c. Improvement in quality and marketability of existing products.
 - d. Energy and water conservation.
 - e. Control of Inventory
3. Future Plan of action :

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

4. Expenditure on R&D:

	(Lac Rs.)	
	<u>2013-14</u>	<u>2012-13</u>
a. Capital	-	-
b. Recurring	<u>14.47</u>	<u>14.61</u>
c. Total	<u>14.47</u>	<u>14.61</u>
d. Total R&D expenditure as a percentage of total turnover	0.10%	0.11%

- b. Improved productivity and improved machine performance resulting in saving in process cost.
 - c. Less dependence on imported items and saving of foreign exchange outgo.
 - d. Technology upgradation to meet the specifications of exportable products.
 - e. Increase in product range.
 - f. Imparting a variety of finishes to fabrics such as nano and cool touch finishes to all types of fabrics and washable to 100% wool fabrics.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial period) following information is being furnished :

- | | | |
|--|---|------|
| <ul style="list-style-type: none"> a. Technology imported b. Year of Import c. Has Technology been fully absorbed? d. If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action | } | NONE |
|--|---|------|

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

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

Regularly in contact with Research Organizations in India and abroad, such as The Woolmark Company, Hohenstein Textile Testing Institute, Germany.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. :

- a. Better and easier availability of materials.

For and on behalf of the Board

New Delhi
May 8, 2014

Sidharth Birla
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGJAM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **DIGJAM LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Attention is drawn to Note 12 to the financial statements which describes the dispute with regard to possession of certain property. In the absence of necessary evidence and the ongoing legal/arbitration proceedings, we are unable to comment upon the extent and the ultimate recoverability of Capital Advances given by the Company towards purchase thereof carried in the Balance Sheet at Rs. 8,80,62,934 (As at 31st March, 2013: Rs. 8,80,62,934), which are considered good by the management.

After the close of the accounting year, the Company has received on May 5, 2014, a letter dated April 28, 2014 from National Stock Exchange of India Limited (NSE) advising the Company pursuant to the recommendations of Qualified Audit Review Committee (QARC) of SEBI, in terms of Clauses 5(d)(i) and 5(d)(iii) of the applicable SEBI Circular dated August 13, 2012 that the qualification raised by the Statutory Auditors shall be suitably rectified and that the same qualification shall not appear in the Audit Report for the next reporting period. For the reasons stated in the above said Note 12, the Board decided that as the matter was sub-judice, the Company would take necessary professional/legal advice in the matter before taking any action and, accordingly, no change has been made in the financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis*

for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117365W)

Gaurav J Shah
Partner

(Membership No. 35701)

New Delhi
May 8, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- Having regard to the nature of the Company's business/activities/result, clauses (xii), (xiii) and (xiv) of paragraph 4 of the Order are not applicable.
- In respect of its fixed assets:
 - The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 explanations given to us, no material discrepancies were noticed on such verification.
 - The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

- (iii) In respect of its inventory:
- As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of any disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved Rs.
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	18.04.2006 to 31.7.2006	11,74,484/-

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

- The Company has taken loans from six companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 16,49,00,000 from four parties and the year-end balance of such loans was Rs. 7,24,00,000 from three parties.
 - The rate of interest of such loans is, in our opinion, *prima facie* not prejudicial to the interests of the Company. There are no other terms and conditions of such loans.
 - The Company is regular in repaying the principal amount and has been regular in payment of interest.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for sale of goods. During the course of the audit, we have not observed any continuing failure to correct material weaknesses in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- The particulars of contracts or arrangements referred to in the Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - Where such transactions are in excess of Rs.5,00,000 in respect of any party, the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except in cases of certain transactions being of specialized nature, whereas explained, no alternative quotations/sources are available.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (viii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection

- The Company's accumulated losses at the end of the year are more than fifty per-cent of its net worth. The Company has not incurred cash loss during the year under report and the immediately preceding financial period.
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- The Company did not have any outstanding debentures during the year.
- The Company has not raised any money through a public issue during the year.
- To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117365W)

Gaurav J Shah
Partner
(Membership No. 35701)

New Delhi
May 8, 2014

DIGJAM LIMITED

BALANCE SHEET AS AT MARCH 31, 2014

		(Rs.)	
	Notes	As at March 31, 2014	As at March 31, 2013
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	3	87,65,79,070	87,65,79,070
Reserves and Surplus	4	(75,48,94,690)	(75,77,73,703)
Non-current Liabilities			
Long Term Borrowings	5	5,36,45,598	21,83,63,453
Other Long Term Liabilities	6	1,97,06,050	2,02,37,490
Long Term Provisions (Employees benefits)		2,70,86,901	3,97,85,861
Current Liabilities			
Short Term Borrowings	7	52,57,99,691	48,99,09,230
Trade Payables	8	32,28,45,974	34,32,40,818
Other Current Liabilities	9	7,45,33,814	11,34,59,162
Short Term Provisions	10	1,75,07,402	1,57,44,959
Total		116,28,09,810	135,95,46,340
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets			
Tangible Assets	11a	36,51,56,582	39,17,05,601
Intangible Assets	11b	26,31,331	43,79,830
Long Term Loans and Advances	12	9,51,00,694	9,67,62,355
Current Assets			
Inventories	13	41,25,30,143	41,74,80,104
Trade Receivables	14	23,94,67,646	25,16,83,151
Cash and Cash Equivalents	15	1,78,25,512	1,18,03,813
Short Term Loans and Advances	16	1,36,65,513	1,84,83,415
Other Current Assets	17	1,64,32,389	16,72,48,071
Total		116,28,09,810	135,95,46,340
Significant Accounting Policies	2		

Accompanying notes form integral part of the financial statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Sidharth Birla
Chairman

Gaurav J. Shah
Partner
Membership No. 35701

G. K. Sureka
Company Secretary

Satish Shah
Assistant Vice President &
Chief Financial Officer

C. Bhaskar
Managing Director &
Chief Executive Officer

New Delhi
May 8, 2014

**STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED MARCH 31, 2014**

	Notes	2013 - 14	2012 - 13
			(Rs.)
INCOME			
Revenue from Operations	19	150,18,23,653	136,19,39,189
Less: Excise Duty		-	3,67,993
Revenue from Operations (Net)		150,18,23,653	136,15,71,196
Other Income	20	2,28,03,191	18,53,36,758
		152,46,26,844	154,69,07,954
EXPENSES			
Cost of Materials Consumed	21	51,45,77,853	46,58,54,437
Purchase of Trading Goods	22	21,64,14,697	13,90,28,108
Changes in Inventories (of Finished Goods, Work-in-progress and Stock-in-trade)	23	(1,81,59,811)	2,59,60,752
Employees Benefits Expenses	24	20,67,17,666	20,98,78,638
Finance Cost	25	12,79,77,676	14,57,97,039
Other Expenses	26	43,53,84,294	46,96,53,868
		148,29,12,375	145,61,72,842
Profit before Depreciation and Tax		4,17,14,469	9,07,35,112
Depreciation and Amortisation	11	3,88,35,456	4,62,84,084
Profit before Tax		28,79,013	4,44,51,028
Tax Expense		-	-
Profit after Tax for the year		28,79,013	4,44,51,028
Earnings per Equity Share	33		
(Face Value – Rs. 10)			
Basic and Diluted Earnings per Share – Rs. :		0.03	0.49
Significant Accounting Policies	2		

Accompanying notes form integral part of the financial statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Sidharth Birla
Chairman

Gaurav J. Shah
Partner
Membership No. 35701

G. K. Sureka
Company Secretary

Satish Shah
Assistant Vice President &
Chief Financial Officer

C. Bhaskar
Managing Director &
Chief Executive Officer

New Delhi
May 8, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	<u>2013-14</u>	<u>(Rs.)</u> 2012-13
A. Cash Flow from Operating Activities		
Net Profit before Tax	28,79,013	4,44,51,028
Adjusted for :		
Depreciation and Amortisation	3,88,35,456	4,62,84,084
Interest and Finance Charges	12,79,77,676	14,57,97,039
Interest income	(1,10,29,921)	(1,03,90,515)
(Profit)/Loss on sale/discard of Fixed Assets	2,40,938	(16,99,75,879)
Loss on Foreign Exchange Fluctuation (unrealised)	14,36,326	39,921
Operating Profit before working capital changes	16,03,39,488	5,62,05,678
Adjusted for :		
Decrease in Trade receivables Loans & Advances and other receivables	1,76,60,162	17,33,50,955
Decrease in Inventories	49,49,961	3,63,86,556
Decrease in Trade Payables and other current liabilities	(3,75,58,397)	(10,69,75,965)
Cash generated from operations	14,53,91,214	15,89,67,224
Direct taxes	2,04,325	22,276
Net Cash from Operating Activities ... (A)	<u>14,55,95,539</u>	<u>15,89,89,500</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,07,86,876)	(23,75,799)
Sale of Fixed Assets	15,15,08,000	5,82,49,129
Interest received	1,10,29,921	1,03,90,515
Net Cash from Investing Activities ... (B)	<u>15,17,51,045</u>	<u>6,62,63,845</u>
C. Cash Flow from Financing Activities		
Repayment of Borrowings (net)	(15,48,62,076)	(8,49,11,821)
Interest and Financial Charges	(13,64,62,809)	(14,51,35,866)
Net Cash (used) in Financing Activities ... (C)	<u>(29,13,24,885)</u>	<u>(23,00,47,687)</u>
Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)	60,21,699	(47,94,342)
Cash and Cash Equivalents (Opening Balance)*	1,18,03,813	1,65,98,155
Cash and Cash Equivalents (Closing Balance)*	1,78,25,512	1,18,03,813

* Refer Note 15

Notes :

- Figures in brackets represent outflow.
- Cash and Cash Equivalents includes Cash on hand, Balances with Banks and foreign exchange fluctuation (unrealised) in bank balance in foreign exchange - Rs. 25,638 (Previous year : Rs. 2,065)

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Sidharth Birla
Chairman

Gaurav J. Shah
Partner
Membership No. 35701

G. K. Sureka
Company Secretary

Satish Shah
Assistant Vice President &
Chief Financial Officer

C. Bhaskar
Managing Director &
Chief Executive Officer

New Delhi
May 8, 2014

Notes to the Financial Statements

1. Company Overview

DIGJAM Limited ("The Company") is a public limited company incorporated as Shree Digvijaya Woollen Mills Limited on March 15, 1948 under the Indian Companies Act, 1913. The present name was adopted w.e.f. April 9, 2008. Equity shares of the Company are listed on BSE and National Stock Exchange. The Company is engaged in the manufacture of woolen/worsted fabrics at Jamnagar, Gujarat under the brand "DIGJAM".

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared on a going concern basis under the historical cost convention, (except in case of certain fixed assets which are re-valued, in accordance, in material respects, with the generally accepted accounting principles in India), the applicable Accounting Standards as notified under the Companies (Accounting Standards) Rules 2006 ("AS") and provisions of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs), as adopted consistently by the Company.

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

2.2 Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2.3 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and Impairment losses, if any. Cost is inclusive of freight, duties, taxes, incidental expenses related to acquisition/installation, adjusted for revaluation, if any.

2.4 Depreciation and Amortisation

Depreciation has been charged under Straight Line Method in accordance with the rates and manner specified in Schedule XIV to the Companies Act, 1956. Depreciation in respect of increase in value of assets due to revaluation is provided on Straight Line Method over the remaining life of assets as estimated by the valuers.

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

2.5 Impairment of Assets

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

2.6 Investments

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

2.7 Inventories

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

2.8 Revenue Recognition

Sales are recognised on transfer of significant risks and rewards of the ownership of the goods to the buyer and are reported net of turnover/trade discounts, returns and claims. Revenue from job work or services are accounted as and when incurred.

Dividend income on investments is accounted for when the right to receive the payment is established.

Interest income is accounted on time proportion basis taking into account the amount outstanding and applicable interest rate.

2.9 Employee Benefits

Contributions to Provident Fund and Superannuation Fund, which are defined contribution schemes, are made to a government administered Provident Fund and to recognised trust respectively, and are charged to the statement of Profit and Loss as incurred. The Company has no further obligations beyond its contributions to these funds.

Provision for gratuity, under a LIC administered fund, and compensated absences, which are in the nature of defined benefit plans, are provided based on actuarial valuations based on projected unit credit method, as at the balance sheet date.

2.10 Borrowing Cost

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

2.11 Research & Development Expenditure

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

2.12 Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognized as expense in the statement of Profit and Loss as per the terms of the lease.

2.13 Taxation

Tax liability is estimated considering the provisions of the Income Tax Act, 1961. Deferred tax is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. On prudent basis, deferred tax asset is recognised and carried forward only when there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.14 Government Grants

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Project capital subsidy is credited to Capital Reserve. Other government grants or subsidies including export incentives are credited to the statement of Profit and Loss or deducted from related expenses.

2.15 Provisions, Contingent Liabilities and Contingent Assets

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

2.16 Foreign Currency Transactions and Forward Contracts

Foreign currency transactions, on initial recognition, are recorded by applying to the foreign currency amount the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate and non-monetary items carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Premium paid/received on a foreign currency forward contract is recognised as income/expenditure over the life of the contract.

2.17 Segment reporting

The Company identifies primary segments based on dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with accounting policies of the company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

3. SHARE CAPITAL

		(Rs.)		
3.1 Schedule	Par Value	As at 31.3.2014	As at 31.3.2013	
		Rs.		
Authorised				
10,00,00,000	Equity Shares (Previous year: 10,00,00,000)	10	100,00,00,000	100,00,00,000
25,00,000	Preference Shares (Previous year: 25,00,000)	100	25,00,00,000	25,00,00,000
			125,00,00,000	125,00,00,000
Issued				
8,76,51,370	Equity Shares (Previous year: 8,76,51,370)	10	87,65,13,700	87,65,13,700
Subscribed & fully paid				
8,76,41,621	Equity Shares (Previous year: 8,76,41,621)	10	87,64,16,210	87,64,16,210
	Add: Forfeited Shares		1,62,860	1,62,860
			87,65,79,070	87,65,79,070

3.2 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.

3.3 Reconciliation of number of Shares

	Equity Shares of Rs 10 each	Rs.	8% Cumulative Preference Shares of Rs.100 each	Rs.	8% Non-cumulative Preference Shares of Rs.10 each	Rs.
As at March 31, 2012	7,27,28,296	72,72,82,960	21,50,000	21,50,00,000	1,24,329	12,43,290
Issued and Allotted / (cancelled) during the previous year (as per Note 3.4 below)	1,49,13,325	14,91,33,250	(21,50,000)	(21,50,00,000)	(1,24,329)	(12,43,290)
As at March 31, 2013 as well as March 31, 2014	8,76,41,621	87,64,16,210	-	-	-	-

3.4 During the previous year, pursuant to sanction of the Scheme of Arrangement vide Order dated May 4, 2012 by the Hon'ble High Court of Gujarat, the Company, on June 4, 2012, allotted 1,49,13,325 Equity Shares of Rs. 10/- each at a price of Rs. 14.50 (including premium of Rs. 4.50) per Equity Share for Rs. 21,62,43,290, being the aggregate paid-up amount on Preference Shares thereby converted and cancelled and adjusted the said amount towards Equity Capital Rs. 14,91,33,250 and Securities Premium Rs. 6,71,10,040. There is no change in the Share Capital during the year.

3.5 Shareholders holding more than 5% shares in the Company

	As at 31.3.2014		As at 31.3.2013	
	No. of Shares	% holding	No. of Shares	% holding
i. Equity Shares of Rs 10 each				
Central India General Agents Ltd.	1,61,00,000	18.37	1,50,72,413	17.20
ICICI Bank Ltd.	91,77,381	10.47	91,77,381	10.47
Birla Holdings Ltd.	72,50,000	8.27	72,32,413	8.25
iPro Capital Ltd.	70,00,000	7.99	60,34,482	6.89
Sukriti Education Society	48,09,881	5.49	48,09,881	5.49

(Rs.)

4. RESERVES AND SURPLUS

	As at 31.3.2012	Addition during the previous year	As at 31.3.2013	Addition during the year	As at 31.3.2014
Securities Premium Reserve	88,90,218	6,71,10,040#	7,60,00,258	-	7,60,00,258
Surplus/ (Deficit)	(87,82,24,989)	4,44,51,028*	(83,37,73,961)	28,79,013*	(83,08,94,948)
	(86,93,34,771)	11,15,61,068	(75,77,73,703)	28,79,013	(75,48,94,690)

Please refer Note 3.4

*as per the Statement of Profit and Loss

5. Long Term Borrowings

	As at 31.3.2014		As at 31.3.2013	
	Non-current portion	Current Maturities	Non-current portion	Current Maturities
Secured				
Term Loans :				
- Banks	2,45,598	1,27,17,596	1,29,63,194	3,14,42,784
- Financial Institutions	-	5,00,259	5,00,259	72,78,313
Unsecured				
Intercorporate Deposits	5,34,00,000	-	20,49,00,000	-
	5,36,45,598	1,32,17,855	21,83,63,453	3,87,21,097

(Rs.)

Note: Amount stated in "Current Maturities" above include amounts disclosed under the head "Other Current Liabilities" (Refer Note 9)

Loan from a bank [total outstanding – Rs.1,25,00,000 (Previous year: Rs. 4,37,50,000)] is secured by first charge on the fixed assets of the Company at Jamnagar, DIGJAM brand and by pledge of part of the promoters' shareholding in the Company. The balance amount is repayable in quarterly instalments by September, 2014.

Loans from banks for purchase of vehicles [total outstanding – Rs. 4,63,194 (Previous year: Rs. 6,55,978)] are secured against the vehicles purchased out of those loans. The loans are repayable, in equated monthly instalments, by March, 2016.

Loan from Housing Development Finance Corporation Limited [total outstanding - Rs. 5,00,259 (Previous year: Rs. 29,00,259)] is secured by mortgage on specified immovable properties. The loan is repayable, in monthly instalments, by June, 2014.

Unsecured Intercompany Deposits of Rs. 3,84,00,000 (Previous year: Rs. 18,99,00,000) are repayable by July, 2015 and Rs. 1,50,00,000 (Previous year: Rs. 1,50,00,000) thereafter.

6. Other Long Term Liabilities

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
Trade Deposits	<u>1,97,06,050</u>	<u>2,02,37,490</u>

7. Short Term Borrowings

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
Secured Loans from Banks	<u>47,83,99,691</u>	<u>44,50,09,230</u>
Unsecured Intercompany Deposits *	<u>4,74,00,000</u>	<u>4,49,00,000</u>
	<u>52,57,99,691</u>	<u>48,99,09,230</u>

Secured loans are for working capital from consortium of banks, 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 pari passu, and pledge of part of the promoters' shareholding in the Company.

*includes from a related party – Rs. 4,25,00,000 (Previous year: Rs. 4,00,00,000)

8. Trade Payables

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
Acceptances	<u>15,25,40,399</u>	<u>15,25,36,266</u>
Others	<u>17,03,05,575</u>	<u>19,07,04,552</u>
	<u>32,28,45,974</u>	<u>34,32,40,818</u>

There are no dues to Micro and Small Enterprises, determined to the extent such parties have been identified on the basis of information available with the Company, as at March 31,2014, which requires disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

9. Other Current Liabilities

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
Current maturities of long term loans	<u>1,32,17,855</u>	<u>3,87,21,097</u>
Interest accrued but not due on borrowings	<u>2,57,393</u>	<u>87,42,526</u>
Advance from Customers	<u>2,32,34,977</u>	<u>2,34,66,295</u>
Unclaimed Rights Issue - Application refundable	<u>-</u>	<u>1,33,309</u>
Others	<u>3,78,23,589</u>	<u>4,23,95,935</u>
	<u>7,45,33,814</u>	<u>11,34,59,162</u>

10. Short Term Provisions

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
Short Term Employees Benefits	<u>1,66,79,876</u>	<u>1,49,17,433</u>
Provision for Fringe benefit tax	<u>8,27,526</u>	<u>8,27,526</u>
	<u>1,75,07,402</u>	<u>1,57,44,959</u>

11. FIXED ASSETS

	Gross Value				Depreciation & Amortisation				Net Value		(Rs.)
	As at Mar 31, 2013	Additions	Sale/ Adjust-ments	As at Mar 31, 2014	As at Mar 31 2013	For the year	On Sale/ Adjust-ments	Upto Mar 31, 2014	As at Mar 31, 2014	As at Mar 31, 2013	
	11. a. Tangible Assets										
Land	8,99,77,554	-	-	8,99,77,554	-	-	-	-	8,99,77,554	8,99,77,554	
Building	24,14,84,407	2,46,180	-	24,17,30,587	15,25,30,460	37,61,421	-	15,62,91,881	8,54,38,706	8,89,53,947	
Plant & Equipment	205,90,11,318	100,67,403	96,19,352	205,94,59,369	185,60,27,185	3,17,66,333	93,85,454	187,84,08,064	18,10,51,305	20,29,84,133	
Furniture & Fixtures	94,82,182	46,879	9,500	95,19,561	81,54,714	1,00,535	9,025	82,46,224	12,73,337	13,27,468	
Vehicles	91,30,414	-	-	91,30,414	53,93,510	6,89,432	-	60,82,942	30,47,472	37,36,904	
Office Equipments	1,12,28,292	4,26,414	26,910	1,16,27,796	65,02,697	7,69,236	12,345	72,59,588	43,68,208	47,25,595	
	242,03,14,167	1,07,86,876	96,55,762	242,14,45,281	202,86,08,566	3,70,86,957	94,06,824	205,62,88,699	36,51,56,582	39,17,05,601	
Previous year	247,66,28,188	31,02,794	5,94,16,815	242,03,14,167	200,35,45,728	4,47,06,403	1,96,43,565	202,86,08,566	39,17,05,601		
11. b. Intangible Assets											
Software	87,42,495	-	-	87,42,495	43,62,665	17,48,499	-	61,11,164	26,31,331	43,79,830	
Previous year	78,17,440	9,25,055	-	87,42,495	27,84,984	15,77,681	-	43,62,665	43,79,830		

Accumulated Depreciation of Tangible Assets upto March 31, 2014 includes impairment loss on Plant & Equipment - Rs. 11,85,412 (Previous year: Rs. 11,85,412).

12. Long Term Loans and Advances

	As at 31.3.2014	As at 31.3.2013	(Rs.)
(Unsecured, considered good)			
Capital Advances*	8,80,62,934	8,80,62,934	
Security Deposits	35,48,589	35,48,589	
Others	34,89,171	51,50,832	
	9,51,00,694	9,67,62,355	

* The Capital Advances represent Rs. 8,80,62,934 (Previous year: Rs. 8,80,62,934) towards building, the physical possession of which had been arbitrarily withheld by the developer. The Company has taken necessary legal steps to get possession of the said building/recovery of amounts paid alongwith interest. Necessary recognition of interest etc., if any, will be made on settlement of the ongoing legal/arbitration proceedings. Since close of the year NSE vide letter dated April 28, 2014 (received by the Company on May 5, 2014) has advised, based on recommendations of the Qualified Audit Review Committee of SEBI, that the qualification of the Auditors in this respect be suitably rectified, and the Company will take appropriate steps based on professional/legal advice as the matter is sub-judice.

13. Inventories

(Please refer Note 2.7 for accounting policy for valuation)	As at 31.3.2014	As at 31.3.2013	(Rs.)
Raw Materials*	2,08,13,742	3,21,23,986	
Work-in-progress	21,41,72,719	19,64,19,748	
Finished Goods**	12,36,66,144	13,99,44,833	
Stock-in-trade	4,06,61,486	2,39,75,957	
Stores and Spares	1,32,16,052	2,50,15,580	
	41,25,30,143	41,74,80,104	

* includes materials in-transit - Nil (Previous year: Rs. 53,30,767)

**Includes goods in transit - Rs. 59,13,786 (Previous year : Nil)

14. Trade Receivable

(Secured, considered good)	As at 31.3.2014	As at 31.3.2013	(Rs.)
Outstanding for a period exceeding six months from the date they are due for payment	60,24,000	67,24,000	
(Unsecured, considered good)			
Outstanding for a period exceeding six months from the date they are due for payment (Net)*	3,86,119	20,14,152	
Others **	23,30,57,527	24,29,44,999	
	23,94,67,646	25,16,83,151	

* excludes doubtful receivables - Rs. 3,50,59,175 fully provided (Previous year: Rs.1,73,00,466).

** excludes doubtful receivables - Nil fully provided (Previous year: Rs. 2,07,11,004).

15. Cash and Cash Equivalents

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
Balances with Banks *	1,75,72,677	1,13,85,643
Cash on hand	2,52,835	4,18,170
	<u>1,78,25,512</u>	<u>1,18,03,813</u>

* Balances with banks include:

- (i) Held in fixed deposits as margin money – Rs.1,28,35,294 (Previous year: Rs.88,68,383)
- (ii) Earmarked account for Unclaimed Rights Issue - excess application money refundable balance Nil (Previous year: Rs.1,33,309) after refund Rs. 19,790 and deposit of Rs.1,13,519 with IEPF during the year.

16. Short Term Loans and Advances

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
(Unsecured, considered good)*		
Security Deposits	11,14,300	10,39,800
Advance Income Tax (Net of Provision)	27,04,409	29,08,734
Prepaid Expenses	22,07,913	37,70,619
Other Advances **	76,38,891	1,07,64,262
	<u>1,36,65,513</u>	<u>1,84,83,415</u>

* exclude doubtful advances, against which provision made – Rs.2,08,362 (Previous year: Rs.2,08,362). Doubtful advances written back (Net) – Nil (Previous year: Rs. 2,37,603)

** include interest free loans to employees – Rs.6,02,433 (Previous year: Rs.14,46,604). Maximum outstanding balance of such loans during the year – Rs.13,65,146 (Previous year: Rs.15,77,931).

17. Other Current Assets

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
Receivable against sale of fixed assets	–	15,15,00,000
Receivables from Government Authorities	1,56,33,577	1,44,70,454
Interest Accrued on deposits	6,02,867	5,18,782
Others	1,95,945	7,58,835
	<u>1,64,32,389</u>	<u>16,72,48,071</u>

18. Contingent Liabilities and Commitments

	(Rs.)	
	As at 31.3.2014	
	As at 31.3.2013	
(not provided for)		
Contingent Liabilities		
Service Tax matters under appeal	11,74,484	11,74,484
Commitments		
Estimated amount of contracts remaining to be executed on capital account (Net of Advances)	29,33,480	76,21,471

19. Revenue from Operations

	(Rs.)	
	2013-14	
	2012-13	
Sale of Goods		
- Cloth	144,20,61,546	130,45,88,683
- Others	2,22,62,578	142,54,382
Sub-total	146,43,24,124	131,88,43,065
Export Incentives and Claims	3,21,69,621	3,26,23,578
Other Operating Revenue	53,29,908	1,04,72,546
Revenue from Operations	150,18,23,653	136,19,39,189
Less : Excise Duty	–	3,67,993
Revenue from Operations (Net)	<u>150,18,23,653</u>	<u>136,15,71,196</u>

20. Other Income

	(Rs.)	
	2013-14	
	2012-13	
Interest Income	1,10,29,921	1,03,90,515
Provisions/Liabilities no longer required written back	1,17,73,270	49,67,764
Profit on Sale/Discard of Fixed Assets (Net)*	–	16,99,75,879
Other Non-operating Income	–	2,600
	<u>2,28,03,191</u>	<u>18,53,36,758</u>

* Previous year includes profit of Rs. 16,37,59,122 from sale of fixed assets (in the nature of surplus properties).

21. Cost of Materials Consumed

	2013-14	2012-13
Wool and Synthetic Fibers	46,37,98,201	42,77,77,139
Yarn (bought out)	4,52,30,864	2,96,43,943
Others	55,48,788	84,33,355
	51,45,77,853	46,58,54,437

22. Purchase of Trading Goods

	2013-14	2012-13
Cloth	20,33,16,048	13,32,67,197
Others	1,30,98,649	57,60,911
	21,64,14,697	13,90,28,108

23. Changes in Inventories

	2013-14	2012-13
Opening Stock:		
Finished Goods	13,99,44,833	13,77,33,030
Work-in-progress	19,64,19,748	22,17,71,427
Stock-in-trade	2,39,75,957	2,67,96,833
Sub-total (I)	36,03,40,538	38,63,01,290
Closing Stock:		
Finished Goods	12,36,66,144	13,99,44,833
Work-in-progress	21,41,72,719	19,64,19,748
Stock-in-trade	4,06,61,486	2,39,75,957
Sub-total (II)	37,85,00,349	36,03,40,538
Total (I-II)	(1,81,59,811)	2,59,60,752

24. Employees Benefits Expenses

	2013-14	2012-13
Salaries, Wages, Bonus, etc.	17,91,86,577	16,24,43,380
Contribution to Provident & other funds	86,56,206	3,08,52,812
Employees Welfare expenses	1,88,74,883	1,65,82,446
	20,67,17,666	20,98,78,638

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

	Gratuity		Compensated Absences	
	2013-14	2012-13	2013-14	2012-13
a. Reconciliation of opening and closing balances of the present value of defined benefit obligation				
Obligation at the beginning of the year	12,82,79,446	12,02,87,469	1,68,36,784	1,81,85,640
Current Service Cost	53,68,454	65,37,417	32,36,758	26,57,514
Interest Cost	1,02,62,356	1,02,24,435	13,46,943	15,45,779
Actuarial (gain)/loss	(1,68,22,923)	21,21,210	(19,27,428)	(13,03,366)
Benefits paid	(80,97,364)	(1,08,91,085)	(9,57,537)	(42,48,783)
Obligation at the end of the year	11,89,89,969	12,82,79,446	1,85,35,520	1,68,36,784
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, at fair value	9,04,12,936	9,29,94,092	-	-
Expected Return on Plan Assets	76,85,100	79,04,498	-	-
Actuarial gain/(loss)	16,61,320	(6,49,549)	-	-
Contribution	20,96,720	10,54,980	-	-
Benefits paid	(80,97,364)	(1,08,91,085)	-	-
Plan assets at the end of the year at fair value	9,37,58,712	9,04,12,936	-	-

	Gratuity		Compensated Absences		
	2013-14	2012-13	2013-14	2012-13	
c. Net Liability recognised in Balance Sheet					
Obligation at the end of the year	11,89,89,969	12,82,79,446	1,85,35,520	1,68,36,784	
Less : Plan assets at the end of the year at fair value	9,37,58,712	9,04,12,936	–	–	
Liability recognised in Balance Sheet as at the end of the year as under:	2,52,31,257	3,78,66,510	1,85,35,520	1,68,36,784	
– Long Term Provision for Employees Benefits	1,21,23,164	2,55,30,319	1,49,63,737	1,42,55,542	
– Short Term Provision for Employees Benefits	1,31,08,093	1,23,36,191	35,71,783	25,81,242	
d. Components of employer expense for the year					
Current service cost	53,68,454	65,37,417	32,36,758	26,57,514	
Interest cost	1,02,62,356	1,02,24,435	13,46,943	15,45,779	
Expected return on plan assets	(76,85,100)	(79,04,498)	–	–	
Net Actuarial (gain)/loss	(1,84,84,243)	27,70,759	(19,27,428)	(13,03,366)	
Net cost	(1,05,38,533)	1,16,28,113	26,56,273	28,99,927	
e. Assumptions	%	%	%	%	
Discount Rate (p.a.)	9.36	8.00	9.36	8.00	
Expected Rate of Return on plan assets (p.a.)	8.70	8.50	–	–	
Expected rate of increase in compensation levels (p.a.)	7.00	6.00	7.00	6.00	
f. Experience History	2013-14	2012-13	2011-12	2010-11	2009-10
Gratuity					
Defined Benefit Obligation at the end of the year/period	11,89,89,969	12,82,79,446	12,02,87,469	10,55,12,725	10,32,83,264
Plan Assets at the end of the year/period	9,37,58,712	9,04,12,936	9,29,94,092	8,85,30,674	8,25,85,699
Funded Status – Surplus/(Deficit)	(2,52,31,257)	(3,78,66,510)	(2,72,93,377)	(1,69,82,051)	(2,06,97,565)
Experience Adjustment on Plan Liabilities – (Gain)/Loss	(1,41,18,829)	(23,89,461)	1,71,47,943	(26,46,396)	(93,75,944)
Experience Adjustment on Plan Assets Gain/(Loss)	16,61,320	(6,49,549)	46,36,914	5,84,773	13,96,031
Compensated Absences					
Defined Benefit Obligation at the end of the year/period	1,85,35,520	1,68,36,784	1,81,85,640	1,68,27,227	1,70,10,731
Funded Status – Surplus/(Deficit)	(1,85,35,520)	(1,68,36,784)	(1,81,85,640)	(1,68,27,227)	(1,70,10,731)
Experience Adjustment on Plan Liabilities – (Gain)/Loss	(14,75,779)	(19,18,640)	18,812	(12,29,182)	69,089

g. The contribution expected to be made by the Company during the next financial year has not been ascertained.

25. Finance Cost

	2013-14	2012-13
Interest Expenses	11,20,41,056	13,16,78,171
Other Finance Charges	1,59,36,620	1,41,18,868
	12,79,77,676	14,57,97,039

26. Other Expenses

	2013-14	2012-13
Stores and Spares consumed	6,64,81,149	5,95,29,144
Power and Fuel	14,28,85,986	14,30,56,442
Processing Expenses	2,12,24,052	2,50,66,175
Repairs to Building	42,36,812	36,56,400
Repairs to Machinery	1,84,47,046	1,67,38,830
Repairs (Others)	13,21,253	19,06,964
Insurance	18,53,572	29,01,405
Directors Fees including Service Tax	6,40,981	6,05,000
Professional & Legal Fees and Expenses	1,45,93,326	2,03,31,148

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	2013-14	2012-13
Payment to Auditors *	15,94,778	16,82,957
Rates & Taxes	19,07,818	32,38,304
Rent **	79,16,215	31,89,916
Travelling Expenses	1,38,04,189	1,39,47,766
Advertisement & Sales Promotion	6,26,87,507	7,16,49,509
Brokerage, Rebate, Discount & Commission	3,07,52,388	3,36,26,861
Loss on Foreign Exchange Fluctuation	1,43,13,338	1,40,33,024
Bad Debts written off	18,22,761	86,91,590
Provision for Doubtful Debts written back	(31,42,674)	(86,24,404)
Provision for Doubtful Debts	1,90,379	2,07,11,004
Loss on Sale/Discard of Fixed Assets (Net)	2,40,938	-
Freight & other Selling Expenses	1,34,55,585	1,39,68,658
Miscellaneous Expenses	1,81,56,895	1,97,47,175
	43,53,84,294	46,96,53,868
* Payment to Auditors		
As Auditors	8,00,000	8,00,000
For Taxation matters	4,75,000	5,25,000
For other services	45,000	81,000
Reimbursement of expenses and Service Tax	2,74,778	2,76,957
	15,94,778	16,82,957

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

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

	2013-14	2012-13
28. Foreign Currency Transactions		
i. Value of imports on CIF basis		
Raw Materials	27,71,29,979	24,21,29,865
Store & Spare parts (incl. Components)	1,16,95,182	75,51,590
ii. Expenditure in Foreign Currency		
Professional and Consultancy fees	17,92,460	48,21,147
Travelling expenses	17,00,238	26,55,949
Others	2,25,12,035	2,44,57,222
iii. Earnings in Foreign Exchange		
Export (including Deemed) of goods (on FOB basis)	53,42,62,178	57,55,89,859

29. Foreign Exchange Exposure

- i. The outstanding foreign exchange exposures hedged under forward contracts:

Receivables: EURO – Nil (Previous year: 6,216), USD – Nil (Previous year: 92,721) and GBP – Nil (Previous year : 18,220).

Payable: AUD - 3,18,970 (Previous year: 9,23,546).

- ii. The foreign exchange exposures not covered-

Receivables: EURO - 8,650 (Previous year : 90), USD - 2,09,122 (Previous year: 50,055) and GBP - 5,718 (Previous year : 50).

Payables: AUD - 7,04,373 (Previous year : Nil), EURO – 1,74,538 (Previous year : 2,47,783), USD – 1,01,546 (Previous year : 92,409) and GBP – 480 (Previous year : 12,428).

30. Value of consumables

	2013-14		2012-13	
	Rs.	%	Rs.	%
Raw Material				
Imported	30,09,08,609	58.48	26,78,84,415	57.50
Indigenous	21,36,69,244	41.52	19,79,70,022	42.50
	51,45,77,853	100.00	46,58,54,437	100.00
Spares and Components				
Imported	1,37,40,425	20.67	1,00,83,104	16.94
Indigenous	5,27,40,724	79.33	4,94,46,040	83.06
	6,64,81,149	100.00	5,95,29,144	100.00

31. Segment Information

(in terms of AS 17)

As the Company operates in a single business segment "Textiles", the segment information in terms of AS 17 are not required to be given. The information based on location of customers are as under:

	2013-14	2012-13
Revenue		
Within India	99,03,64,666	112,28,37,240
Outside India (excluding Deemed Exports)	53,42,62,178	42,40,70,714
Total	152,46,26,844	154,69,07,954
Carrying amount of Assets		
Within India	112,19,74,195	130,86,44,847
Outside India	4,08,35,615	5,09,01,493
Total	116,28,09,810	135,95,46,340
Additions to Fixed Assets		
Within India	1,07,86,876	23,75,799
Outside India	-	-
Total	1,07,86,876	23,75,799

32. Related party disclosures

(in terms of AS 18)

i. Key Managerial Personnel:

- Sri C. Bhaskar (Managing Director & Chief Executive Officer) - Remuneration – Rs. 22,90,291 (Previous year : Rs.19,08,176 – w.e.f June 1, 2012)
- Sri C. L. Rathi (Managing Director upto May 31, 2012) – Remuneration – Rs. Nil (Previous year : Rs.33,22,708) including retirement benefits – Rs. 27,12,856.

The above 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 tenure.

- Xpro India Ltd. (a company where common management may be deemed to exist) - aggregate of Short Term Deposits taken from them from time to time – Rs.14,00,00,000 (Previous year: Rs. 10,50,00,000); Deposits repaid from time to time – Rs. 13,75,00,000 (Previous year: Rs. 11,50,00,000). Interest expense (gross) on above Deposits – Rs. 69,54,414 (Previous year: Rs. 75,85,927) and Expenses reimbursed – Rs. 7,82,240 (Previous year: Rs. 38,944). Settlement of other liability – Rs. Nil (Previous year: Rs. 22,10,455). Maximum outstanding balance (credit) during the year – Rs. 5,12,32,535, (Previous year: Rs. 5,84,42,988). Outstanding balance (credit) as at March 31, 2014 – Rs. 4,25,00,000 (Previous year: Rs. 4,00,00,000).

33. Earnings per share

(in terms of AS 20)

		2013-14	2012-13
Profit after Tax	Rs.	28,79,013	4,44,51,028
Preference Dividend (including Dividend Distribution Tax) for the year	Rs.	-	(24,23,773)
Profit pertaining to equity shareholders	Rs.	28,79,013	4,20,27,255
Number of Equity Shares (Weighted Average)	Nos.	8,76,41,621	8,58,43,850
Nominal value per Equity Share	Rs.	10	10
Basic & Diluted Earnings per share:		0.03	0.49

34. The previous year's figures have been regrouped/reclassified as necessary.

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Sidharth Birla
Chairman

Gaurav J. Shah
Partner
Membership No. 35701

G. K. Sureka
Company Secretary

Satish Shah
Assistant Vice President &
Chief Financial Officer

C. Bhaskar
Managing Director &
Chief Executive Officer

New Delhi
May 8, 2014

Dear Shareholders,

The attached Coupons will entitle you to purchase cloth of the available varieties of **DIGJAM** upto Rs. 3,000/- at prevailing selling rates less 15% discount plus other local taxes wherever applicable from any of our **EXCLUSIVE SHOWROOMS/RETAIL SHOPS AND MILLS AUTHORISED RETAIL DEALERS** FROM JULY 1, 2014 TO JUNE 30, 2015. Validity period of the Coupons will not be extended for any reason whatsoever. We regret our inability to issue duplicates for lost, defaced or torn Coupons.

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

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

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

Yours faithfully,

G. K. Sureka

Company Secretary
DIGJAM Limited

May 8, 2014

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

ABOHAR

@ New Wearwell Emporium, Bhagat Singh Chowk

AHMEDNAGAR

@ Kohinoor Cloth Stores, Mahatma Gandhi Road

AHMEDABAD

* Digjam Retail Showroom, Gheekanta Crossing, Relief Road

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

* Digjam Retail Showroom, Swagat Complex, Kankaria Maninagar Road

* Digjam Retail Showroom, India Colony Road, Bapunagar

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

ALLAHABAD

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

AMBALA CITY

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

AMRAVATI

@ Raj Rasik, Jaistambh Chowk

AMRITSAR

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

ANANTAPUR

@ Gokul Textile Showroom, 14/3 Subhash Road

ARRAH

* Digjam Shop-in-Shop, Bangla Prasad Harkhen Kumar, Gopali Chowk

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

ASANSOL

@ Mohan Cloth Stores, G. T. Road

AURANGABAD

* Digjam Retail Showroom, AMC Shopping Centre, Kranti Chowk

BANGALORE

@ Abhishek Fashions, # 402 Rajshri Market, Avenue Road

BAREILLY

@ Novelty Centre, Punjabi Market

BATHINDA

@ Lakshmi Emporium, Mall Road

BHAVNAGAR

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

BHOPAL

@ Guide Collection, T. T. Nagar

BHUBNESHWAR

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

BIKANER

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

BILASPUR (CHHATTISGARH)

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

CHANDIGARH

@ Bombay Textile Agency, Sector-17E

CHAMBA (H.P.)

@ Sham Lal & Sons, Dogra Bazar

CHENNAI

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

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

@ Poth's Textiles, 15 Nageshwara Rao Road, South Usman Road, Panagal Park

COIMBATORE

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

@ Poth's Textiles, 400, Oppanakara Street

CUTTACK

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

DELHI

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

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

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

@ Mamta Cloth Emporium, 194 Sarojini Nagar

@ AAR Corporation, 373, 1st Floor, Kucha Ghassi Ram, Chandni Chowk

@ Velvet Home, 163, Katra Nawab, Chandni Chowk

@ Tericot Emporium, 415, Teliwara, Shahadara

DEHRADUN

@ Bhoja Bros., Palton Bazar

@ Darshan Lal & Sons, Palton Bazar

DIBRUGARH

@ Mohan's, Kedia Market

@ Rajendra Stores, H. S. Road

DURG

* Digjam Retail Showroom, Marwari School Road, Motipara

FARIDABAD

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

GAYA

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

GORAKHPUR

@ Hamrain Ram Kishan, Golghar

GUWAHATI

@ R. D. Stores, Babu Bazar

@ Gentlemen, A. C. Market

HAMIRPUR (H.P.)

@ Puri Cloth House, Main Bazar

HAZARIBAGH

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

HISAR

@ Ganga Sons, 36, Arya Samaj Market

HUBLI

@ Vanesons, Koppikara Road

HYDERABAD/SECUNDERABAD

* Digjam Retail Showroom, Park Lane

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

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

* Digjam Retail Showroom, H. No. 1-19-75/1/1, Plot No. - 1 C, Laxmi Puram, Dr. A. S. Rao Nagar

IMPHAL

@ Brojen Cloth House, Thangal Bazar

JABALPUR

* Digjam Retail Showroom, Gorakhpur Bazar

JAIPUR

@ Babulal Suresh Kumar, 18, Dara Market

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from
1.7.2014 to
30.6.2015

Rs. 1000/-

15%
DISCOUNT

Coupon A No.

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from
1.7.2014 to
30.6.2015

Rs. 1000/-

15%
DISCOUNT

Coupon B No.

DIGJAM LIMITED

DIGJAM

it's who you are

Valid from
1.7.2014 to
30.6.2015

Rs. 1000/-

15%
DISCOUNT

Coupon C No.

DIGJAM

it's who you are

Retail Shop

C/Memo No. Date

Amount Rs.

Retail Shop

C/Memo No. Date

Amount Rs.

Retail Shop

C/Memo No. Date

Amount Rs.

- CUT HERE -

@ Brijlal Ramgopal, Manak Chowk
 @ Gopiram Devlal, 189 Johari Bazaar
 @ Rishi Textiles, Chaura Rasta

JALGAON

@ Navjeevan Collections, 114 Navi Peth
 @ Suresh Collection, A. Kelkar Market

JAMNAGAR

* Digjam Retail Showroom, Summair Club Road
 * Digjam Retail Showroom, At Mill's Gate, Aerodrome Road
 @ Satyam Fabrics, Near DSP Bungalow
 @ Maheshwari Trading Co., Opp. Old Railway Station

JAMMU

@ Pushap Cloth House, 29 Raghunath Pura

JAMSHEDPUR

* Digjam Shop-in-Shop, DongrSIDAS Biharilal, Bistopur

JAUNPUR

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

JODHPUR

@ Joharmal Amarmal, Inside Sojati Gate, Near Pokaran House

KANPUR

* Digjam Shop-in-Shop, Rajkamal's, 7-8 PPN Market
 * Digjam Shop-in-Shop, Kamal Store, 65-66, Naveen Market
 * Digjam Shop-in-Shop, Shivam Textiles, C/o. U.P. Handlooms Showroom, Elgin Mill, VIP Road
 @ Thakur Das Latwala, 49/4 General Ganj
 @ V. K. Enterprises, 49/8-9 General Ganj
 @ Selection House, 12 Naveen Market

KOLKATA

* Kalakriti Arts Pvt. Ltd.
 P-19, CIT Road, Scheme VII M, Kankurgachi
 @ Saharsh, 105 Park Street
 @ R. Rajpuria & Co., 95 Park Street

KORBA

* Digjam Shop-in-Shop, Delite Cloth Centre, Main Road
 @ Bhawani Bazar, Jamnipali
 @ Shriram Vastralaya, Hiranand Complex, Power House Road

KOTA

@ Luhadia Textiles, Bazaz Khana

KOTTAYAM

@ Seemati, K. K. Road

LATUR

@ Ishwarprasad Omprakash Daga, Cloth Lane

LUCKNOW

* Digjam Shop-in-Shop, H. Sugnamal & Co., 36-Aminabad
 @ Garha Bhandar, Aminuddaula Park, Aminabad
 @ Motiani, 133/299 Ganesh Ganj
 @ Namaskar Textiles, Kanpur Road, Alambagh

LUDHIANA

@ Bombay Stores, Surya Tower, The Mall
 @ Cheap Cloth House, Ghumar Mandi

MADHEPURA

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

MADURAI

@ Pothy's Textiles, 159 Mella Masi Street
 @ Rajmahal Textiles, Venkala Kadai Street

MEERUT CANTT

@ Rattan Cloth Store, Abu Lane
 @ Pindi Woollens, Sadar Chowk

MUMBAI

@ Babubhai Jagjivandas at
 - Prarthana Samaj
 - Broadway Shopping Centre, Dadar TT
 - Sector 17, Vashi
 - Mulund
 @ Madhav's Fabrics, Rizvi Mahal, Waterfield Road, Bandra (W)
 @ Rahul Agasti, G-1 Aryston Centre, Juhu
 @ Rainbow Textorium, Swapna Puri Building, Jerbai Wadia Road, Parel TT

MUZAFFARNAGAR

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

NAGPUR

* Digjam Retail Showroom, Mahajan Market, Sitabuldi
 @ Udaya, Itwari Shahid Chowk

NASIK

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

NELLORE

@ Modern Fabs, Trunk Road

OOTY

@ Rajhans, Commercial Road
 @ Vardhaman, 23, Commercial Road

PATNA

@ Bansal Textiles, Opp. Convert School, Bankipur
 @ Kripashree, Ashiana Nagar
 @ Shree Shanker Vastralaya, Station Road

PUNE

@ Bharat Woollen House, Seva Sadan Building, Laxmi Road
 @ Chandulal Dahyabhai, 561-Centre Street
 @ J. C. Retail Pvt. Ltd., 607 Sadashiv Pett, Kunte Chowk, Laxmi Road

@ Men's Avenue, Sadashiv Peth

PONDICHERRY

@ Pothy's Textiles, 400, Anna Salai

RAIPUR

* Digjam Retail Showroom, Jeevan Bima Marg, Pandri
 @ Mahendra & Co., Malviya Road

RAJAHMUNDRY

@ Sri Devi Sons, Main Road

RANCHI

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

ROORKEE

@ Atam Parkash and Sons, B. T. Road

ROURKELA

@ Indera Plaza, Bisra Road

SALEM

* Digjam Retail Showroom, 6-Bazar Street

SATARA

@ Darshan Suiting Shirting, 110 Rajpath

SHILLONG

@ Roopkala, Umsohsun Road

SHIMLA

@ Rajpal Brothers, 95, Lower Bazar
 @ Tandon Cloth House, 76, Lower Bazar

SILIGURI

@ Prince Textiles, Hill Cart Road

SURAT

@ Bhagwandas & Co., Lal Gate, Kanpith
 @ Teenager's Textorium, Soni Falia

THANE

@ Janta Fashion, Near Prabhat Talkies, Station Road
 @ New Mumbai Cutpiece House, Manpada Road, Dombivali

TIRUNELVELI

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

TRIVANDRUM

@ Pothy's Textiles, M. G. Road, Kalahshetram, Cetikulamgara, Vangiyoor (Post)

UDHAMPUR (J&K)

@ Bombay Cloth House, Main Bazar

VADODARA

* Digjam Retail Showroom, A/33, Windsor Plaza, Near Express Hotel, R.C. Dutt Road
 * Digjam Retail Showroom, Opp. Govt. Press, Kothi Road, Anandpura

VARANASI

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

VISAKHAPATNAM

* Digjam Retail Showroom, 30-15-34/2, Dabagarden
 * Digjam Retail Showroom, Door # 30-15-123, Potluri Mansions, Dabagarden

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: L17110GJ1948PLC000753; Regd. Office: Aerodrome Road, Jamnagar 361 006 (Gujarat)
Tel.: 91-288-2712972; Fax: 91-288-2712991; e-mail: cosec@digjam.co.in; 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 **Sixty-fourth** Annual General Meeting of the Company to be held on **Friday, September 5, 2014 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	7	8	9
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Signed this day of 2014

.....
Signature of Shareholder

Affix Revenue Stamp

.....
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)

64th ANNUAL GENERAL MEETING ON FRIDAY SEPTEMBER 5, 2014 AT 10.00 A.M. OF

DIGJAM LIMITED

CIN: L17110GJ1948PLC000753; at the Registered Office at Aerodrome Road, Jamnagar 361 006 (Gujarat)
Tel.: 91-288-2712972; Fax: 91-288-2712991; e-mail: cosec@digjam.co.in; 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

If undelivered, please return to :


DIGJAM LIMITED





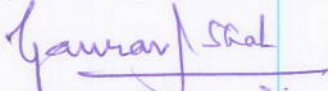
Aerodrome Road,
Jamnagar 361 006 (Gujarat)
INDIA

FORM B**(Pursuant to Clause 31 of the Listing Agreement)****Format of covering letter of the Audit Report to be filed with the Stock Exchange**

1.	Name of the Company	DIGJAM Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit qualification	<p>Qualified.</p> <p>The Auditors in their report dated May 8, 2014 at page no. 16 of the Annual Report have under the para entitled 'Basis for Qualified Opinion' stated:</p> <p>Attention is drawn to Note 12 to the financial statements which describes the dispute with regard to possession of certain property. In the absence of necessary evidence and the ongoing legal/arbitration proceedings, we are unable to comment upon the extent and the ultimate recoverability of Capital Advances given by the Company towards purchase thereof carried in the Balance Sheet at Rs. 8,80,62,934 (As at 31st March, 2013: Rs. 8,80,62,934), which are considered good by the management.</p> <p>After the close of the accounting year, the Company has received on May 5, 2014, a letter dated April 28, 2014 from National Stock Exchange of India Limited (NSE) advising the Company pursuant to the recommendations of Qualified Audit Review Committee (QARC) of SEBI, in terms of Clauses 5(d)(i) and 5(d)(iii) of the applicable SEBI Circular dated August 13, 2012 that the qualification raised by the Statutory Auditors shall be suitably rectified and that the same qualification shall not appear in the Audit Report for the next reporting period. For the reasons stated in the above said Note 12, the Board decided that as the matter was sub-judice, the Company would take necessary professional / legal advice in the matter before taking any action and, accordingly, no change has been made in the financial statements.</p>
4.	Frequency of qualification	The remark regarding Capital Advances of Rs. 8,80,62,934 appearing in the Auditors' Reports since the accounting period ended June 30, 2004
5.	Draw attention to relevant notes in the annual financial statements and management response to the	<u>Note No. 12 to the accounts</u> for the year ended March 31, 2014 at page no. 25 of the Annual Report states as under:



<p>qualification in the directors report:</p>	<p>“The Capital Advances represent Rs. 8,80,62,934 (Previous year: Rs. 8,80,62,934) towards building, the physical possession of which has been arbitrarily withheld by the developer. The Company has taken necessary legal steps to get the possession of the said building/recovery of amounts paid alongwith interest. Necessary recognition of interest etc., if any, will be made on settlement of the ongoing legal/arbitration proceedings. Since close of the year NSE vide letter dated April 28, 2014 (received by the Company on May 5, 2014) has advised, based on recommendations of the Qualified Audit Review Committee of SEBI, that the qualification of the Auditors in this respect be suitably rectified, and the Company will take appropriate steps based on professional/legal advice as the matter is sub-judice.”</p> <p><u>The management response</u> to the aforesaid comment as mentioned in the Directors’ Report for the aforesaid year is stated at page no. 8 of the Annual Report as under:</p> <p>“The observations of the Auditors regarding advances towards building are explained in the Note No. 12 to the Accounts; necessary legal steps have been initiated by the Company to get possession of the said building/recovery of amounts paid along with interest, and the advances are considered good. After close of the year, NSE has advised the Company, based on recommendation of the Qualified Audit Review Committee of SEBI, to suitably rectify the qualification in this regard. Considering that the matter is sub-judice, the Company will take appropriate steps based on professional/legal advice.”</p>
<p>6. Additional comments from the board/audit committee chair:</p> 	<p>The Audit Committee has reviewed the position of the subject amount of Rs 8,80,62,934, shown under Capital Advance in the Balance Sheet as at March 31, 2014 and while noting the necessary legal steps taken by the Company to get possession of the building/recovery of the amount paid alongwith interest, and the matter being sub-judice/ under arbitration proceedings, considered the said advance of Rs 8,80,62,934 as good. The Committee also noted that necessary adjustment including for interest would be made on settlement of the ongoing proceedings.</p>

		<p>The Committee also referred to the letter dated April 28, 2014 (received by the Company on May 5, 2014) from National Stock Exchange of India Ltd. conveying the SEBI directive under SEBI Circular dated August 13, 2012 to suitably rectify the said qualification so that the same shall not appear in the Audit Report for the next reporting period. After deliberations, the Committee noted that the transaction for purchase of immovable property for which payments were made would have resulted in transfer of title thereof to the Company but for arbitrary actions of the vendor. As the matter was sub-judice, the Committee felt that appropriate action could be taken after examining all aspects under professional advice and that the action pursuant to the directive should not prejudice the Company's interest in the proceedings which would otherwise adversely affect all the stakeholders including the investors.</p>
7.	<p>To be signed by -</p> <ul style="list-style-type: none"> ● CEO/Managing Director ● Asst. Vice President & Chief Financial Officer ● Audit Committee Chairman ● Auditors of the Company 	<p> Sri C Bhaskar Managing Director & Chief Executive Officer</p> <p> Sri Satish Shah Asst. Vice President & Chief Financial Officer</p> <p> Sri A. C. Mukherji Chairman of the Audit Committee DIGJAM Limited</p> <p>Refer our audit report dated May 8, 2014 On the stand alone financial statements of the Company For Deloitte Haskins & Sells Chartered Accountants (Firm's Registration No. 117365W)</p> <p> Gaurav J Shah Partner (Membership No. 35701) Place: New Delhi, May 8, 2014</p>