DIGJAM LIMITED

Aerodrome Road,
Jamnagar – 361 006, India.
e-mail: digjamcosec@gmail.com

DIGJAM

September 4, 2020

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

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

Code No. 539979

Symbol "DIGJAMLTD"

Dear Sir,

Re: Annual Report for the year 2019-20

Pursuant to Regulation 34(1)(a) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report for the year 2019-20 alongwith the notice for the Annual General Meeting to be held on September 26, 2020 for your records. The same is being despatched to the Members of the Company shortly.

Thanking you,

Yours faithfully,
For DIGJAM Limited

DIGJAM LIMITED

(Jatin Jain)
Company Secretary

Encl: As above

DIGJAM LIMITED

ANNUAL REPORT 2019/20

DIGJAM LIMITED

Sri Sunil Kumar Agarwal
Ex. Resolution Professional/Chairman of the Monitoring Committee

Board of Directors

Sri Bharat Patel (DIN: 01100361) (appointed wef 13.07.2020)
Sri Hardik Patel (DIN: 00590663) (appointed wef 13.07.2020)
Sri Ajay Kumar Agarwal (DIN: 03508224) (appointed wef 08.08.2020)
Sri D.G. Rajan (DIN: 00303060) (appointed wef 13.07.2020)
Ms. Sudha Bhushan (DIN: 01749008) (appointed wef 13.07.2020)

Board of Directors *(suspended during CIRP)*

Sri Sidharth Birla (DIN: 00004213) (upto 26.06.2020)
Sri S. Ragothaman (DIN: 00042395) (upto 25.06.2020)
Sri Gajendran Ramanathan (DIN: 08321952) (upto 25.06.2020)
Sri A.R. Sreekanth (DIN: 05324789) (upto 25.06.2020)

Company Secretary
Sri Jatin Jain (ACS 24293)

Registered Office & Mills
Aerodrome Road,
Jamnagar 361 006, Gujarat

e-mail: digjamcosec@gmail.com
website: www.digjam.co.in

Corporate Identity Number
L17123GJ2015PLC083569

Registrars and Share Transfer Agents
MCS Share Transfer Agent Ltd.
383, Lake Gardens, 1st Floor,
Kolkata 700 045

Auditors
M/s S.K. Bajpai & Co.
S-12, Block No. E-13/6,
2nd Floor, Roman Tower,
Sanjay Place,
Agra 282 002

Resolution Applicant's details
Finquest Financial Solutions Private Limited
602, Boston House,
Suren Road, Andheri (E),
Mumbai 400 093

DIGJAM LIMITED

Aerodrome Road,
Jamnagar – 361 006, India.
e-mail: digjamcosec@gmail.com

NOTICE OF THE 5th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held on Saturday, September 26, 2020 at 05.00 p.m. through Video Conferencing (VC)/Other Audio Visual Means (OAVM), to transact the following business:

Background:

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

The CoC considered the resolution plans as submitted before it. After due deliberations, the CoC approved the Resolution Plan submitted by Finquest Financial Solutions Private Limited in their meeting held on February 11, 2020. The RP filed an application under Section 30(6) of the Code before the Hon'ble NCLT for its consideration and approval of the Resolution Plan. The Hon'ble NCLT, vide its Order dated May 27, 2020 (uploaded on the NCLT website on May 30, 2020), approved the Resolution Plan ("Resolution Plan Approval Order").

The Resolution Plan, as approved by the NCLT, is binding on the Company and its employees, members, creditors and other stakeholders involved therein, as per the provisions of the Code. The NCLT also approved appointment of Sri Sunil Kumar Agarwal in the monitoring committee until the closing date to supervise the implementation of the Resolution Plan and hence, this meeting is being convened by the Chairman of the Monitoring Committee.

Ordinary Business:

1. To consider and adopt the Directors' Report and the audited Financial Statements of the Company for the financial year ended March 31, 2020 and the Auditors Report thereon.
2. To appoint a Director in place of Sri Bharat Patel (DIN: 01100361), who retires by rotation and being eligible, offers himself for reappointment.

   (His re-appointment on the Board is being considered in compliance with Section 152(6) of the Companies Act, 2013. However, the powers of the Board has been conferred upon Monitoring Committee in terms of the Resolution Plan Approval Order passed by the Hon'ble NCLT.)

Special Business

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

3. **AS AN ORDINARY RESOLUTION**

   "**RESOLVED** that pursuant to Section 148 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act read with the relevant Rules thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of remuneration of Rs. 75,000/- (Rupees Seventy Five Thousand only) plus applicable taxes and reimbursement of out of pocket expenses to M/s N.D. Birla & Co., Cost Accountants, Ahmedabad (Firm Registration No. 28) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year ended on March 31, 2021."

4. **AS AN ORDINARY RESOLUTION**

   "RESOLVED that pursuant to the provisions of Sections 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), **Sri Ajay Kumar Agarwal** (DIN: 03508224), who was appointed as an Additional Director of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

The Register of Members of the Company will remain closed from September 18, 2020 to September 26, 2020 (both days inclusive).

September 2, 2020 — **By Order of the Monitoring Committee**

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

Jatin Jain
Company Secretary
ACS 24293

NOTES:

1. In view of the outbreak of the COVID-19 pandemic, social distancing to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively, issued by the Ministry of Corporate Affairs ("MCA circulars") and Circular no. SEBI/HO/CFD/CMD1/CIR /P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015 ("Listing Regulations"), the 5th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 5th AGM shall be the Registered Office of the Company.

2. In compliance with the aforesaid MCA Circulars and SEBI Circular, the Notice of the 5th AGM and other documents are being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

   Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 5th AGM and the Annual Report for the year 2019-20 and all other communications sent by the Company, from time to time, can get their email address registered by following the steps as given below: -

   a. For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered alongwith scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company at: investors@digjam.co.in

   b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

3. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of Members has been dispensed with and there is no provision for the appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act will not be available for the 5th AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Participation of Members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013 ("the Act").

5. Corporate Members intending to authorize their representatives to participate and vote at the meeting are requested to email a certified copy of the Board resolution/authorization letter to the Company at investors@digjam.co.in or upload on the VC portal/e-voting portal.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Members may also note that the revised Notice of this Annual General Meeting and the Annual Report for the year 2019-20 will also be available on the Company's website www.digjam.co.in for their download. The same shall also be available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of CDSL https://www.evotingindia.com. Members may also note that pursuant to Sections 101 and 136 of the Act read with the Rules framed thereunder, the original Notice calling the 5th AGM alongwith the Annual Report for Financial Year 2019-20 has already been sent, before the National lock down

declared by the Government, by electronic mode to those Members whose E-mail addresses are registered with the DPs or the Company/MCS Share Transfer Agent Limited, unless the Members have requested for a physical copy of the same and physical copy was dispatched to the shareholders whose email was not registered with the Company.

8. Members desiring to inspect the Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 are requested to write to the Company through email at investors@digjam.co.in.
9. Members desiring any information relating to the accounts or any other matter to be placed at the AGM, are requested to write to the Company on or before September 22, 2020 through email at investors@digjam.co.in
10. **Pursuant to the Green Initiative of the Ministry of Corporate Affairs, request to register e-mail addresses, changes therein and in the registered addresses including PIN CODE: Members holding shares in physical form are requested to register/update their e-mail addresses/registered addresses with the Company's Registrars and Share Transfer Agents, M/s MCS Share Transfer Agent Ltd., 383, Lake Gardens, 1st Floor, Kolkata 700 045. Members holding shares in dematerialized form are requested to register their e-mail addresses, changes therein and in their registered addresses with the concerned Depository through their Depository Participant. In absence of e-mail address, the documents will be sent in physical mode.**
11. 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 maintained their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrars and Share Transfer Agents.
12. Share Transfer permitted only in Demat: As per Regulation 40 of the Listing Regulations, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019. In view of the above and to avail the benefits of dematerialization and ease portfolio management, Members are requested to consider dematerialize shares held by them in physical form.
13. The tenure of the Statutory Auditors M/s S.K. Bajpai & Co., is going to end with the conclusion of this AGM but as per the terms and conditions of the Resolution Plan Approved by the Hon'ble NCLT, Ahmedabad vide its Order dated May 27, 2020, the existing Auditors will vacate their office on the Closing Date i.e. 180 days from the NCLT Approval Date and as per the provisions of Section 139(10) of the Companies Act, 2013, the appointment/re-appointment of the Statutory auditors is not being considered and therefore, the existing Auditors will continue to hold their office till the Closing Date.

14. **Voting:**

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date September 18, 2020 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

(I) INSTRUCTIONS FOR SHARHEOLDERS FOR VOTING THROUGH ELECTRONIC MEANS PRIOR TO AGM

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 8, 2020, April 13, 2020 and May 5, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.
3. The Company has appointed Sri Viral Sanghavi, Practising Company Secretary, to act as the Scrutiniser to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner and he has given his consent for the same.
4. The Results shall be declared within 48 hours after the conclusion of the Annual General Meeting. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.digjam.co.in and on the website of CDSL www.evotingindia.com. The same shall also be communicated to BSE and NSE, where the shares of the Company are listed.
5. Any person who becomes a Member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. September 18, 2020 may obtain the login details in the manner as mentioned below.

The instructions for shareholders voting electronically are as under:

(II) **The e-voting period commences on Wednesday, September 23, 2020 (9.00 a.m.) and ends on Friday, September 25, 2020 (5.00 p.m.), both days inclusive. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 18, 2020, may cast their vote electronically**. The e-voting module shall be disabled by CDSL for voting thereafter.

a. The shareholder should log on to the e-voting website www.evotingindia.com.
b. Click on “Shareholders/Members”.
c. Now, Enter your User ID:
   i. For CDSL: 16 digits beneficiary ID,
   ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
d. Next enter the Image Verification as displayed and Click on Login.
e. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
f. However, if you are a first time user, please follow the steps given below.

For Members holding shares in Demat / Physical Form

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

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

   Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

j. Click on the EVSN for the relevant Company for which you choose to vote i.e. DIGJAM LIMITED.

k. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

l. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

m. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.

n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

o. You can also take a print of the vote cast by clicking on "Click here to print" option on the Voting page.

p. If a Demat account holder has forgotten the changed login password then enter the User ID and image verification Code and click on Forgot Password & enter the details as prompted by the system.

q. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Stores respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

r. Note for Non-Individual Shareholders and Custodians
   - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
   - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
   - After receiving the login details a Compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to heldesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

  Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the company at the email address viz. investors@digjam.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

s. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager (CDSL), Central Depository Services (India) Limited, A wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

(III) INSTRUCTIONS FOR SHARHEOLDERS VOTING ELECTRONICALLY DURING THE AGM ARE AS UNDER: -

The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

Shareholders who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

14. **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

    Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system.

    a) Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed. Click on live streaming appearing beside the EVSN.

       The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to members on first come first served basis.

    b) Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.

    c) **System requirements for best VC experience:**

       Internet connection – broadband, wired or wireless (3G or 4G/LTE), with a speed of 5 Mbps or more Microphone and speakers – built-in or USB plug-in or wireless Bluetooth.

       Browser: Google Chrome: Version 72 or latest Mozilla Firefox: Version 72 or latest Mircosoft Edge Chromium: Version 72 or latest Safari: Version 11 or latest Internet Explorer. Not Supported

    d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuating in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

    e) Members can post questions through Q&A feature available in the VC. Members can exercise these options once the floor is open for shareholder queries.

15. Members who need assistance before or during the AGM, can contact CDSL by sending an email to helpdesk.evoting@cdslindia.com or call 1800225533.

16. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed to this Notice.

17. **EXPLANATORY STATEMENT** pursuant to Section 102 of the Companies Act, 2013 ('the Act')/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

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

Sri Bharat Patel, aged 67 years, is a Chartered Accountant. He is widely regarded as one of the most successful equity investors in India and a highly known and respected member of the capital markets fraternity. He is the Chairman of Rubfila International Limited, Finquest Financial Solutions Private Limited, Krihaan Texchem Private Limited and Premier Tissues (India) Limited and many family promoted companies.

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

Except for Sri Bharat Patel and his son, Sri Hardik Patel and their relatives to the extent of their shareholding, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the aforesaid Resolution.

Item No. 3: The Committee of Creditors has appointed M/s N.D. Birla & Co., Cost Accountants, as the Cost Auditors for audit of cost accounting records of the Company for the financial year 2020-21 at a remuneration of Rs. 75,000/- (Rupees Seventy Five Thousand only) besides applicable taxes and reimbursement of out of pocket expenses. In terms of the provisions of Section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, the Members are required to ratify the remuneration payable to the Cost Auditors and accordingly, the consent of the Members of the Company is solicited for the remuneration as set out in the Resolution in Item no. 4 which is accordingly commended for approval.

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

Item No. 4: Sri Ajay Kumar Agarwal, aged 61 years, is a Delhi University Post Graduate and having expertise in operations of textile and other industry, administration, general management and Government liasoning. Sri Agarwal is having an experience of over 36 years in manufacturing industry. He is associated with the Company since last 24 years in various senior positions including as Chief Operating Officer.

Sri Agarwal was appointed as an Additional Director of the Company pursuant to Article 113 of the Articles of Association of the Company with effect from August 8, 2020. As provided therein and under Section 161 of the Act, Sri Agarwal holds office as Director only upto the date of the forthcoming Annual General Meeting of the Company. A notice under Section 160 of the Act, alongwith the requisite deposit has been received from a member proposing Sri Ajay Kumar Agarwal as a candidate for the office of Director of the Company.

Sri Ajay Kumar Agarwal holds 100 Equity Shares in the Company.

In order to benefit from his continued association with the Company and his in-depth and domain knowledge about the manufacturing industry and particularly of the Company, it would be in the interest of the Company to appoint Sri Ajay Kumar agarwal as a Director of the Company and accordingly, recommends the proposed Resolution for your approval.

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

By Order of the Monitoring Committee

September 2, 2020
Registered Office:
Aerodrome Road,
Jamnagar 361 006
(Gujarat)
CIN: L17123GJ2015PLC083569

Jatin Jain
Company Secretary
ACS 24293

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, 2020.

APPROVAL OF RESOLUTION PLAN

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

The CoC considered the resolution plans as submitted before it. After due deliberations, the CoC approved the Resolution Plan submitted by Finquest Financial Solutions Private Limited in their meeting held on February 11, 2020. The RP filed an application under Section 30(6) of the Code before the Hon'ble NCLT for its consideration and approval of the Resolution Plan. The Hon'ble NCLT, vide its Order dated May 27, 2020 (uploaded on the NCLT website on May 30, 2020), approved the Resolution Plan ("Resolution Plan Approval Order").

The Resolution Plan, as approved by the NCLT, is binding on the Company and its employees, members, creditors and other stakeholders involved therein, as per the provisions of the Code. The NCLT also approved appointment of Sri Sunil Kumar Agarwal in the monitoring committee until the closing date to supervise the implementation of the Resolution Plan.

FINANCIAL RESULTS

(Rs. Lacs)

	March 31, 2020	March 31, 2019
Operations for the year resulted in (Loss)/Profit before Interest and Depreciation of	(1,391.11)	(2,641.87)
less: Finance Costs	112.79	1,530.80
less: Depreciation	254.65	263.55
less: Exceptional Items	-	-
(Loss)/Profit Before Tax	(1,758.55)	(4,436.22)
less: Taxation	-	-
(Loss)/Profit After Tax	(1,758.55)	(4,436.22)
Other Comprehensive Income	13.87	102.63
Balance brought forward	(1,744.68)	(4,333.59)
leaving a Balance of which is carried forward	(12,506.28)	(10,761.60)

The Directors do not recommend any dividend.

REVIEW OF KEY BUSINESS MATTERS

The manufacturing of woollen and worsted fabrics at the Company's mills located at Jamnagar had been suspended wef October 22, 2018 due to extremely tight liquidity and working capital position. Thereafter, during the year under review, Company went into CIRP wef April 26, 2019 and the sales were substantially decreased thereafter.

DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, the Board, upon the recommendation of the Remuneration & Nominations Committee, had appointed Sri Ajay Kumar Agarwal and Sri Satish Shah as Whole-time Directors of the Company wef April 19, 2019. Thereafter, the CIRP was commenced wef April 26, 2019 and as per the provisions of the Insolvency and Bankruptcy Code, 2016, the powers of the Board of Directors were suspended and the same were exercised by IRP/RP.

During the year under review, one Board Meeting was held as detailed in the annexed Corporate Governance Report before the Company went into CIRP.

Thereafter, Sri Ajay Kumar Agarwal and Sri Satish Shah have resigned as Directors of the Company wef June 1 & 22 respectively.

After the end of the year, the Resolution Plan was approved by the Hon'ble NCLT vide its Order dated May 27, 2020 and the Monitoring Committee was constituted in terms of the approved Resolution Plan. Sri Sunil Agarwal, the erstwhile Resolution Professional was appointed as the Monitoring Agent.

Thereafter, Sri Sidharth Birla, Sri S. Ragothaman, Sri A.R. Sreekanth and Sri G. Ramanathan have tendered their resignation as Directors of the Company wef June 25, 2020, in terms of the approved Resolution Plan. The Company places on record its sincere and deep appreciation of the valuable guidance and services rendered by Sri Sidharth Birla, Sri S. Ragothaman, Sri A. R. Sreekanth, Sri G. Ramanathan, Sri Ajay Kumar Agarwal and Sri Satish Shah.

The Monitoring Committee had appointed Sri Bharat Patel, Sri Hardik Patel, Sri D. G. Rajan and Ms. Sudha Bhushan wef July 13, 2020 in the casual vacancies caused due to resignations of Sri Sidharth Birla, Sri S. Ragothaman, Sri A.R. Sreekanth and Sri G. Ramanathan respectively. The Monitoring Committee had also appointed Sri Ajay Kumar Agarwal as the Additional Director of the Company effective from August 8, 2020.

Sri Bharat Patel, retires by rotation at the 5th Annual General Meeting and being eligible, offers himself for re-appointment. Sri D. G. Rajan and Ms. Sudha Bhushan being the Independent Directors have declared that they meet the criteria of independence as per Section 149(6) of the Companies Act, 2013.

STATUTORY INFORMATION AND OTHER MATTERS

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

As per Section 134(3)(a) of the Act, the Annual Return for the financial year 2018-19 is available on the Company's website under the link http://digjam.co.in/files/Annual%20 Report%202018-19.pdf.

As per Section 17 of the IBC, the powers of the Board of Directors of the Company were suspended during CIRP wef April 26, 2019 and such powers were vested with IRP/RP. Since as per the Order of the Hon'ble NCLT dated May 27, 2020 approving the Resolution Plan, the powers of the Board of Directors continued to be suspended till closing date, evaluation of Board, its Committees and individual directors has not taken place for the year 2019-20.

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

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

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

The Company has no subsidiary, joint venture or associate company. The Company has not invited/accepted any Fixed Deposits under Chapter V of the Act and there are none outstanding on March 31, 2020. The Company has not granted any loan or issued any guarantee or made any investment to which the provisions of Section 186 of the Act apply.

All transactions with related parties during the year were in the ordinary course of business on an arm's length basis. There are no such material transactions entered into by the Company which may have a potential conflict of interest with that of the Company and to which Section 188(1) of the Act applies and thus, disclosure in Form AOC-2 is not required to be annexed. In accordance with the provisions of the Act and SEBI Listing Regulations, all Related Party Transactions were placed before the Audit Committee (at the time when CIRP was not commenced) for approval or for omnibus approval as necessary. The statement of all such transactions entered into is placed before the said Committee for their review. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: http://digjam.co.in/pdf/RPTpolicy2.pdf.

Apart from the Commencement of CIRP wef April 26, 2019 and approval of the Resolution Plan by the Hon'ble NCLT vide its Order dated May 27, 2020, there are no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

The Audit Committee constituted by the Company (during the period from April 1, 2019 to April 25, 2019) meets the requirement of Section 177 of the Act and Regulation 18 of SEBI Listing Regulations; details of its composition are furnished in the Corporate Governance Report. As the powers of the Board of Directors of the Company were suspended during CIRP wef April 26, 2019, there was no instance during the year where the Board had not accepted any recommendation of the Audit Committee.

The Company has a vigil mechanism for Directors and employees to report genuine concerns in accordance with the Whistle Blower Policy; no employee is denied access to the Audit Committee in this regard. The powers of the Board of Directors and committees thereof have been suspended and the same vest in the IRP/RP. Hence, the audit committee was not in existence. The said Policy provides for safeguards through Protected Disclosures against victimization of persons who use such mechanism, and is displayed on the Company's website. The details of the Whistle Blower Policy are also annexed herewith.

During the year under review, the Company was under CIRP wef April 26, 2019 where the powers of the Board of Directors and committees thereof were suspended and the same vest in IRP/RP. Prior to the commencement of CIRP, the Company had constituted a committee on Corporate Social Responsibility (CSR), the details of which are furnished in the Corporate Governance Report. While the statutory requirements on spending are not applicable to the Company in view of loss/inadequate profit, small steps have always been taken by the Company for social and inclusive development in its local area; however given the relatively small size and geographical spread, it has not been practical to yet undertake any significant projects beyond these. The CSR Policy of the Company is annexed herewith.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

During the year under review, the Company was under CIRP wef April 26, 2019 where the powers of the Board of Directors and committees thereof were suspended and the same vest in IRP/RP and hence, in accordance with the provisions of Section 134(5) of the Act, the Monitoring Agent (erstwhile RP) as authorised by Monitoring Committee confirms that (a) in the preparation of annual accounts, the applicable Accounting Standards had been followed alongwith proper explanations relating to material departures; (b) the RP had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year; (c) the RP had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; (d) the RP have prepared the annual accounts on a going concern basis; (e) the RP had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and (f) the RP had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS' OBSERVATIONS

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

a) *As the Resolution Plan has been approved by the Hon'ble NCLT on May 27, 2020 only, the Company may carry out, if required, a comprehensive assessment of impairment to the carrying value of the Property, Plant and Equipment and intangible Assets.*

b) *Company's inventories as at March 31, 2020 are valued at lower of cost or net realizable value based on management estimates. However, considering that the production had been suspended since October, 2018 due to extremely tight liquidity and working capital position and subsequently, as Corporate Insolvency Resolution Process ("CIRP") had commenced for the Company wef April 26, 2019, over all operations and sales have been restricted. Further, there could have been degradation of stocks. These factors could affect net realizable value in subsequent periods.*

c) *The Company's production has been suspended since October, 2018, the Company has incurred a net loss of Rs. 1,744.68 lacs during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 12,185.11 lacs. This could indicate existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. However, following Corporate Insolvency Resolution Process initiated during the year under review and the approval of the Resolution Plan subsequent to the year-end, the Statements have been prepared on a going concern assumption.*

d) Regarding the trade receivables of Rs. 181.14 lacs as at March 31, 2020, the recoveries have been slow following disrupted supplies since October, 2018 and initiation of CIRP during the year. The same are expected to pick up after successful implementation of the approved Resolution Plan.

e) In view of the commencement of Moratorium wef April 26, 2019 as per Section 14 of the Insolvency and Bankruptcy Code, 2016, the provisions of interest on borrowings, inter corporate deposits and interest payable on MSME are made upto April 26, 2019 only.

The observations and comments given by the Auditors in their report read together with notes of financial statements are self-explanatory and hence, the same to be treated as explanation provided under Section 134 of the Act. The audited financial statements for the year ended March 31, 2020 are drawn up in accordance with the requirements of Ind-AS Rules.

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

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

a) In view of the commencement of CIRP wef April 26, 2019 requiring preparations of various documents therefor, the Audited Financial Statement for the year ended March 31, 2019 and the unaudited financial results for the QE June30, 2019, September 30, 2019 and December 31, 2019 could not be finalised in time and hence, the Audited Financial Results for the year ended March 31, 2019 had been submitted on February 4, 2020 and the unaudited financial results for the QE June30, 2019, September 30, 2019 and December 31, 2019 had been submitted on April 9, 2020.

b) Due to paucity of funds, Company could not pay the annual Custody Fees to both the Depositories on time and hence, Company was not able to get data on time. Therefore, the Company on getting the data in March, 2020 after payment of the annual custody fees, had been able to submit the Shareholding Patterns for the Quarter ended September, 2019 and December, 2019 on March 22, 2020.

c) *Due to paucity of funds, Company could not pay the fees to RTA and hence, the Statement of Investor Grievances for the Quarter Ended September, 2019 and December, 2019 were submitted on March 3, 2020. Regarding the Statement of Investor Grievances for the Quarter Ended March 31, 2020, as our Registrars are based in Kolkata which was in red zone as declared by the Government due to pandemic COVID-19, Registrars were not able to open their office upto May 15, 2020 and hence, the same was submitted on May 19, 2020.*

d) *Due to paucity of funds, Company could not pay the fees to RTA and hence, the Certificate under Regulation 40(9) of the SEBI (LODR) Regulations, 2015 for the half year ended September 30, 2019 had been submitted on June 26, 2020.*

e) *Due to paucity of funds, Company could not pay the fees to RTA and hence, the Certificate under Regulation 7(3) of the SEBI (LODR) Regulations, 2015 for the half year ended September 30, 2019 had been submitted on June 11, 2020.*

f) *In view of the commencement of CIRP wef April 26, 2019 requiring preparations of various documents therefor, the Audited Financial Statement for the year ended March 31, 2019 had been approved by the Board of Directors (suspended) on February 4, 2020 and thereafter, as the AGM was scheduled on April 3, 2020, the Annual Report for the year 2018-19 was submitted with the Stock Exchanges on March 10, 2020, the date on which it was dispatched to the shareholders.*

AUDITORS

During the year under review, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, who had been appointed as the Statutory Auditors of the Company at the First Annual General Meeting to hold office until the conclusion of the Sixth Annual General Meeting of the Company, had resigned as Auditors of the Company wef February 4, 2020.

Thereafter, the Resolution Professional, under the authority given by the Committee of Creditors, appointed M/s S.K. Bajpai & Co., Chartered Accountants, Agra as the Statutory Auditors of the Company wef February 25, 2020 to fill the casual vacancy caused due to resignation of M/s Deloitte Haskins & Sells LLP and to hold office upto the conclusion of the 5th Annual General Meeting.

The tenure of the Statutory Auditors M/s S.K. Bajpai & Co., is going to end with the conclusion of this AGM but as per the terms and conditions of the Resolution Plan Approved by the Hon'ble NCLT, Ahmedabad vide its Order dated May 27, 2020, the existing Auditors will vacate their office on the Closing Date i.e. 180 days from the NCLT Approval Date and as per the provisions of Section 139(10) of the Companies Act, 2013, the appointment/re-appointment of the Statutory auditors is not being considered and therefore, the existing Auditors will continue to hold their office till the Closing Date.

The Committee of Creditors had appointed M/s N.D. Birla & Co., Cost Accountants, Ahmedabad, to audit the cost accounts of the Company for the year ended March 31, 2020 and the remuneration payable to them had been placed for Members approval at the 4th Annual General Meeting. Further, the Monitoring Committee has appointed the said Cost Accountants for audit of cost records of the Company for the year ending March 31, 2021. In terms of Section 148 (3) of the Act, the remuneration payable to them is required to be approved at the 5th Annual General Meeting.

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

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 Monitoring Committee

Jamnagar
September 2, 2020

(Sunil Kumar Agarwal)

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

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

CORPORATE INSOLVENCY RESOLUTION PROCESS

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

The CoC considered the resolution plans as submitted before it. After due deliberations, the CoC approved the Resolution Plan submitted by Finquest Financial Solutions Private Limited in their meeting held on February 11, 2020. The RP filed an application under Section 30(6) of the Code before the Hon'ble NCLT for its consideration and approval of the Resolution Plan. The Hon'ble NCLT, vide its Order dated May 27, 2020 (uploaded on the NCLT website on May 30, 2020), approved the Resolution Plan ("Resolution Plan Approval Order").

The Resolution Plan, as approved by the NCLT, is binding on the Company and its employees, members, creditors and other stakeholders involved therein, as per the provisions of the Code. The NCLT also approved appointment of Sri Sunil Kumar Agarwal as monitoring agent as authorised by the monitoring committee until the closing date to supervise the implementation of the Resolution Plan.

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

As mentioned above, in terms of the SEBI LODR Regulations, a company undergoing CIRP is not required to comply with various regulations and hence, other consequential requirements mentioned in the regulations may not be complied with by the Company such as prior approval of related party transactions by the audit committee, obligation with respect to independent directors, confirmation of compliance of code of conduct by board members and senior management personnel, disclosures by senior management to board of directors relating to material, financial and commercial transactions, familiarization programme imparted to independent directors, etc.

THE BOARD OF DIRECTORS

As per Notification no. SEBI/LAD-NRO/GN/2018/21 dated May 31, 2018, regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Board of Directors, shall not be applicable during CIRP period in respect of a listed entity provided that the role and responsibilities of the Board of Directors as specified under regulation 17 shall be fulfilled by the interim resolution professional / resolution professional / Monitoring agent as authorised by monitoring committee in accordance with the provisions of the Insolvency Code.

During the year under review, the Board consists of 4 Directors, of whom 3 are independent and all 4 are non-executive. Independent Directors play an important role in deliberations at the Board level, bring with them their extensive experience in various fields including banking, finance, law, administration and policy, and contribute significantly to Board committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broader perspective, by ensuring that the interests of all stakeholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. Our Board had during CIRP 3 independent Directors viz. Sri S. Ragothaman (Company Director, formerly senior official at ICICI), Sri Gajendran Ramanathan, (retired Banker) and Sri A.R. Sreekanth (real estate consultant). While Ms. Meenakshi Birla, non-executive Director and Sri C. Bhaskar, Managing Director & Chief Executive Officer resigned from the Board of Directors wef April 12, 2019, Sri Ajay Kumar Agarwal and Sri Satish Shah were appointed as Whole-time Directors of the Company wef April 19, 2019 designated as Director (Operations) and Director (Finance) & Chief Financial Officer respectively. Sri Ajay Kumar Agarwal and Sri Satish Shah resigned from the Board with effect from June 1 & 22, 2019 respectively.

On June 25, 2020, all four Directors of the Company i.e. Sri Sidharth Birla, Sri S. Ragothaman, Sri G. Ramanathan and Sri A.R. Sreekanth, vacated the office of Directors as per the terms and conditions of the approved Resolution Plan. Thereafter, Sri Bharat Patel, Sri Hardik Patel, Sri D.G. Rajan and Ms. Sudha Bhushan were appointed as Directors by the Monitoring Committee wef July 13, 2020 and Sri Ajay Kumar Agarwal has been appointed as an Additional Director by the Monitoring Committee wef August 8, 2020.

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

During the year under review, the position of the Chairman is non-executive, non-managerial in nature. Sri Sidharth Birla represent promoters; none of the Directors are related to each other or to promoters. Details are given below by category, attendance, shareholding, fees and total Directorships besides Memberships and Chairmanships of Board Committees.

Director	Category*	Board attendance **	Attendance at last AGM	B/C/Ch+	Sitting Fees Paid Rs.	Shares held as on March 31, 2020
Sri Sidharth Birla	P	-/1	No	5/1/-	-	50,000
Ms. Meenakshi Birla (upto April 12, 2019)	P	-/-	-	-	-	324
Sri S. Ragothaman	I	1/1	No	8/5/2	-	-
Sri G. Ramanathan	I	1/1	No	1/1/-	-	-
Sri A.R. Sreekanth	I	1/1	-	1/1/-	-	
Sri C. Bhaskar (upto April 12, 2019)	E	-/-	-	-	-	2,100
Sri Ajay Kumar Agarwal (wef 19.04.2019 to 01.06.2019)	E	-/-	Yes	-/-/-	-	100
Sri Satish Shah (wef 19.04.2019 to 22.06.2019)	E	-/-	Yes	-/-/-	-	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.

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

Appointment and remuneration of any Executive Director require approval of shareholders and such appointments are made for not more than five years and, when eligible, they can be re-appointed at the end of the term. Independent Directors, as required under the Companies Act, 2013 ('the Act'), are appointed for a term of upto 5 years in Annual General Meeting, and are eligible for re-appointment but cannot hold office for more than two consecutive terms (becoming eligible again after the expiry of three years from ceasing to be an independent director). 1/3rd of the other Directors retire every year and, when eligible, qualify for re-appointment. Nominee Directors, if any, are not considered independent and do not usually retire by rotation.

RESPONSIBILITIES

The Board's principal focus is on strategic issues and approval, policy and control and delegation of powers and it has specified a schedule of major matters (covering those required under law or SEBI Code) that are reserved for its consideration and decision, including, inter alia, review of corporate performance, reporting to shareholders, approving annual budget including capital budget, monitoring the implementation and effectiveness of the governance practices, appointing key executives and monitoring their remuneration, monitoring and managing potential conflicts of interest, ensuring integrity of Company's accounting and financial reporting system and that appropriate systems of control are in place, reviewing Board evaluation framework, setting up corporate cultural values and high ethical standard, treating all shareholders fairly and exercising objective independent judgment on corporate affairs.

The respective roles of the Board and the Management are clearly demarcated. The Management is required to (a) provide necessary inputs and basis to support the Board in its decision making process in respect of the Company's strategy, policies, performance targets and code of conduct (b) manage day-to-day affairs of the Company to best achieve targets and goals approved by the Board (c) implement all policies and the code of conduct, as approved by the Board (d) provide timely, accurate, substantive and material information, including on all financial matters and exceptions, if any, to the Board and/or its Committees (e) be responsible for ensuring strict and faithful compliance with all applicable laws and regulations and (f) implement sound, effective internal control systems and the Risk Management Procedure framed by the Board. The Board requires that the organization conducts business and develops relationships in an honest and responsible manner. To establish a policy framework to promote and adhere to the spirit, a Code of Conduct for all employees of the Company has been instituted and the Board has adopted a Business Code of Conduct for Directors and Senior Executives. In accordance with the requirements, the Board has laid down the Whistle Blower Policy and Policy for Prevention of Sexual Harassment at Work place. The Board has also laid down the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as well as the Code of Conduct to Regulate, Monitor and Report Trading by Employees & other Connected Persons under the SEBI (Prohibition of Insider Trading) Regulations, 2015. As on March 31, 2020, the overall management of the Company was vested in RP. The day-to-day working of the plant at Jamnagar is looked after by experienced officers. The Chief Financial Officer heads the finance function discharging the responsibility entrusted to him under regulations and by the Board. They are collectively entrusted with ensuring that all management functions are carried out effectively and professionally.

BOARD MEETINGS AND COMMITTEES

Only one Board Meeting on Aril 19, 2019 was held during the year under review which was attended by Sri S. Ragothaman, Sri G. Ramanathan and Sri A.R. Sreekanth. Thereafter, no board meetings were held during the year ended March 31, 2020 since the powers of the Board of Directors were suspended due to commencement of CIRP and the same vest in the Resolution Professional. However, thirteen meetings of the CoC were called by the IRP/RP during the financial year 2019-20. The date of CoC meetings are May 24, 2019, July 9, 2019, September 6 & 26, 2019, October 18, 2019, December 3 & 27, 2019, January 1, 15 & 27, 2020, February 3, 11 & 29, 2020.

No meeting of Independent Directors held separately as the powers of the Board of Directors were suspended from the date of commencement of CIRP with effect from April 26, 2019.

Audit Committee

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

The Committee, as on the date of commencement of CIRP, comprises of Sri S. Ragothaman (Chairman), Sri Gajendran Ramanathan, Sri A. R. Sreekanth and Sri Satish Shah and is mandated to meet at least four times in a year; to assess the final audited accounts and to review each quarter, the quarterly results and the limited review report before they are put up to the Board.

The powers of the Board of Directors and committees thereof were suspended from the date of commencement of CIRP with effect from April 26, 2019. Hence, no meeting of audit committee was held during the year ended March 31, 2020.

Remuneration & Nominations Committee

The Remuneration & Nominations Committee (which discharges the functions of the Nomination & Remuneration Committee as envisaged under Section 178 of the Act) comprises of non-executive Directors, majority of whom are independent. The Committee helps ensure that non-executive Directors make decisions on the appointment, remuneration, assessment and progression of Executive Directors and senior officers; any compensation of non-executive Directors is a subject only for the whole Board. The Committee has devised a policy on Board diversity and when required, makes recommendations to the Board on filling up Board vacancies that may arise from time to time or on induction of further Directors to strengthen the Board. The Committee has also formulated criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy for the remuneration of the Directors, Key Managerial Personnel and other employees as well as criteria for evaluation of Independent Directors and the Board (Remuneration Policy and the Evaluation criteria are annexed). The Committee, as on date of the commencement of CIRP, comprises of Sri S. Ragothaman (as Chairman), Sri A.R. Sreekanth (Independent Directors) and Sri Sidharth Birla (non-executive Promoter Director). As the powers of the Board of Directors and committees thereof were suspended from the date of commencement of CIRP with effect from April 26, 2019, no meeting of Remuneration & Nominations Committee was held during the year ended March 31, 2020.

The Board approved payment to each non-executive Director sitting fees of Rs.25,000 for every Board Meeting, Rs. 20,000 for every Audit Committee meeting, Rs.5,000 for Stakeholders Relationship Committee meeting and Rs. 10,000 for every other Committee meeting attended by him besides Rs.25,000 for separate meeting of Independent Directors. No fee is paid for meetings of the CSR Committee. No commission is paid to any Director.

Stakeholders Relationship Committee

The Committee is empowered to consider and resolve the grievances of security holders of the Company as well as to discharge all functions of the Board in connection with transfers and issue of certificates and record keeping in respect of the securities issued by the Company from time to time as well as to oversee the performance of the Registrar and Share Transfer Agents. Any shareholder grievance is referred to this Committee in the first instance for earliest resolution of a problem. The Company has about 66,000 shareholders and with a view to expedite share transfers, the Registrar and Share Transfer Agent of the Company, MCS Share Transfer Agent Limited, has been authorised to effect share transfers/transmissions, etc. The Company Secretary, Sri Jatin Jain, is appointed as Compliance Officer under relevant regulations. The Committee, as on the date of commencement of CIRP, comprises of Sri S. Ragothaman (Chairman), Sri Ajay Kumar Agarwal and Sri Satish Shah. During the year, 9 complaints/queries were received and all have been resolved. No cases of physical share transfers and for dematerialization or re-materialization were pending on March 31, 2020. As the powers of the Board of Directors and committees thereof were suspended from the date of commencement of CIRP with effect from April 26, 2019, no meeting of Stakeholders Relationship Committee was held during the year ended March 31, 2020.

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, as on the date of commencement of CIRP, comprises of Sri A.R. Sreekanth, Sri Ajay Kumar Agarwal and Sri Satish Shah. As the powers of the Board of Directors and committees thereof were suspended from the date of commencement of CIRP with effect from April 26, 2019, no meeting of CSR Committee was held during the year ended March 31, 2020.

Committee of Directors

The Committee of Directors, as on the date of commencement of CIRP, comprises of Sri Sidharth Birla, Chairman, Sri Gajendran Ramanathan and Sri S. Ragothaman attends to matters specified and/or delegated appropriately by the Board from time to time. Besides, the Board, from time to time, constitutes committees of Directors for specific purposes. These committees meet as and when necessary for discharge of their respective functions.

SHAREHOLDER INFORMATION & RELATIONS

The primary source of information for Shareholders is the Annual Report, which includes, *inter-alia*, the reports of the Board and the Auditors, audited Accounts, and the Management's Discussion and Analysis Report on operations and outlook. Management's statement on the integrity and fair presentation of financial statements is provided to the Board as part of the process of accounts approval. Shareholders are intimated via print media of quarterly financial results and performance besides significant matters, within time periods stipulated from time to time by Stock Exchanges. Quarterly results are published in Financial Express, all editions (including Ahmedabad, in Gujarati).

General Meetings of the Company are held at its Registered Office at Aerodrome Road, Jamnagar 361 006, Gujarat. The 1st and 2nd Annual General Meetings were held on September 23, 2016 (at 10.00 a.m.) and September 22, 2017 (at 10.00 a.m.) respectively at Company's Registered Office at Aerodrome Road, Jamnagar 361 006 while the 3rd Annual General Meeting was held on September 28, 2018 (at 9.00 a.m.) at Ashirwad Club Resort, Near Jamnagar – Khambhaliya By-Pass Road, Jamnagar 361 006. The 4th Annual General Meeting is scheduled to be held through Video Conferencing/Other Audio Visual Means as per the Revised Notice dated July 6, 2020. Besides, the Special Resolutions for approving the appointment of and remuneration payable to Sri C. Bhaskar as Managing Director for the period from March 18, 2016 to December 31, 2017, for keeping the Register of Members of the Company and the respective Register of other security holders, if any, as required u/s 88 of the Act together with the Index of Members and/or other security holders at the office of RTA and for amendment of Articles of Association at the Annual General Meeting held on September 23, 2016, Special Resolution was approved at the AGM held on September 28, 2018 for approving the appointment of and remuneration payable to Sri C. Bhaskar as Managing Director for three years wef January 1, 2018. No Special Resolution was put through postal ballot during the year and there is no item in the notice for the forthcoming Annual General Meeting requiring postal ballot. No Dividend has been declared so far and thus there was no date of mailing nor delay in payment. The Company keeps all shareholders informed via advertisements in appropriate newspapers of relevant dates and items requiring notice. **MCS Share Transfer Agent Limited, 383, Lake Gardens, 1st Floor, Kolkata 700 045 are Registrars and Share Transfer Agents (RTA)** both for shares held in physical and dematerialized form. The address for Shareholders' general correspondence is Company Secretary, DIGJAM Limited, Aerodrome Road, Jamnagar 361 006 (Gujarat); designated e-mail ID for grievance redressal is 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 case of any inquiry/grievances, etc. The Company had published and shall continue to publish quarterly results etc. in English and relevant vernacular print media and hold Annual General Meetings, and pay dividends (if any) within the time limits prescribed by law or regulations. The relevant information is displayed on the Company's website: www.digjam.co.in.

No presentation has been made to institutional investors, etc. The financial year of the Company is from April 1 to March 31. The Company continues to upload from time to time necessary financial data on its website. There are no GDR/ADR, warrants or other secured convertible instruments issued or outstanding. The Company's Equity Shares are listed at National Stock Exchange of India Ltd., Mumbai (Stock Code 'DIGJAMLTD') and BSE Ltd., Mumbai (Stock Code 539979). The Company could not pay listing fees to each of these Stock Exchanges for the year 2019-20 as on the date of this report. Equity Shares of the Company are compulsorily traded in dematerialized form. The Company has entered into agreements with NSDL and CDSL. The ISIN is INE731U01010. As on March 31, 2020, 8,69,34,670 Equity Shares representing 99.20% of the total Equity Shares were held in dematerialized form and 7,06,951 Equity Shares representing 0.80% were held in physical form. Out of the balance as on April 1, 2019 of the unclaimed 3,32,677 shares held by 12,422 shareholders credited in "DIGJAM Limited Unclaimed Suspense Account" in dematerialized form, 5 shareholders/heirs have approached for claiming the shares and accordingly, 974 shares were transferred in the said cases and the remaining 3,31,703 shares belonging to 12,417 shareholders remain unclaimed to the credit of this account. Voting Rights in respect of the aforesaid 3,31,703 shares held in the Unclaimed Suspense

Account will remain frozen till the time such shares are claimed by the concerned Shareholders. By operation of the 2nd Proviso to sub-section (2) of Section 47 of the Act, the holder of 5,00,000 – 8% Non-Convertible Redeemable Preference Shares (unlisted) of Rs. 100/- each, a company forming part of the Promoter Group, became entitled to 50,00,000 Voting Rights thereon with effect from March 27, 2017.

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

Distribution and pattern of Equity Shareholding as on March 31, 2020:

Distribution of Equity Shareholding

Shareholding range (Nos.)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500	54,388	82.59	53,41,312	6.09
501 – 1000	4,853	7.37	42,84,074	4.89
1,001 - 2,000	2,805	4.26	46,20,977	5.27
2,001 - 5,000	2,228	3.38	78,51,336	8.96
5,001 - 10,000	876	1.33	69,07,428	7.88
10,001 and above	704	1.07	5,86,36,494	66.91
Total	**65,854**	**100.00**	**8,76,41,621**	**100.00**

This statement is on the basis of the Shareholding pattern as on March 31, 2020 submitted to the Stock Exchanges.

Pattern of Equity Shareholding as on March 31, 2020

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Banks, FIIs, Insurance Companies	35	0.05	87,97,673	10.04
Domestic Companies	442	0.67	3,16,17,083	36.08
Mutual Funds	3	0.00	740	0.00
Non-residents	979	1.49	6,82,731	0.78
Resident Individuals/others	64,395	97.79	4,65,43,394	53.11
Total	**65,854**	**100.00**	**8,76,41,621**	**100.00**

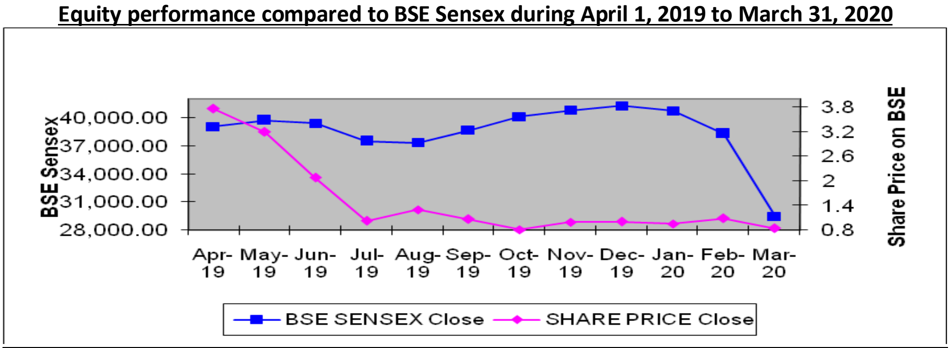
This statement is on the basis of the Shareholding pattern as on March 31, 2020 submitted to the Stock Exchanges.

Aggregate of non-promoter shareholding: 68.59 %

Monthly High and Low Market Price Data of Equity Shares [April 2019 to March 2020]

	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Year 2019				
April	4.59	3.58	4.55	3.50
May	3.70	2.95	3.75	2.90
June	3.30	2.04	3.30	2.00
July	2.12	1.02	2.10	1.00
August	1.44	0.93	1.45	0.90
September	1.36	1.06	1.35	1.10
October	1.15	0.79	1.10	0.80
November	0.99	0.77	0.95	0.80
December	1.29	0.92	1.25	0.95
Year 2020				
January	1.09	0.90	1.10	0.90
February	1.16	0.81	1.15	0.85
March	1.22	0.84	1.15	0.85
During the Year	**4.59**	**0.77**	**4.55**	**0.80**

Equity performance compared to BSE Sensex during April 1, 2019 to March 31, 2020



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

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

COMMODITY AND FOREIGN EXCHANGE RISKS

The Company is exposed to commodity price risks due to fluctuation in prices of raw materials. Further, the Company is liable to pay for its imports/expenses in the relevant currency (US Dollar, Australian Dollar, Euro and/or Pound) while major part of its export receivables are denominated in US Dollar and Euro; accordingly the Company is subject to foreign exchange risks arising from fluctuations in the exchange rates vis-a-vis the Indian Rupee. The Company seeks to mitigate commodity price risks through constant monitoring of input prices, and advance booking/purchases of raw materials when relevant subject to availability of funds. In respect of foreign exchange risks, the Company takes pro-active steps to manage these risks, by regularly tracking the currency parity scenario and at times taking suitable forward cover in consultation with the Bankers to the Company.

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

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

MANDATORY/NON-MANDATORY PROVISIONS

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

There has been no instance of non-compliance by the Company, nor any strictures or penalties imposed by the SEBI or any Statutory Authority on any matter related to capital markets except that there was delay in declaring the Results for YE March 31, 2019 and for QE June 30, 2019, September 30, 2019 and December 31, 2019. There was also delay in filing the following compliances with Stock Exchanges like Shareholding Pattern for QE September 30 & December 31, 2019, submission of Investor Complaint statement for QE September & December, 2019 & March, 2020, Certificate under Regulation 40(9) of SEBI (LODR) for half year ended September, 2019, Certificate under Regulation 7(3) of SEBI (LODR) for half year ended September, 2019 and Reconciliation of Share Capital Audit for QE September & December, 2019. Of the non-mandatory suggestions, those relating to a Chairman's Office, appointment of separate persons to the posts of Chairman and that of the Managing Director & CEO had been adopted while audit qualification as well as reporting by Internal Auditor directly to Audit Committee could not be adopted as the Company was under CIRP; sending six-monthly information to each shareholder household has not been adopted. The above represents the Company's philosophy on, and implementation of, its corporate governance. Auditor's certification as required forms a part of this Annual Report.

For and on behalf of the Monitoring Committee

Jamnagar *(Sunil Kumar Agarwal)*
September 2, 2020

BOARD OF DIRECTORS as on the date of signing of the Corporate Governance Report

SRI BHARAT PATEL (DIN: 01100361)

A Chartered Accountant, widely regarded as one of the most successful equity investors in India and a highly known and respected member of the capital markets fraternity. He is the Chairman of Rubfila International Limited, Finquest Financial Solutions Private Limited, Krihaan Texchem Private Limited and Premier Tissues (India) Limited and many family promoted companies.

SRI HARDIK PATEL (DIN: 00590663)

A Masters in Business Administration from Crummer Graduate School of Business, Florida, USA. He is the founder and Promoter of FINQUEST and has worked with pre-eminent investment banks and asset advisory firms such as Merrill Lynch, PCE Investment Bankers and Fidelity Investments in the USA. Sri Patel specializes in developing bespoke client specific solutions including creating prudent asset allocation techniques and building model portfolios.

He is on the Board of Premier Tissues (India) Limited, Finquest Securities Private Limited, Finquest Capital Services Private Limited, Finquest Wealth Advisory Services Private Limited, Finquest Financial Solutions Private Limited, Finquest Arc Private Limited and Krihaan Texchem Private Limited and many family promoted companies.

SRI AJAY KUMAR AGARWAL (DIN: 03508224)

A Delhi University Post-Graduate, is having expertise in operations of textile and other industry, administration, general management and Government liasoning. Sri Agarwal is having an experience of over 36 years in manufacturing industry. He is associated with the Company since last 24 years in various senior positions including as Chief Operating Officer.

SRI DURAISWAMY GUNASEELA RAJAN (DIN: 00303060)

A Fellow Member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of India. He is also an Associate Member of the Institute of Internal Auditors. Sri Rajan served as a Partner at Lovelock & Lewes from 1967 and was the Senior Partner (Chairman) of the firm from 1984 till 1990. He also served as the Chairman of the Direct Taxation Committee of the Southern India Chamber of Commerce & Industry and a Member of the Board of Governors of The Doon School, Dehradun.

Sri D.G. Rajan is on the Board of Rubfila International Limited, Balaji Telefilms Limited, Balaji Motion Pictures Limited, IFGL Refrectories Limited, Lotte India Corporation Limited, Havmor Ice Cream Private Limited, Finquest Arc Private Limited and ALT Digital Media Entertainment Limited.

MS. SUDHA BHUSHAN (DIN: 01749008)

A qualified Chartered Accountant, Company Secretary, an Insolvency Resolution Professional and a Registered Valuer. She is Co-Founder of Taxpert Professionals, a multifaced consulting company and also advisor to Bank of Baroda, NRI and International operations. She is on the board of Aurionpro Solutions Limited and Edgecert Secure Private Limited.

She is Co Chairperson of Business Next Committee at Indian Merchant Chamber – LW and a member of Indo French Chamber of Commerce and industry. She has vast experience in the Audit and Assurance with expertise in Foreign Exchange Management Act, International Transaction Advisory, Structuring and regulatory affairs. She has also authored many books on International Transactions, Due Diligence on FEMA, etc.

CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
DIGJAM Ltd,
(CIN: L17123GJ2015PLC083569)

We have examined the compliance of conditions of Corporate Governance by DIGJAM Limited ("the company") for the year ended 31st March, 2020 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') along with the relevant records and documents maintained by the Company and furnished to us.

During the year under review, a Corporate Insolvency Resolution Process ("CIRP") has commended for the Company wef April 26, 2019 vide Order No. C.P. (I.B.) 594/9/NCLT/AHM/2018 dated April 26, 2019 issued by the Hon'ble National Company Law Tribunal, Ahmedabad. Hence, according to Regulation 15(2A) & (2B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulations 17 to 21 related to Board of Directors, Audit Committee, Nomination and Remuenration committee, Stakeholders Relationship Committee, and Risk Management Committee respectively are not applicable during CIRP.

Management's Responsibility

The Compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations

Auditor's Responsibility

Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the company has complied with the conditions of corporate governance, as stated in paragraph above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have examined the relevant records of the company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, to the extent applicable, during the year ended 31st March, 2020.

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

Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come, without our prior consent in writing

Place : Agra
Date : 22-07-2020

For S.K.Bajpai & Co.
Chartered Accountants
Firm Reg. No. 004330C

(CA. Sarvesh Kumar Bajpai)
Partner
Membership No. 073277
UDIN: 20073277AAAAAN4367

MANAGEMENTS' DISCUSSION & ANALYSIS REPORT

We submit herewith our Managements' Discussion & Analysis Report for the year ended March 31, 2020. We have included discussions on all specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's competitive position.

COMPANY & INDUSTRY STRUCTURE

The Company operates in woollen worsted textiles segment and operates a fully equipped composite mill (ISO 9001 certified) in Jamnagar, Gujarat, which has been manufacturing high quality worsted fabrics for over last six decades. The woollen worsted industry in the country comprises of a few mills in the organized sector and a number of units in the unorganized sector. Company's commitment to quality and customer orientation reflects in its strong widely recognized and valuable brand - **DIGJAM**. The mill had a proven track record of design and manufacture of high quality fabrics. The Company is proactive in its marketing efforts by enhancing its brand visibility, strengthening marketing organization and closer interaction with and expansion of its channel partners.

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.

	2019-20	**2018-19**
Product : Woolen/Worsted Fabrics		
Production (Lac Mtrs)	0.22	1.03
Sales (Lac Mtrs):		
- Domestic	0.15	2.90
- Exports	-	0.24
Revenue (Lac Rs.)	81	921

The financial year ended met with a pandemic COVID-19 which has impacted in each and every sector of the industries in India and the textile industry is not an exception.

The textile industry remains one of the mainstays of the national economy, and a significant contributor to Indian exports. The woollen/worsted fabric industry, however, increasingly faces challenges in the market from changing consumption patterns driven by cheaper alternative fabrics and shift away from daily formal wear. The demand during the year was particularly affected due general liquidity constraints in the market.

Besides the subdued market situation, the Company's overall operations suffered on account of the suspension of manufacturing of woolen and worsted fabrics at the Company's mills located at Jamnagar from October, 2018 due to extremely tight liquidity and working capital position and subsequently, commencement of CIRP during the year under review. The operations in the overall resulted in loss before interest and depreciation of Rs. 13.91 Crores. Finance costs and Depreciation were Rs. 1.13 Crores and Rs. 2.55 Crores respectively, yielding a loss before tax of Rs. 17.59 Crores during the year. The liquidity pressures resulting from the losses further impacted operations, marketing efforts and cash flows.

Despite of all efforts to revive the Company, Corporate Insolvency Resolution Process was commenced wef April 26, 2019 as per the Regulations of Insolvency and Bankruptcy Code, 2016 and subsequently, the Resolution Plan submitted by M/s Finquest Financial Solutions Private Limited had been approved by the Hon'ble NCLT, Ahmedabad vide its Order dated May 27, 2020.

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

ENVIRONMENT & SAFETY

We are fully conscious of the need for both environmentally clean and safe operations. Our policy requires all operations to be conducted in a way so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources.

HUMAN RESOURCES

The Company continued to be under CIRP and hence, the management tried to sustain the ongoing status of the organization by retaining critical talent. A measure of controlling fixed cost and continued employee communication neutralised the difficult situation.

OTHER MATTERS

The difficult financial position and the consequences thereof continue to disrupt operations, production remains suspended and the management of funds remains a major concern. During the year the Company continued incurring losses and the current liabilities exceeded its current assets. The Company is under the Corporate Insolvency Resolution Process since April 26, 2019 and was subjected to the risks, concerns and opportunities arising therefrom. As the Resolution Plan has been approved by the Hon'ble NCLT, Ahmedabad after the year end, we look forward to a successful implementation of the Plan to utilize the Company's intrinsic strengths. Internal control systems are regarded as being adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance with all relevant regulations and laws. We record our appreciation of all our sincere employees, gratefulness to our Shareholders, lenders and banks and other stakeholders, concerned Government and other authorities and our channel partners for their continued support and to customers for their reposing faith and confidence in us.

CAUTIONARY STATEMENT

Statements in this "Managements' Discussion & Analysis" which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. However, actual results could or may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations also include success of implementation of the approved Resolution Plan, 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 Monitoring Committee

(Sunil Kumar Agarwal)

Jamnagar
September 2, 2020

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

1. Guiding principles:

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

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

2. Remuneration:

a) Base Compensation (fixed salaries)

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

b) Variable salary:

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

c) Severance pay:

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

3. Role of the Remuneration & Nominations Committee:

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

a) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this policy;
b) advising the Board on issues concerning principles for remuneration, remuneration and other terms of employment for Executive Directors & Senior Executives;

c) recommending to the Board, candidates and terms of employment for EDs and senior executives
d) monitoring and evaluating programs for variable remuneration;
e) monitoring and evaluating the application of this Policy; and
f) monitoring and evaluating current remuneration structures and levels in the Company.

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

4. Authority to decide on deviations from this Policy:

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

5. Amendment

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

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

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

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

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

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

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

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

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

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

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

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

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

iii. The capital investment on energy conservation equipment:

Financial impact not separately quantified.

B. Technology Absorption

i. The efforts made towards technology absorption :

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

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

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

ii. The benefits derived:

a. Fabrics certified in accordance with Oeko-Tex Standard 100 as meeting the human ecological standards for products with direct contact to skin.
b. Technology upgradation to meet the specifications of exportable products.
c. Increased range and variety of fabrics with finishes like bio-polishing, 100% wool washable fabrics and nano finished fabrics.
d. Improvement in quality and marketability of existing products.
e. Energy and water conservation.
f. Better and easier availability of materials leading to less dependence on imported items and saving of foreign exchange outgo.
g. Improved productivity and improved machine performance resulting in saving in process cost.

iii. No fresh technology has been imported during the last three years.

iv. The expenditure on Research and Development:

- Recurring expenditure: estimated at Rs. 2.21 lacs

C. Foreign Exchange Earnings and Outgo

(Lac Rs.)

	Year ended March 31, 2020	Year ended March 31, 2019
Total foreign exchange earned	21.22	79.83
Total foreign exchange used	Nil	Nil

For and on behalf of the Monitoring Committee

Jamnagar **(Sunil Kumar Agarwal)**
September 2, 2020

1. Preface

a. The Company has adopted its Corporate Governance Regulations under relevant Regulation, Listing Agreement and Company Law as well as best practices relating thereto. The Board believes that the good governance is voluntary and self-disciplining, with the strongest impetus coming from Directors and the management itself. The management and organization at DIGJAM Limited aims to be progressive, competent and trustworthy, while reflecting and respecting the best of Indian values in conduct. The Board lays significant emphasis on integrity, transparency and accountability by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has formulated the Code of Conduct for Directors and Senior Management ("the Code"), which lays down the principles and standards that should govern the actions of the Company and their employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the Code cannot be undermined. This policy requires the employees to report violations, i.e., every employee of the Company shall promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company.

b. Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called 'Whistle Blower Policy' for directors, stakeholders, employees and their representatives to freely communicate their concerns about illegal or unethical practices/behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

c. Under the Companies Act, 2013 every listed company is required to establish a vigil mechanism for directors and employees to report genuine concerns.

d. Accordingly, this Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach the Audit Committee of the Company.

2. Definitions

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

a. **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the Stock Exchanges.

b. "**Employee**" means every employee of the Company and their representative bodies including Directors of the Company.

c. "**Investigators**" mean those persons authorized, appointed, consulted or approached by the Audit Committee and include the auditors of the Company and the police.

d. "**Protected Disclosure**" means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

e. "**Company**" means DIGJAM Limited.

f. "**Subject**" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

g. "**Whistle Blower**" means an Employee making a Protected Disclosure under this Policy.

3. Scope

a. This Policy is an extension of the Code of Conduct for Directors & Senior Management, Code of Best Practices for the Board and Rules and Regulations of the Company. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigators.

c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

4. Eligibility

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

5. Disqualifications

a. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.

c. Whistle Blowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistle Blowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

6. Procedure

a. All Protected Disclosures should be addressed to the Chairman of the Audit Committee of the Company.

b. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.

c. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigator appointed for this purpose.

d. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.

e. The Whistle Blower must disclose his/her identity in the covering letter forwarding such Protected Disclosure (and not in the Protected Disclosure itself). Anonymous disclosures will not be entertained by the Audit Committee as it would not be possible for it to interview the Whistle Blowers.

7. Investigation

a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Investigator, as directed by Audit Committee, who will investigate / oversee the investigations under the authorization of the Audit Committee.

b. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

c. Any member of the Audit Committee who may have a conflict of interest in respect of the matter under investigation/the protected disclosure, should recuse himself and the other members of the Committee shall deal with the matter.

d. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation sought does not merely require them to admit guilt.

g. Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.

k. The investigation shall be completed normally within 60 days of the receipt of the Protected Disclosure.

8. Protection

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

b. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

c. Any violation of the above protection should be reported to the Chairman of the Audit Committee who shall cause the same to be investigated and recommend appropriate action, if required, to the management.

9. Investigators

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.

c. Investigations will be launched only after a preliminary review which establishes that:

   i. the alleged act constitutes an improper or unethical activity or conduct, and

   ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

10. Decision

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

11. Reporting

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

12. Retention of documents

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

13. Amendment

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

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

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

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

ANNEXURE -AREAS PRESCRIBED UNDER THE COMPANIES ACT, 2013:

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

Annexure to the Directors' Report

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

a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year: Not applicable as there is no Executive Director as on March 31, 2020 who is drawing salary.

b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sri Satish Shah – (Chief Financial Officer):	**(4.18)**
Sri Jatin Jain – (Company Secretary):	**(0.18)**

c) The percentage increase in the median remuneration of employees in the financial year : **(0.62)**

d) The number of permanent employees on the rolls of Company: **568 (as on March 31, 2020)**

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration during the last financial year for Employees other than Managerial Personnel is **(8.96%)** *and* **(5.15%)** *for Managerial Personnel.*

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

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

For and on behalf of the Monitoring Committee

Jamnagar
September 2, 2020

(Sunil Kumar Agarwal)

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

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

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

Further, the Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad Bench, has admitted petition for initiation of Corporate Insolvency Resolution Process ("CIRP") u/s 9 of the Insolvency and Bankruptcy Code, 2016 ("the Code") filed by operational creditor vide Order no. C.P. (I.B.) 594/9/NCLT/AHM/2018 dated 26th April, 2019. In view of this, my verification and/or examination of the Board process and compliance, Secretarial Standards as well as related relevant Minutes Books, papers and documents, etc. are restricted during the year under review and wherever applicable herein after in this Secretarial Audit Report.

I have been informed by Resolution Professional ("RP") that certain information including the Minutes of meeting of Committee of Creditors ("CoC") and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than Committee of Creditors and NCLT. Further, I was informed that the Committee of Creditors has approved the Resolution Plan and was filed with Hon'ble NCLT which has since been approved by Hon'ble NCLT vide Order dated May 27, 2020 and Sri Sunil Kumar Agarwal, erstwhile Resolution Professional of the Company has been appointed as Monitoring Agent to supervise the implementation of the Resolution Plan. However, the detailed resolution plan has not been made available for our review. In the opinion of RP, the matter is highly sensitive and confidential. Accordingly, I am unable to comment on the Minutes of the CoC meetings and decision taken in meeting of the CoC.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Digjam Limited for the financial year ended on 31st March, 2020 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **[Applicable only to the extent of Foreign Direct Investment and Overseas Direct Investment]**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **[Not Applicable as the Company has not issued any further share capital during the period under review]**;

  d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **[Not applicable as the Company does not have any Employee Stock Option Scheme and Employee Stock Purchase Scheme]**

  e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable as the Company does not have any listed debt securities]**

  f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **[Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];**

  g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

[Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.]

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **[Not Applicable as there was no reportable event during the period under review];**

vi. The laws as are applicable specifically to the Company are as under:

a) Textiles Committee Act, 1963;
b) Textiles (Development and Regulation) Order, 2001;
c) Textile (Consumer Protection) Regulations, 1988;

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

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

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

- Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requires the submission of Audited Financial Results for the year ended March 31, 2019 should have to be disclosed before May 30, 2019 but the same was submitted on February 4, 2020 and the unaudited Financial Results for the quarter ended June 30, 2019, September 30, 2019 and December 31, 2019 should have to be disclosed before august 14, 2019, November 14, 2019 and February 14, 2020 respectively but the same were submitted on April 9, 2020.

- Regulation 31(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requires the submission of the Shareholding Pattern for the Quarter ended September, 2019 and December, 2019 has to be filed with Stock Exchanges within 21 days from the end of the quarter i.e. October 21, 2019 and January 21, 2020 respectively but the same were submitted on March 22, 2020.

- Regulation 13 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requires the submission of the Statement of investor grievances for the Quarter ended September, 2019, December, 2019 and March, 2020 has to be filed with Stock Exchanges by October 21, 2019, January 21, 2019 and May 15, 2020 (extension granted due to COVID-19) respectively but the statement for QE September & December, 2019 were submitted on March 3, 2020 while statement for QE March, 2020 submitted on May 19, 2020.

- Regulation 40(9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requires the Certificate to be submitted for the half year ended September 30, 2019 should have been filed by October 31, 2019 was submitted with Stock Exchanges on June 26, 2020.

- Regulation 7(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requires the Certificate to be submitted for the half year ended September 30, 2019 should have been filed by October 31, 2019 was submitted with Stock Exchanges on June 11, 2020.

- Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 requires submission of the Reconciliation of Share Capital Audit for the QE September 30, 2019 and December 31, 2019 should have been filed by October 31, 2019 and January 31, 2020 but the same were submitted with the Stock Exchanges on June 26, 2020.

- Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requires the submission of Annual Report for FY ending of 31st March 2019, with stock exchange not later than the day of commencement of dispatch to its Shareholders, the same was filed with Stock Exchange on 10th March 2020. As the AGM for FY ending on 31st March 2019, of the Company was scheduled on 3rd April, 2020, and hence the Annual Report for the same was filed with Stock Exchange on 10th March 2020, the date on which it was dispatched to its shareholders.

We further report that: -

- Adequate notice is generally given by Company Secretary to Resolution Professional to schedule the Meetings of Resolution Professional to manage the affairs of the Company.

  Agenda and detailed notes on agenda were generally sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

- All the decisions to manage the affairs of the Company are carried out by Resolution Professional and as informed, there were no dissenting views and hence, not recorded as part of the minutes. These functions are performed by the Resolution Professional only to the limited extent of discharging the powers of the Board of Directors of the Company (suspended during CIRP) which have been conferred upon him in terms of provisions of Section 17 of the Code.

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

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

As per the information provided and explanations given to me in the representations made by the management and relied upon by me, we further report that, the following are the specific events/actions took place, having a major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines, etc.,

- *Pursuant to Section 96 of the Companies Act, 2013, the 4th Annual General Meeting ("AGM") of the members of the Company for the year 2018-19 which was required to be held on or before September 30, 2019 (and on or before November 30, 2019 considering the extension given by the Registrar of Companies, Gujarat) is scheduled to be convened on August 7, 2020 through Video Conferencing/Other Audio visual Means.*

The Hon'ble NCLT has approved the Resolution Plan submitted by Finquest Financial Solutions Private Limited vide Order dated May 27, 2020. The Resolution Plan, as approved by the Hon'ble NCLT, is binding on the Company and its employees, members, creditors and other stakeholders involved, as per the provisions of the Insolvency and Bankruptcy Code, 2016. The Hon'ble NCLT has also approved the constitution of Monitoring Committee and appointment of Sri Sunil Kumar Agarwal as Monitoring Agent until closing date to supervise implementation of the Resolution Plan.

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

For, **Viral Sanghavi & Associates**
Company Secretaries

CS Viral Sanghavi
Proprietor

M No. FCS 10331 CP 9035

On 26th July, 2020 at Jamnagar
UDIN: F010331B000506200

ANNEXURE TO SECRETARIAL AUDITORS' REPORT

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

Our Secretarial Review Report of even date, for the financial year ended 31st March 2020 is to be read along with this letter.

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

For, **Viral Sanghavi & Associates**
Company Secretaries

CS Viral Sanghavi
Proprietor
M No. FCS 10331 CP 9035

On 26th July, 2020 at Jamnagar
UDIN: F010331B000506200

Independent Auditor's Report

To The Members of DigjamLimited (under CIRP)
Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to auditthe accompanying financial statements of Digjam Limited ("the Company") under CIRP, which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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

Basis for Disclaimer of opinion

I. As per Note 3A, 3B and 38to the financial statements, the carrying value of the Company's Property, Plant and Equipment and Intangible Assets are Rs. 16,817 lacs and Rs. 2.95lacs respectively. In accordance with Ind AS-36 "Impairment of Assets", an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired, if such indication exists, the entity shall estimate the recoverable amount of the asset. In view of the uncertainty of resumptions of the Company's operations, the management is required to make an assessment of impairment to the carrying value of its assets. Pending resolution of Corporate Insolvency Resolution Process ("CIRP) at the year end, we have been informed that the Management has not performed an assessment to determine any impairment to the carrying value of these assets. Consequently, we are unable to conclude if any impairment needs to be recognized to the carrying value of these assets and its consequential effects on the financial statements.

II. As referred in Note 5 and Note 36 to the financial statements, the company's inventories as at 31st March, 2020are carried at Rs.2216.43 lacs, being the lower of cost and net realizable value based on management/Resolution Professional's estimates. Amid Covid-19 it was impracticable for us to attend the management's physical inventory count that was carried out at the year end, also even after performing alternative audit procedures we have not been able to obtain sufficient and appropriate audit evidence to test the methods and assumptions used by the management in determining the net realizable values and therefore we are unable to conclude if the value of inventories is fairly stated in the financial statements.

III. We draw attention to Note 34 and Note 40 to the financial statements, which indicate that the company's production has been suspended since October 2018. The company has incurred a net loss of Rs. 1,744.68 lacs during the year ended 31st March, 2020 and, as of that date, the company's current liabilities exceeded its current assets by Rs. 12,185.11 lacs. The Note further refers to the current status of the Corporate Insolvency Resolution Process which is initiated on 26th April, 2019 and the resolution plan was approved by NCLT subsequent to the year end on 27th May, 2020, pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

However the resolution plan is yet to be implemented till the date of audit report. This indicates existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going-concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

IV. We draw attention to Note 6 and Note 39 to the financial statements. As stated in the Note, the company has trade receivable amounting to Rs. 181.14 lacs as at 31st March, 2020. In view of suspension of operations since a long period, uncertainty of resumption of future operations and absence of most of the confirmation as at the year end, we have not been able to obtain sufficient and appropriate audit evidence regarding the recoverability of the balance trade receivables of Rs. 181.14 lacs and therefore are unable to conclude on the reasonableness of the carrying value of the trade receivables and the consequential effects, if any, on the financial statements.

V. We draw attention to Note 37 to the financial statements, the Company has not provided for the Interest on borrowings, inter corporate deposits and interest payable to MSME after 26th April, 2019 in the view of Moratorium as per Section 14 of the Code. The same is not in compliance with Ind AS -23 "Borrowing Costs". Had the provision for interest been recognized, finance cost and total expenses, would have been higher, consequently, Loss and total comprehensive Loss would have been higher. It would further affect the other financial liability and other equity. We areunable to conclude the amount of consequential effects, if any, on the financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 34 and Note 40 to the financial statements, which indicate that the company's production has been suspended since October 2018. The company has incurred a net loss of Rs. 1,744.68 lacs during the year ended 31st March, 2020 and, as of that date, the company's current liabilities exceeded its current assets by Rs. 12,185.11 lacs. The Note further refers to the current status of the Corporate Insolvency Resolution Process which is initiated on 26th April, 2019 and the resolution plan was approved by NCLT subsequent to the year end on 27th May, 2020, pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

However the resolution plan is yet to be implemented till the date of audit report. This indicates existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going-concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Other matters

1. That the financial statements of the prior period were audited by the predecessor auditor and the predecessor auditor's report dated 04th February, 2020 stated a Disclaimer of opinion.

2. As refer to Note 17 to the financial statements the Company has a pending statutory due (including TDS, TCS, GST and employee statutory obligations) amounting to Rs. 258.72lacs as at the year-end 31st March 2020

3. For actuarial valuation of the Gratuity liability and Privilege Leave liability we relied on actuarial valuation report of Management's Expert.

4. The company has not complied with the provisions of Section 138 of the Companies act, 2013, as company has initiated the Internal audit process for the half year ended 31st March, 2020.
5. The Company has made an adhoc provision of Rs. 3.00 lacs under the head miscellaneous expenses.

Information Other than the Financial Statements and Auditor's Report Thereon

In the ongoing Corporate Insolvency Resolution Process(CIRP), The Resolution Professional (RP) is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance and conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by M/s Oman Inc. (HUF), operational creditor against Digjam Limited ("the Company") and appointed Mr. Parag Sheth to act as Interim Resolution Professional (IRP) with the directions to initiate appropriate action contemplated with extent provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules.

Pursuant to ongoing Corporate Insolvency Resolution Process (CIRP) powers of the Board of Directors have been suspended and these responsibilities are now vested with Resolution Professional (RP).

In the view of ongoing Corporate Insolvency Resolution Process(CIRP), The Resolution Professional (RP) is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation ofthe financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.However, in view of the Corporate Insolvency Resolution Process having been commenced before NCLT,as under section 20 of the Code, it is incumbent upon the Resolution Professional to manage the operations of the Company as a going concern and for the reason specified in note 34 to financialstatements;the accounts have been prepared on going concern basis.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Because of the matter(s) described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) As described in the Basis for Disclaimer of opinion, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) Due to possible effects of the matter described in the Basis for Disclaimer of Opinion section, we are unable to state that whether proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) Due to possible effects of the matter described in the Basis for Disclaimer of Opinion section, we are unable to state that whether the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) Due to possible effects of the matter described in the Basis for Disclaimer of Opinion section, we are unable to state whether; the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) The matters stated in Basis for Disclaimer of Opinion section above in our report, may have adverse effect on the functioning of the company.

f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Resolution Professional, none of the director is disqualified as on March 31, 2020 from being appointed as director in terms of section 164(2) of the Act. However in the view of corporate resolution process ("CIRP") from April 26th, 2019, the powers of Board of Directors stand suspended as per section 17 of the code and such powers are being exercised by the Resolution Professional.

g) The reservation relating to the maintenance of the accounts and other matters connected therewith are as states in the Basis for Disclaimer of Opinion section above.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses adverse opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order.

For S.K. Bajpai & Company
Chartered Accountants
Firm Registration No.004330C

Sarvesh Kumar Bajpai
Partner
Membership No. 073277
UDIN:20073277AAAAAO4361

Place: Agra
Date: July 30, 2020

Annexure "A" to the Independent Auditor's Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Adverse opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31st March, 2020.

1. The company did not have appropriateinternal control for assessment of recoverability of trade receivables.

2. The company did not have appropriateinternal control for assessment of net realizable value of inventories.

3. The company did not have appropriate internal control process to assess the appropriateness of using the going concern assumption.

4. The company did not have internal controls for assessment of impairment, if any, to the carrying value of Property, Plant and Equipment and Intangible assets.

5. The company has not provided for interest on loans, inter corporate deposits and Interest payable to MSME after 26th April, 2020. Same is not in compliance with Ind AS 23 “Borrowing costs”.

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

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effects/possible effects of the material weaknesses described in Basis for Adverse Opinion section above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were not operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31st March, 2020, and the material weakness has affected our opinion on the said financial statements of the company and we have issued a Disclaimer of Opinion on the financial statements of the Company

For S.K. Bajpai & Company
Chartered Accountants
Firm Registration No.004330C

Sarvesh Kumar Bajpai
Partner
Membership No. 073277

Place: Agra
Date: July 30, 2020

UDIN:20073277AAAAAO4361

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Digjam Limited of even date)

(i)In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, includingquantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except for the following:

Particulars of the land	Gross block as at 31st March, 2020	Net block as at 31st March, 2020	Remarks
Freehold land at Jamnagar, Gujarat	Rs. 5.91 lacs	Rs. 5.91 lacs	The documents for the land are yet to be mutated from the former names of the Company viz. Birla VXL Limited (DigjamWoollen Mills) to Digjam Limited.

In respect of immovable properties of land and building, none have been taken on lease by the company. So reporting under this clause is not applicable.

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

iii. According the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. The Company has not granted any loan, made investments or providing guarantees and securitiesand therefore, the provisions of the clause 3(iv) of the Order in not applicable.

v. According the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 to which the directions issued by the Reserve Bank of India and the provisions of section 73 to 76 and any other relevant provisions of the Act and Companies (Acceptance of Deposit) Rules, 2014, as amended would apply, therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have prima facie reviewed the cost record maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and we are of the opinion that, the prescribed cost records have been made and maintained. We have not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues :

(a) The Company hadnot been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) The undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for period of more than six months from the date they became payable are as follows:

Particulars	Amount outstanding as on 31st March, 2020	Remark
Professional tax on salary	Rs. 10.67 lacs	Pending since March 2019

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. In lacs)	Amount unpaid (Rs. In lacs)
Finance Act, 1994	Service Tax				
		Customs, Excise and Service Tax Appellate Tribunal	18.04.2006 to 31.07.2006	11.47	10.99
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Oct 2009 to Sept 2014	115.16	106.52
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Oct 2014 to July 2017	28.21	26.09

viii. In our opinion and according to the information and explanation given to us, the Company has defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company has not taken any loans or borrowings from thegovernment or has not issued any debentures.The details regarding the defaults are as under:

Name of lender	**Amount of default of repayment as at 31st March, 2020 (Rs. In lacs)**	**Period of default upto 31st March, 2020**
Uco Bank	3786.72	Since May 2018
State Bank of India	1157.29	Since May 2018

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Resolution Professional on behalf of the Company has raised money by the way of term loans regarded as interim finance as per Insolvency and Bankruptcy Code 2016 and the said loans were utilized for the purpose for which they were raised.

x .Tothe best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S.K. Bajpai & Company
Chartered Accountants
Firm Registration No.004330C

Sarvesh Kumar Bajpai

Partner
Membership No.073277
UDIN: 20073277AAAAAO4361

Place: Agra
Date: July 30, 2020

BALANCE SHEET AS AT MARCH 31, 2020

(Rs. In Lacs)

	Notes	As at March 31,2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3A	16,817.00	17,078.60
Intangible Assets	3B	2.95	5.37
Financial Assets			
Other Financial Assets	4	19.34	1.05
Total Non-Current Assets		**16,839.29**	**17,085.02**
Current Assets			
Inventories	5	2,216.43	2,338.24
Financial Assets			
Trade Receivables	6	181.14	327.31
Cash and Cash Equivalents	7	19.72	251.19
Other Balances with Banks	8	30.00	-
Other Financial Assets	4	12.52	11.90
Current Tax Assets	9	23.23	23.16
Other Current Assets	10	74.67	59.56
Total Current Assets		**2,557.71**	**3,011.36**
Total Assets		**19,397.00**	**20,096.38**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	8,764.16	8,764.16
Other Equity	12	(7,612.30)	(5,867.62)
Total Equity		**1,151.86**	**2,896.54**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	2,921.09	2,919.28
Other Financial Liabilities	14	85.91	90.17
Provisions	15	495.31	445.20
Total Non-Current Liabilities		**3,502.31**	**3,454.65**
Current Liabilities			
Financial Liabilities			
Borrowings	13	6,079.35	5,831.25
Trade Payables	16		
- dues to micro and small enterprises		47.74	47.74
- dues to creditors other than micro and small enterprises		3,916.43	3,297.50
Other Financial Liabilities	14	4,249.86	4,101.80
Provisions	15	73.15	105.55
Other Current Liabilities	17	376.30	361.35
Total Current Liabilities		**14,742.83**	**13,745.19**
Total Liabilities		**18,245.14**	**17,199.84**
Total Equity and Liabilities		**19,397.00**	**20,096.38**

Accompanying notes form integral part of the financial statements

In terms of our report attached

For S K Bajpai& Co.
Chartered Accountants

S K Bajpai	**Jatin Jain**	**Sunil Kumar Agarwal**
Partner	*Company Secretary*	*On behalf of the Monitoring Committee*
Agra	Jamnagar	Ahmedabad
July 30, 2020	July 30, 2020	July 30, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In lacs)

	Notes	Year ended March 31,2020	Year ended March 31,2019
INCOME			
Revenue from Operations	18	81.19	921.18
Other Income	19	7.65	108.38
Total		**88.84**	**1,029.56**
EXPENSES			
Cost of Materials Consumed	20	(2.72)	16.97
Purchase of Stock-in-Trade	21	2.12	127.03
Changes in Inventories (of Finished Goods, Work-in-Progress and Stock-in-Trade)	22	64.42	1,086.00
Employees Benefits Expense	23	1,141.82	1,756.48
Finance Costs	24	112.79	1,530.80
Depreciation and Amortisation Expense	25	254.65	263.55
Other Expenses	26	274.31	684.95
Total		**1,847.39**	**5,465.78**
Loss before Tax		**(1,758.55)**	**(4,436.22)**
Tax Expense			
Current Tax		-	-
Deferred Tax	28	-	-
Total		-	-
Loss for the year		**(1,758.55)**	**(4,436.22)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		13.87	102.63
Income Tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income		13.87	102.63
Total Comprehensive Income for the year		**(1,744.68)**	**(4,333.59)**
Earnings per Equity Share (Face Value of Rs. 10/- each)	37		
- Basic (in Rs.)		(2.01)	(5.06)
- Diluted (in Rs.)		(2.01)	(5.06)

Accompanying notes form integral part of the financial statements

In terms of our report attached

S K Bajpai.	**Jatin Jain**	**Sunil Kumar Agarwal**
Partner	*Company Secretary*	*On behalf of the Monitoring Committee*
Agra	Jamnagar	Ahmedabad
July 30, 2020	July 30, 2020	July 30, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Lacs)

		Year ended March 31, 2020	Year ended March 31, 2019
A.	**Cash Flows from Operating Activities**		
	Loss before tax	**(1,744.68)**	**(4,333.59)**
	Adjustments for:		
	Depreciation and Amortisation Expense	254.65	263.55
	Finance Costs	112.79	1,530.80
	Interest Income	(1.78)	(29.13)
	Provisions/Liabilities no longer required written back	(5.21)	(46.31)
	(Gain)/Loss on sale of Property, Plant & Equipment (Net)	2.37	13.75
	Provision for Doubtful Trade Receivables and Bad Debt written off	-	45.02
	Net Unrealised Foreign Exchange Loss/(Gain)	-	(0.05)
	Operating Loss before Working Capital Changes	**(1,378.86)**	**(2,555.96)**
	Changes in Working Capital:		
	(Increase)/Decrease in Inventories	121.80	1,238.95
	(Increase)/Decrease in Trade Receivables, Financial Assets and Other Assets	112.15	312.77
	Increase/(Decrease) in Trade Payables, Financial Liabilities, Other Liabilities and Provisions	653.54	67.99
	Cash Generated from Operations	(495.37)	(936.26)
	Income Taxes paid	(0.07)	(0.45)
	Net Cash Generated by Operating Activities [A]	**(495.44)**	**(936.71)**
B.	**Cash flows from Investing Activities**		
	Capital Expenditure on Property, Plant and Equipment and Intangible Assets	-	(0.19)
	Proceeds from sale of Property, Plant and Equipment	7.00	1.66
	Proceeds from Earnest Money	130.00	1,540.00
	Interest Received	1.78	29.13
	Bank Balances not considered as Cash and Cash Equivalents – Matured/ (Invested)	(30.00)	134.11
	Net Cash Flow used in Investing Activities [B]	**108.78**	**1,704.71**
C.	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	-	963.06
	Repayment of Long Term Borrowings	-	(516.00)
	Proceeds from Short Term Borrowings	1,181.68	1,466.74
	Repayment of Short Term Borrowings	(931.76)	(1,188.07)
	Finance Cost	(94.73)	(1,255.48)
	Net Cash Flow from Financing Activities [C]	**155.19**	**(529.75)**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	(231.47)	238.25
	Cash and Cash Equivalents at the beginning of the year (Note 7)	251.19	12.91
	Effect of Exchange differences on restatement of Foreign Currency Cash and Cash Equivalents	-	0.03
	Cash and Cash Equivalents at the end of the year (Note 7)	**19.72**	**251.19**
Note:	The above Cash Flow Statement has been prepared as per 'Indirect Method' as set out in Ind AS 7 on Statement of Cash Flow.		

Accompanying notes form integral part of the financial statements

In terms of our report attached

For S K Bajpai& Co.
Chartered Accountants

S K Bajpai	**Jatin Jain**	**Sunil Kumar Agarwal**
Partner	*Company Secretary*	*On behalf of the Monitoring Committee*
Agra	Jamnagar	Ahmedabad
July 30, 2020	July 30, 2020	July 30, 2020

Statement of Changes in Equity for the year ended March 31, 2020

(Rs. in lacs)

Particulars	Equity Share Capital	Other Equity: Securities Premium Reserve	Other Equity: Capital Reserve	Other Equity: Retained Earnings	Other Equity: Total Other Equity	Total Equity
Balance as at March 31, 2018	**8,764.16**	**4,382.08**	**511.90**	**(6,428.01)**	**(1,534.03)**	**7,230.13**
Loss for the year	-	-	-	(4,436.22)	(4,436.22)	(4,436.22)
Other Comprehensive Income for the year, net of income tax	-	-	-	102.63	102.63	102.63
Balance as at March 31, 2019	**8,764.16**	**4,382.08**	**511.90**	**(10,761.60)**	**(5,867.62)**	**2,896.54**
Loss for the year	-	-	-	(1,758.55)	(1,758.55)	(1,758.55)
Other Comprehensive Income for the year, net of income tax	-	-	-	**13.87**	**13.87**	**13.87**
Total Comprehensive Income for the year	**-**	**-**	**-**	**13.87**	**13.87**	**13.87**
Balance as at March 31, 2020	**8,764.16**	**4,382.08**	**511.90**	**(12,506.28)**	**(7,612.30)**	**1,151.86**

Accompanying notes form integral part of the financial statements

In terms of our report attached

For S K Bajpai& Co.
Chartered Accountants

S K Bajpai
Partner

Jatin Jain
Company Secretary

Sunil Kumar Agarwal
On behalf of the Monitoring Committee

Agra
July 30, 2020

Jamnagar
July 30, 2020

Ahmedabad
July 30, 2020

Notes forming part of the Financial Statements

Notes to Financial Statements

1. **Company Overview**

a) DIGJAM Textiles Limited ("The Company") was incorporated as a company limited by shares on June 17, 2015 under the Companies Act, 2013 as a wholly owned subsidiary of erstwhile Digjam Limited. A Scheme of Amalgamation ("the Scheme") u/s 391 to 394 of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013 as applicable, between erstwhile Digjam Limited (the "Amalgamating Company") with the Company (the "Amalgamated Company") was sanctioned by the Hon'ble High Court of Gujarat vide Order dated February 17, 2016. The said Scheme became effective on March 17, 2016 upon filing of the certified copy of the Order with the Registrar of Companies, Gujarat and pursuant thereto, the entire business and undertaking of the Amalgamating Company stands transferred to and vested in the Company as going concern without any further act, instrument, deed as and from the Appointed Date under the Scheme i.e. close of business on June 30, 2015. The name of the Company was changed to 'Digjam Limited' w.e.f March 23, 2016 in terms of the Scheme of Amalgamation. The Company is engaged in the business of trading in all kinds of textiles and manufacturing of high quality woolen/worsted fabrics at Jamnagar, Gujarat under the brand "DIGJAM".

b) In terms of the Scheme, the Company on April 29, 2016 has allotted 8,76,41,621 fully paid-up Equity Shares of Rs. 10 each at a premium of Rs.5 per Equity Share and 5,00,000 - 8% Non-Convertible Redeemable Preference Shares of Rs.100 each at par fully paid-up in the ratio of 1 share for every 1 share held in the Amalgamating Company. The Scheme provided for cancellation of inter-company balances and inter-company investments.

c) According to the Resolution Plan approved by the Hon'ble NCLT, Ahmedabad vide its Order dated May 27, 2020, all the decisions which could otherwise have been taken by the Company's Board shall be taken by the Monitoring Committee during the Interim Period i.e. 180 days from the approval of the Resolution Plan and Sri Sunil Kumar Agarwal was appointed as the Monitoring Agent. Hence, these Financial Statements for the year ended March 31, 2020 have been signed by Sri Sunil Kumar Agarwal, Monitoring Agent.

d) The payment against the claims filed by various stakeholders as on the commencement of CIRP i.e. April 26, 2019 will be done as per the terms and conditions of the Resolution Plan by the Hon'ble NCLT, Ahmedabad vide its Order dated May 27, 2020.

2. **Significant Accounting Policies**

a) Statement of Compliance

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

b) Basis of Preparation of Financial Statements

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

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

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

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

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

c) Use of Estimates

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

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

d) Inventories

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

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

e) Cash and Cash Equivalents

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

f) Revenue Recognition

Sale of Goods

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

Sale of Services

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

Dividend Income

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

Interest Income

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

Other Incomes

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

g) Property, Plant and Equipment

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

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

Derecognition

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

Depreciation/amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortization on Property, Plant & Equipment other than freehold land, buildings and plant and machinery are charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013. Depreciation on Building and Plant and Machinery has been charged on Straight Line Method over the useful life of assets as determined by the Valuer while evaluating fair value. The estimated useful lives and residual values of the property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

h) Intangible Assets

Intangible Assets acquired separately

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

Derecognition of Intangible Assets

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

Useful lives of Intangible Assets

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

i) Impairment

Financial Assets (other than at fair value)

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

Non Financial Assets

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

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

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

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

j) Leasing

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

k) Foreign Currencies

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

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

l) Employee Benefits

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

Defined Contribution Plan:

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

Defined Benefit Plans:

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

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

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

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

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

Short-Term Employee Benefits:

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

m) Borrowing Costs

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

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

n) Earnings Per Share

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

o) Taxation

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

Current Tax

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

Deferred Tax

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

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

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

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

p) Provisions, Contingent Liabilities, Contingent Assets and Commitments

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

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

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

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

q) Financial Instruments

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

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

1. Financial Assets

Initial recognition and measurement

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

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

Subsequent measurement

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

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset.

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

Impairment of Financial Assets

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

i. Financial Assets measured at amortized cost;

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

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

B. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

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

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

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

ii. Financial Liabilities and Equity Instruments

Classification as Debt or Equity

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

Equity Instruments

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

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

r) Operating Cycle

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when

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

All other liabilities are classified as non-current.

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

The Company has identified twelve months as its operating cycle.

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

New Standard / Amendments issued but not yet effective:

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

Ind AS 116 – Leases

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

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

Amendments to existing Ind AS:

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

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

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

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

Ind AS 109 – Prepayment Features with Negative Compensation

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

Ind AS 19 – Plan Amendment, Curtailment or Settlement

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

Ind AS 23 – Borrowing Costs

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

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

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

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

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

3. PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

(Refer Note 13c & 13f)

(Rs. In lacs)

		GROSS CARRYING AMOUNT				DEPRECIATION & AMORTISATION				NET BLOCK
		As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at March 31, 2020
A	**TANGIBLE ASSETS**									
	Land	14,986.18	-	-	14,986.18	-	-	-	-	14,986.18
	Building	1,314.29	-	-	1,314.29	125.58	41.86	-	167.44	1,146.85
	Plant & Equipment	1,508.58	-	-	1,508.58	638.92	204.43	-	843.35	665.23
	Furniture & Fixtures	14.01	-	-	14.01	4.88	1.70	-	6.58	7.43
	Vehicles	26.43	-	13.79	12.64	10.77	1.56	4.42	7.91	4.73
	Office Equipment	11.49	-	-	11.49	2.23	2.68	-	4.91	6.58
		17,860.98	**-**	**13.79**	**17,847.19**	**782.38**	**252.23**	**4.42**	**1,030.19**	**16,817.00**
B	**INTANGIBLE ASSETS**									
	Software	14.65	-	-	14.65	9.28	2.42	-	11.70	2.95

		GROSS CARRYING AMOUNT				DEPRECIATION & AMORTISATION				NET BLOCK
		As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at March 31, 2019
A	**TANGIBLE ASSETS**									
	Land	14,986.18	-	-	14,986.18	-	-		-	14,986.18
	Building	1,314.29	-	-	1,314.29	83.72	41.86	-	125.58	1,188.71
	Plant & Equipment	1,525.80	-	17.22	1,508.58	438.93	208.83	8.84	638.92	869.66
	Furniture & Fixtures	19.10	-	5.09	14.01	3.93	1.87	0.92	4.88	9.13
	Vehicles	26.43	-	-	26.43	5.92	4.85	-	10.77	15.66
	Office Equipment	22.29	0.19	10.99	11.49	6.90	3.58	8.25	2.23	9.26
		17,894.09	**0.19**	**33.30**	**17860.98**	**539.40**	**260.99**	**18.01**	**782.38**	**17,078.60**
B	**INTANGIBLE ASSETS**									
	Software	14.83	-	0.18	14.65	6.79	2.55	0.06	9.28	5.37

4. OTHER FINANCIAL ASSETS

(Refer Note 2b)

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Unsecured, considered good		
Security Deposits	19.34	1.05
Total	**19.34**	**1.05**
Current		
Unsecured, considered good		
Security Deposits	11.91	11.90
Interest accrued on loans and deposits	0.61	-
Total	**12.52**	**11.90**

5. INVENTORIES

(Refer Note 13c & 13f)

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Inventories		
(lower of cost and net realisable value)		
Raw Materials	19.07	76.27
Work-in-Progress	840.25	925.36
Stock In Trade	105.92	130.41
Finished Goods	1,230.95	1,185.76
Stores, Spares and Packing Materials	20.24	20.44
Total	**2,216.43**	**2,338.24**

6. TRADE RECEIVABLES

(Refer Note 13f)

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
a. Receivables considered good – secured	-	-
b. Receivables considered good – unsecured	580.72	726.89
c. Receivables which have significant increase in credit risk	-	-
d. Receivables – credit impaired	-	-
Allowance for doubtful debts (expected credit loss allowance)	(399.58)	(399.58)
Total	**181.14**	**327.31**

Note:

a) There are no amounts due by directors or other officers of the Company either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

b) Refer Note 29 for information about credit risk and market risk of Trade Receivables

c) **Break-up of Trade Receivables**

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables	181.14	327.31
Receivables from related parties	-	-
Total	**181.14**	**327.31**

d) **Movement in allowance for doubtful trade receivables**

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	399.58	355.15
Add: Provision during the year	-	44.43
Less: Utilisation	-	-
Closing Balance	**399.58**	**399.58**

7. CASH AND CASH EQUIVALENTS

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on Hand	0.01	16.04
Balances with Banks in Current Account	19.71	235.15
Total	**19.72**	**251.19**

8. OTHER BALANCES WITH BANKS

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
In Deposit Accounts (Earmarked Balance held as Margin Money)	30.00	-
Total	**30.00**	**-**

9. CURRENT TAX ASSETS (NET)

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax Refund Receivable	23.23	23.16

10. OTHER ASSETS

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Prepaid Expenses	14.94	12.14
Balances with Govt. Authorities	43.66	39.62
Advance to Suppliers	-	2.69
Others	16.07	5.11
Total	**74.67**	**59.56**

11. Equity Share Capital

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
10,00,50,000 (as at March 31, 2019 10,00,50,000) Equity Shares of Rs.10 each	10,005.00	10,005.00
25,00,000 (as at March 31, 2019: 25,00,000) Preference Shares of Rs.100 each	2,500.00	2,500.00
	12,505.00	**12,505.00**
Issued, Subscribed & Fully Paid-up		
8,76,41,621 (as at March 31, 2019: 8,76,41,621) Equity Shares of Rs.10 each	**8,764.16**	**8,764.16**

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

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

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

11.2 Reconciliation of number of Shares

Equity Shares	As at March 31, 2020	As at March 31, 2019
Number of shares at the beginning of the year	87,641,621	87,641,621
Shares issued and allotted during the year	-	-
Balance at the end of year	**87,641,621**	**87,641,621**

11.3 Shareholders holding more than 5% shares in the Company

Name of the Shareholders		As at March 31, 2020	As at March 31, 2019
Central India General Agents Ltd.			
	No. of Shares	1,65,14,000	1,65,14,000
	% of Shares held	18.84%	18.84%
ICICI Bank Ltd.			
	No. of Shares	73,41,497	73,41,497
	% of Shares held	8.38%	8.38%
Birla Holdings Ltd.			
	No. of Shares	72,50,000	72,50,000
	% of Shares held	8.27%	8.27%

12. Other Equity

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium Reserve		
Balance at the beginning of the year	4,382.08	4,382.08
Add: Premium on shares issued during the year	-	-
Balance at the end of year	**4,382.08**	**4,382.08**
Capital Reserve		
Balance at the beginning of the year	511.90	511.90
Balance at the end of year	**511.90**	**511.90**
Retained Earnings		
Balance at the beginning of the year	(10,761.60)	(6,428.01)
Add: Loss for the year	(1,758.55)	(4,436.22)
Add: Other Comprehensive Income arising from remeasurement of defined benefit obligation	13.87	102.63
Balance at the end of year	**(12,506.28)**	**(10,761.60)**
Total	**(7612.30)**	**(5,867.62)**

13. BORROWINGS

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Secured – at amortised cost		
Term Loans from Banks (Refer note 13c)	1,273.71	1,273.71
Less: Current maturity of term loans	1,273.71	1,273.71
	-	-
Unsecured – at amortised cost		
Deposits (Refer note 13e)	2,604.00	2,604.00
Less: Current maturity of Deposits	-	-
	2,604.00	**2,604.00**
Liability of Non-Convertible Redeemable Preference Share (Refer note 13a, 13b, 29& 39)	317.09	315.28
Total	**2,921.09**	**2,919.28**

Current		
Secured – at amortised cost		
Short Term Loan from Banks (Refer note 13f)	5,817.68	5,782.25
Unsecured – at amortised cost		
Unsecured Loan from Banks	212.67	-
Deposits	49.00	49.00
Total	**6,079.35**	**5,831.25**

Note

a. The Non-Convertible Redeemable Preference Shares of Rs. 100 each allotted on April 29, 2016 under the Scheme of Amalgamation on the same terms and conditions on which the said shares were allotted by the Amalgamating Company and are entitled to dividend @ 8% p.a. (non-cumulative) in preference to the Equity Shares but are not entitled to vote at the General Meeting of the Company unless dividend has been in arrears for minimum 2 years. For the purpose of determination/accrual of all rights (including the right of redemption), the date of allotment viz. March 27, 2015 is deemed to be the relevant date. Consequently, w.e.f March 27, 2017, the Preference Shares are entitled to Voting Rights in terms of the second proviso to sub-section (2) of section 47 of the Companies Act, 2013. The Preference Shares are non-participating and shall have preferential right to repayment in the case of winding up or repayment of capital of the amount of the Share Capital paid-up. These Preference Shares are classified as Financial Instruments and hence, disclosed as Financial Liabilities in terms of IND AS requirements.

b. The Non-Convertible Redeemable Preference Shares are redeemable at par at the end of 10 years from March 27, 2015 with an option to the Company to redeem at any time earlier thereto.

c. Loan from a Bank total outstanding Rs. 1,273.71.00 lacs (As at March 31, 2019: Rs 1,273.71Lacs), carrying interest linked to the Marginal Cost of Funds Based Lending Rate (MCLR), which is secured by first charge on fixed assets at Jamnagar and DIGJAM Brand and second paripassu charge on present and future stocks of raw materials, stock-in-process, finished goods and other current assets besides pledge of part of promoters' shareholding. The loan is repayable in 3 equal instalments payable after 24 Months, 30 Months and 34 months respectively from 24.06.2016. The Company could not pay first and second and third instalment for Rs. 417 Lacs each due in June, December 2018 and June 2019 and interest of Rs. 212.84 lacs from March 18 onwards.

d. Loan from Housing Development Finance Corporation Limited total outstanding - Rs. Nil (As at March 31, 2019: Rs. Nil) together with the right of recompense, if any, on account of settlement is secured by mortgage on specified immovable properties.

e. Unsecured Intercorporate Deposits of Rs. 2,604.00 lacs (As at March 31, 2019: Rs. 2,604.00 Lacs) are repayable after June,2020. {Includes from related party – Rs. 730.00 lacs; (As at March 31, 2019: Rs. 730.00 Lacs)}. Company could not pay interest amounting to Rs. 662.18 lacs since September 2015.

f. Secured loans are for working capital from consortium of banks, comprising of UCO Bank and State Bank of India, and are secured by first charge on inventories and book debts besides second charge on movable machinery and fixed assets at Jamnagar as well as on DIGJAM brand, all ranking paripassu, and pledge of part of the promoters' shareholding in the Company. Company could not pay Letter of Credits established on various dates with Uco bank amounting to Rs. 810.16 lacs and interest thereon Rs. 195.50 lacs since April 2018.

14. OTHER FINANCIAL LIABILITIES

(Refer Note 2b)

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Trade Deposits	85.91	90.17
Others	-	-
Total	**85.91**	**90.17**
Current		
Current maturities of Non-Current borrowings (Note 13)	1,273.71	1,273.71
Earnest Money	2,270.00	2,140.00
Interest accrued *	706.15	688.09
Total	**4,249.86**	**4,101.80**

*Includes to a related party – Rs.160.56 lacs (Rs. 155.36lacs as at March 31, 2019)

15. PROVISIONS

(Rs. In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Provision for Employee Benefits	495.31	445.20
Total	**495.31**	**445.20**
Current		
Provision for Employee Benefits	73.15	105.55
Total	**73.15**	**105.55**

Note: The provision for Employees Benefits includes Gratuity and compensated absences. For other disclosers refer note 27.

16. TRADE PAYABLES

(Rs. In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Acceptances	-	-
Total outstanding dues of Micro and Small Enterprises (Note 16a)	47.74	47.74
Total outstanding dues of creditors other than Micro and Small Enterprises	3,916.43	3,297.50
Total	**3,964.17**	**3,345.24**

Note:

a. Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2020. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by auditors:

(Rs. In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
1. The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year		
- Principal amount due	47.74	47.74
- Interest due	20.87	19.99
2. The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year.	20.87	19.99
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

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

17. OTHER LIABILITIES

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Statutory remittances (includes payable towards TDS, TCS, GST and employee statutory obligations)	258.72	254.57
Advance received from customers	117.58	106.78
Total	**376.30**	**361.35**

18. REVENUE FROM OPERATIONS

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Products	79.10	898.49
Other Operating Income	2.09	22.69
Total	**81.19**	**921.18**

PARTICULARS OF SALE OF PRODUCTS

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cloth	45.98	849.71
Others	33.12	48.78
Total	**79.10**	**898.49**

19. OTHER INCOME

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income comprises (At amortised cost)		
From Banks	1.69	6.51
From Others	0.09	22.62
Provisions/liabilities no longer required written back	5.21	46.31
Gain on Sale of Property, Plant and Equipment (Net)	-	1.37
Miscellaneous Income	0.66	31.57
Total	**7.65**	**108.38**

20. COST OF MATERIALS CONSUMED

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year	76.27	197.89
Add: Purchases during the year	-	17.36
	76.27	**215.25**
Less: Sales / Transfer	59.92	122.01
	16.35	**93.24**
Less: Inventories at the end of the year	19.07	76.27
Total	**(2.72)**	**16.97**
Details of Material Consumed		
Wool and Synthetic Fibres	-	9.80
Yarn (bought out)	-	3.75
Others	-	3.42

21. PURCHASE OF STOCK-IN-TRADE

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cloth	2.12	105.07
Others	-	21.96
Total	**2.12**	**127.03**

22. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
Finished Goods	1,230.95	1,185.76
Work-in-progress	840.25	925.36
Stock-In-Trade	105.92	130.41
	2,177.12	2,241.53

Inventories at the beginning of the year		
Finished Goods	1,185.76	1,681.61
Work-in-progress	925.36	1,450.40
Stock-In-Trade	130.41	192.52
	2,241.53	**3,327.53**
Net (Increase)/Decrease	**64.42**	**1,086.00**

23. EMPLOYEE BENEFITS EXPENSE

(Rs. in lacs)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Salaries and Wages, Bonus, etc.	883.69	1,360.78
Contribution to Provident and Other Funds	160.66	238.95
Staff Welfare Expenses	97.47	156.75
Total	**1,141.82**	**1,756.48**

24. FINANCE COSTS

(Rs. in lacs)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Interest Expenses		
Working Capital and Term Loan	108.37	1,420.55
Others	2.71	23.35
Other borrowing costs	1.71	86.90
Total	**112.79**	**1,530.80**

25. DEPRECIATION AND AMORTIZATION EXPENSE

(Rs. in lacs)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Depreciation on Property, Plant and Equipment	252.23	260.99
Amortization on Intangible Assets	2.42	2.56
Total	**254.65**	**263.55**

26. OTHER EXPENSES

(Rs. in lacs)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Consumption of Stores, Spares and Packing Materials	0.18	34.64
Power and Fuel	51.59	127.46
Processing Expenses	5.41	29.83
Rent*	0.62	94.13
Repairs Expenses		
Repairs to Buildings	0.04	1.59
Repairs to Machinery	0.44	1.33
Repairs Others	0.52	0.91
Insurance expenses	21.99	36.18
Rates and Taxes	23.72	25.02
Travelling expenses	3.61	22.00
Brokerage, Rebate, Discount and Commission	-	20.65
Freight and Other Selling Expenses	0.34	8.04
Advertisement and Sales Promotion	-	3.00
Directors Sitting Fees	-	7.11
Legal and Professional	89.06	87.40
Payments to Auditors **	6.90	11.69
Bad Debts written off	-	0.58
Provision for doubtful trade receivables / Advances	-	57.48
Net Loss on Foreign Currency transactions and translations	6.08	0.64
Assets Discarded	2.37	15.12
Fees & Subscription	10.60	14.94
Conveyance Expenses	5.48	19.38
Other Expenses	45.36	65.83
Total	**274.31**	**684.95**

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

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

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a. To Statutory Auditors		
For Statutory Audit	**5.50**	**8.00**
For Other Services	**-**	**3.50**
For reimbursement of expenses	**1.40**	**0.19**
Total	**6.90**	**11.69**

27. EMPLOYEE BENEFITS:

I. Post-Employment Benefits

Defined Benefit Plan:

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

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

Investment Risk:

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

Interest Risk:

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

Longevity Risk:

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

Salary Risk:

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

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

(Rs. in lacs)

Particulars	Gratuity	
	As at March 31, 2020	**As at March 31, 2019**
Obligations at the beginning of the year	967.70	1,206.55
Current service cost	36.52	52.36
Interest cost	72.29	94.35
Actuarial (gain) / loss – due to change in financial assumptions	72.04	19.28
Actuarial (gain) / loss- due to experience adjustments	(96.94)	(135.97)
Benefits paid	(183.62)	(268.87)
Present value of benefit obligation at the end of the year	**867.99**	**967.70**

Movement in the fair value of plan assets are as follows:

(Rs. in lacs)

Particulars	Gratuity	
	As at March 31, 2020	**As at March 31, 2019**
Plan assets at the beginning of the year, at fair value	522.64	744.37
Interest Income	39.04	58.20
Return on plan assets excluding interest income	(11.03)	(14.06)
Contributions from the employer	3.00	3.00
Benefits paid	(183.62)	(268.87)
Fair value of plan assets at the end of the year	**370.03**	**522.64**

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

(Rs. in lacs)

Particulars	Gratuity	
	As at March 31, 2020	**As at March 31, 2019**
Present value of benefit obligation at the end of the year	(867.99)	(967.70)
Fair value of plan assets at the end of the year	370.04	522.64
Net Liability arising from defined benefit obligation	**(497.95)**	**(445.06)**

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

(Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2020	**Year ended March 31, 2019**
Current service cost	36.52	52.36
Net interest expense	33.24	36.14
Components of defined benefit costs recognised in the Statement of Profit & Loss	**69.76**	**88.50**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses on obligation for the period	(24.90)	(116.69)
Return on plan assets, excluding interest income	11.03	14.06
Components of defined benefit costs recognised in Other Comprehensive Income	**(13.87)**	**(102.63)**
Total	55.89	(14.13)

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

d. Investment details of plan assets:

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

e. The defined benefit obligations shall mature after year ended March 31, 2020 as follows:

(Rs. in lacs)

Particulars	Gratuity
As at March 31	
2021	80.55
2022	47.54
2023	63.42
2024	118.08
2025	120.73
Thereafter	404.22

f. Sensitivity analysis:

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

(Rs. in lacs)

Particulars	Gratuity	
	As at March 31, 2020	**As at March 31, 2019**
Delta effect of +1% change in the rate of Discounting	(51.58)	(53.17)
Delta effect of -1% change in the rate of Discounting	57.91	59.55
Delta effect of +1% change in the rate of salary increase	57.36	59.83
Delta effect of -1% change in the rate of salary increase	(52.05)	(54.35)
Delta effect of +1% change in the rate of employee turnover	0.06	5.13
Delta effect of -1% change in the rate of employee turnover	(0.07)	(5.64)

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

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

The Company has made a contribution of Rs. 3 lacs (as at March 31, 2019: Rs. 3.00 lacs) to the defined benefit plans during the financial year 2019-20.

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

Particulars	Gratuity Year ended March 31, 2020	Year ended March 31, 2019
Discount Rate	6.04%	7.47%
Expected Return on Plan Assets	6.04%	7.47%
Annual Increase in Salary Costs	6.00%	6.00%
Rate of Employee Turnover	1.00%	1.00%
Mortality Tables	Indian Assured Lives Mortality (2006-08)	

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

II. Other Long Term Employee Benefits:

Compensated absences

The liability towards compensated absences (leave encashment) for the year ended March 31, 2020 based on actuarial valuation carried out by using Projected Unit Credit Method resulted in decrease in liability by Rs.35.20 lacs (As at March 31, 2019: Rs.73.84 lacs decrease).

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

Particulars	Leave Encashment Year ended March 31, 2020	Year ended March 31, 2019
Discount Rate	6.04%	7.47%
Expected return on plan assets	-	-
Mortality Tables	Indian Assured Lives Mortality (2006-08)	

28. Deferred Tax Assets (Net)

(Rs. In lacs)

Particulars	As at March 31, 20109	As at March 31, 2019
Deferred Tax Liabilities:		
In relation to Property, plant and equipment	433.26	493.45
Deferred Tax Assets (refer note 28(a))		
In relation to Carried Forward Business Losses	(433.26)	(493.45)
Total	-	-

Note: a. In view of uncertainty that sufficient future taxable income will be available against unabsorbed depreciation and carried forward losses under tax laws, deferred tax asset has been recognised to the extent of deferred tax liabilities.

29. Financial Instruments

1. Capital Management

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

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

Gearing Ratio

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (note i)	10,274.15	10,024.24
Less: Cash and Bank Balances & Deposit Accounts	19.72	251.19
Net Debt	**10,254.53**	**9,773.05**
Total Equity	**1,154.86**	**2,896.54**
Net Debt to Equity Ratio	**887.93%**	**337.40%**

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

2. Category-wise classification of financial instruments

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets		
Measured at amortised cost		
a. Trade Receivables	181.14	327.31
b. Cash and Cash Equivalents	19.72	251.19
c. Other Balances with Banks	30.00	-
d. Financial Assets	31.86	12.95
Total	**262.72**	**591.45**
Financial Liabilities		
Measured at amortised cost		
a. Borrowings	10,274.15	10,024.24
b. Trade Payables	3,964.17	3,345.24
c. Other Financial Liabilities	3,062.06	2,918.26
Total	**17,300.38**	**16,287.74**

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

(Rs. In lacs)

Financial Assets / Liabilities	Fair Value	Fair Value Hierarchy		
		Quoted price in active market (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
			{Note 2(b)}	
As at March 31, 2020				
Redeemable Preference Shares (refer note 13)	317.09	-	317.09	-
As at March 31, 2019				
Redeemable Preference Shares (refer note 13)	315.28	-	315.28	-

3. Financial Risk Management Objectives

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

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

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

A. MANAGEMENT OF MARKET RISK

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

- currency risk;
- Interest rate risk

i. Currency Risk

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

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

Particulars	As at	
	March 31, 2020	March 31, 2019
Liabilities (Foreign Currency)		
In US Dollars (USD)	61,376.40	61,376.40
In Euro (EUR)	56,289.04	56,289.04
In Great Britain Pound (GBP)	69,733.33	68,000.00

Particulars	March 31, 2020	March 31, 2019
Assets (Foreign Currency)		
In US Dollars (USD)	33,735.29	33,735.29
In Euro (EUR)	-	-
In Great Britain Pound (GBP)	-	-

(Rs. in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Liabilities (INR)		
In US Dollars (USD)	46.26	42.64
In Euro (EUR)	46.75	44.13
In Great Britain Pound (GBP)	63.60	62.03
Assets (INR)		
In US Dollars (USD)	-	23.20
In Euro (EUR)	-	-
In Great Britain Pound (GBP)	-	-

Foreign Currency Sensitivity Analysis

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

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

Impact on profit or loss and total equity (Rs. In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Increase in exchange rate by 5%	(7.90)	(6.28)
Decrease in exchange rate by 5%	7.90	6.28

ii. Interest Rate Risk

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

Interest Rate Sensitivity

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

(Rs. in lacs)

Particulars	Increase/Decrease in basis points	Effect on loss before tax
As at March 31, 2020	200 bps	116.98
As at March 31, 2019	200 bps	113.81

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

B. MANAGEMENT OF CREDIT RISK

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

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer including the default risk of the industry also has an influence on credit risk assessment. Credit Risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of the customers to which the Company grants credit terms in the normal course of business (Refer note 6 – Trade receivables).

C. MANAGEMENT OF LIQUIDITY RISK

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

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

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

(Rs. In lacs)

Particulars	Carrying amount	Less than 1 year	1 – 5 Years	More than 5 years	Total
As at March 31, 2020					
Borrowings	10,274.15	7,353.06	2,604.00	317.09	10,274.15
Trade Payables	3,964.17	3,964.17	-	-	3,964.17
Financial Liabilities	3,062.06	2976.15	85.91	-	3062.06
Total	**17,300.38**	**14293.38**	**2,689.91**	**317.09**	**17300.38**
As at March 31, 2019					
Borrowings	10,024.24	7,104.96	2,604.00	315.28	10,024.24
Trade Payables	3,345.24	3,345.24	-	-	3,345.24
Financial Liabilities	2,918.26	2,828.09	90.17	-	2,918.26
Total	**16,287.74**	**13,278.29**	**2,694.17**	**315.28**	**16,287.74**

30. Contingent Liabilities and Commitments

(Rs. In lacs)

	As at March 31, 2020	As at March 31, 2019
Service Tax matters under appeal	155.11	155.11
Stamp Duty – Pursuant to the Scheme	48.80	48.80
Other Matters	72.93	72.93

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

31. Segment Information

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

The information based on location of customers are as under:

(Rs. In lacs)

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue		
Within India	88.84	933.22
Outside India (excluding Deemed Exports)	-	96.34
Total	**88.84**	**1,029.56**

	Year ended March 31, 2020	Year ended March 31, 2019
Carrying amount of Assets		
Within India	19,397.00	19,793.18
Outside India	-	303.20
Total	**19,397.00**	**20,096.38**
Additions to Fixed Assets		
Within India	-	0.19
Outside India	-	-
Total	**-**	**0.19**

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

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

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

As the Company was under CIRP for the period from April 26, 2019 to May 27, 2020, moratorium period was applicable and hence, no court of law, tribunal, arbitration panel or other authority could execute any judgement, decree or order against the Corporate Debtor during moratorium period. As the moratorium stands ceased after May 27, 2020, Company is taking up the matter with the appropriate authorities.

34. The National Company Law Tribunal ("NCLT"), Ahmedabad Bench,vide Order dated April26, 2019 ("Insolvency Commencement Order") has initiated Corporate Insolvency Resolution Process ("CIRP") based on petition filed by Oman Inc.HUF under Section 9 of the Insolvency and Bankruptcy Code,2016 ("the Code").Sri Parag Sheth (IP Registration No. IBBI/IPA-002/IP-N00142/2017-18/10381) was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently, Hon'ble NCLT vide its Order dated January 1, 2020 has appointed Sri Sunil Kumar Agarwal (IP Registration No.IBBI/IPA-001/IP-01390/2018-19/12178) as Resolution Professional of the Company, which was proposed by the Committee of Creditors ("CoC") in their first meeting held on May 24, 2019. Thereafter, pursuant to the Insolvency Commencement Order and in line with the provisions of the Code, the powers of the Board of Directors were suspended and the same were exercised by IRP/RP.

The CoC considered the resolution plans submitted before it. After due deliberations, the CoC approved the Resolution Plan submitted by Finquest Financial Solutions Private Limited in their meeting held on February 11, 2020. The RP filed an application under Section 30(6) of the Code before the Hon"ble NCLT for its consideration and approval of the Resolution Plan. The Hon"ble NCLT, vide its order dated May27,2020(uploaded on the NCLT website on May 30, 2020), approved the Resolution Plan("Resolution Plan Approved Order").

The Resolution Plan, as approved by the Hon'ble NCLT, is binding on the Company and its employees, members, creditors and other stake holders involved therein, as per the provisions of the Code. The Hon'ble NCLT also approved appointment of Sri Sunil Kumar Agarwal as monitoring agent as authorised by the monitoring committee until the closing date to supervise the implementation of the Resolution Plan. The RP/Monitoring Agent is taking all necessary action required under the section to keep the Company as going concern. In view of the above these Financial Statements have been prepared on going concern basis.

35. As the Company is under Corporate Insolvency Resolution Process ("CIRP") since April 26, 2019, DLF have submitted their claim to IRP which was not admitted and thereafter, 'DLF' has approached to Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") even though an appeal u/s 34 of the Arbitration and Conciliation Act, 1996 has already been filed by the Company against the two Arbitration Awards pronounced in April, 2017 in the DLF matter. Thereafter, the Hon'ble NCLT vide its Order dated February 3, 2020 had disposed off the IA filed by DLF with a condition to include their claim in the Information Memorandum.

36. Company's inventories as on March 31, 2020 are valued at lower of cost and realisable value based on management's estimates. However, considering that the production has been suspended since October, 2018 due to extreme tight liquidity and working capital position and subsequently, as CIRP has commenced for the Company wef April 26, 2019 over all operations and sales have been restricted. Further, there could have been some degradation of stocks. These factors could effect net realisable value in subsequent periods.

37. In view of the Moratorium wef April 26, 2019, interest provisions on borrowings, inter corporate deposits and interest payable to MSME are made upto April 26, 2019.

38. The Company may carry out, if required, a comprehensive assessment of impairment to the carrying value of the Property, Plant and Equipment and intangible assets

39. While trade receivable to the extent of Rs. 181 lacs (out of Rs. 328 lacs) has been recovered/adjusted since March, 2019, the recoveries have been slow following disrupted supplies since October, 2018 and are expected to pick up after successful implementation of resolution plan.

40. The Company continues to be severely affected by working capital availability and lack of liquidity affecting its operations severely. The Company's production has been suspended since October, 2018 and has incurred net loss of Rs. 1,744.68 lacs during the year ended March 31, 2020 and as of that date, the Company's current liabilities exceeded its current asses by Rs. 12,185.11 lacs. This indicates existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going-concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

41. Related Party Disclosures: According to Ind AS 24 'Related Party Disclosures'

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

A. List of Related Parties:

1. **Promoter Company**
   a) Central India General Agents Ltd.
2. **Entities over which Key Managerial Personnel have control**
   a) Tanjore Partners LLP
3. **Post-employment benefit funds**
   a) Digjam Officers' Superannuation Scheme;
   b) Shree DigvijayaWoollen Mills Limited Employees Gratuity Fund
4. **Key Managerial Personnel/Directors**
   a) Non-Executive Independent Directors:
      (i) Sri Bharat Anand (upto April 1, 2019)
      (ii) Sri S. Ragothaman (upto June 25, 2020)
      (iii) Sri G. Ramanathan (upto June 25, 2020)
      (iv) Sri A.R. Sreekanth (upto June 25, 2020)
   b) Non-Executive Non-Independent Directors:
      (i) Sri Sidharth Birla (upto June 25, 2020)
      (ii) Ms. Meenakshi Birla (upto April 12, 2019)
   c) Executive Director:
      (i) Sri C. Bhaskar, Managing Director & CEO (upto April 12,2019)
   d) (i) Sri Satish Shah, CFO (upto April 10, 2020)
      (ii) Sri Ajay Agarwal, COO (upto May 21, 2020)
      (iii) Sri Jatin Jain, Company Secretary

B. Transaction with Related Parties:

(Rs. in lacs)

Related Party	Nature of transaction	Year ended March 31, 2020	Year ended March 31, 2019
Central India General Agents Ltd.	Aggregate of long term deposits taken from time to time	-	200.00
	Interest expenses (gross) on above Deposits	5.20	68.73
	Maximum outstanding balance (credit) during the year	890.04	885.36
	Non-convertible Redeemable Preference Shares	317.10	315.28
Digjam Officers' Superannuation Scheme	Contribution to post employment benefit fund	-	17.83
Shree DigvijayaWoollen Mills Limited Employees Gratuity Fund	Contribution to post employment benefit fund (with LIC)	3.00	3.00
Sri S. Ragothaman	Sitting Fees (refer note a)	-	2.15
Sri Kishor Shah	Sitting Fees		1.95
Ms.Meenakshi Birla	Sitting Fees (refer note b)	-	0.50
Sri Bharat Anand	Sitting Fees	-	1.45
Sri G. Ramanathan	Sitting Fees	-	0.25
Sri A.R. Sreekanth	Sitting Fees	-	0.25
Sri C. Bhaskar	Remuneration (refer note c)	1.10	32.93
Sri Ajya Agarwal	Remuneration (refer note c)	22.43	9.33
Sri A K Upadhyay	Remuneration (refer note c)	-	31.72
Sri Satish Shah	Remuneration (refer note c)	24.68	27.97
Sri Jatin Jain	Remuneration (refer notec)	8.17	9.11

a) Sri S. Ragothaman, Sri G. Ramanathan and Sri A.R. Sreekanth waived their sitting fees for the Board Meeting held on April 19, 2020.

b) Ms. Meenakshi Birla waived her sitting fees for the meetings held after May 24, 2018

c) The remuneration exclude gratuity funded through LIC, and leave obligation for which contribution/provision are not separately identified. There was no other transaction with them during the aforesaid period.

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

Related Party	Nature of transaction	As at March 31, 2020	As at March 31, 2019
Central India General Agents Ltd.	Outstanding balance (credit)	890.04	885.36
Digjam Officers' Superannuation Scheme	Contribution outstanding	17.50	37.37
Shree DigvijayaWoollen Mills Limited Employees Gratuity Fund	Contribution outstanding	497.95	445.06
Sri C. Bhaskar	Payables	53.33	52.23
Sri A.K. Upadhyay	Payables	31.42	31.42
Sri Ajay Agarwal	Payables	31.51	9.33
Sri Satish Shah	Payables	51.70	27.27
Sri Jatin Jain	Payables	18.69	10.77

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

42. EARNINGS PER SHARE

(Rs. in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Loss after tax	(1,758.55	(4,436.22)
Loss pertaining to equity shareholders	(1,758.55)	(4,436.22)
Number of equity shares	87,641,621	87,641,621
Nominal value per share	10	10
Basic and diluted EPS	(2.01)	(5.06)

42. Statement of cost for the year 2019-20

(Rs. In lacs)

Particulars	Total Amount	CIRP Cost out of total cost
EXPENSES		
Cost of material consumed	(2.72)	-
Purchase of stock in trade	2.12	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	64.42	-
Employees benefits expenses	1,141.82	987.92
Finance costs	112.79	-
Depreciation and amortisation expense	254.65	-
Other expenses	274.31	240.36
TOTAL	**1,847.39**	**1,228.28**

The net CIRP cost as on March 31, 2020 after considering the net realizations is Rs. 1,106.01 lacs

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

Jatin Jain	**Sunil Kumar Agarwal**
Company Secretary	*On behalf of the Monitoring Committee*
Jamnagar	Ahmedabad
July 30, 2020	July 30,2020

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in lacs)
	1.	Turnover / Total Income	88.84	88.84
	2.	Total Expenditure	1,847.39	Not quantifiable
	3.	Net Profit / (Loss)	(1,758.55)	Not quantifiable
	4.	Earnings Per Share	(2.01)	Not quantifiable
	5.	Total Assets	19,397.00	Not quantifiable
	6.	Total Liabilities	18,245.14	Not quantifiable
	7.	Net Worth	1,151.86	Not quantifiable
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II.a Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

As per Note 3A, 3B and 38 of the financial statements, the carrying value of the Company's Property, Plant and Equipment and Intangible Assets are Rs. 16,817 lacs and Rs. 2.95 lacs respectively. In accordance with Ind AS-36 "Impairment of Assets", an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired, if such indication exists, the entity shall estimate the recoverable amount of the asset. In view of the uncertainty of resumptions of the Company's operations, the management is required to make an assessment of impairment to the carrying value of its assets. Pending resolution of Corporate Insolvency Resolution Process ("CIRP") at the year end, we have been informed that the Management has not performed an assessment to determine any impairment to the carrying value of these assets. Consequently, we are unable to conclude if any impairment needs to be recognized to the carrying value of these assets and its consequential effects on the financial statements.

b. Type of audit Qualification: Disclaimer of opinion

c. Frequency of qualification: Second time

d. For Audit Qualification(s) where impact is quantified by the auditor, Management's views:

Not Quantified by the Auditor

e. For Audit Qualification(s) where impact is not quantified by the auditor:

(i) **Management's estimation on the impact of qualification: NA**

(ii) **If management is unable to estimate the impact, reasons for the same:** Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.

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		(iii) Auditors comment on (i) and (ii) above: Refer section II.a (a) above
II.b	**Audit Qualification (each audit qualification separately):**	
	a.	**Details of Audit Qualification:** As referred in Note 5 and Note 36 to the financial statements, the company's inventories as at 31st March, 2020 are carried at Rs.2216.43 lacs, being the lower of cost and net realizable value based on management/Resolution Professional's estimates. Amid Covid-19 it was impracticable for us to attend the management's physical inventory count that was carried out at the year end, also even after performing alternative audit procedures we have not been able to obtain sufficient and appropriate audit evidence to test the methods and assumptions used by the management in determining the net realizable values and therefore we are unable to conclude if the value of inventories is fairly stated in the financial statements.
	b.	**Type of audit Qualification:** Disclaimer of opinion
	c.	**Frequency of qualification:** Second time
	d.	**For Audit Qualification(s) where impact is quantified by the auditor, Management's views:** Not Quantified by the Auditor
	e.	**For Audit Qualification(s) where impact is not quantified by the auditor:**
		(i) Management's estimation on the impact of qualification: NA
		(ii) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year
		(iii) Auditors comment on (i) and (ii) above: Refer section II.b (a) above
II.c	**Audit Qualification (each audit qualification separately):**	
	a.	**Details of Audit Qualification:** We draw attention to Note 34 and Note 40 to the financial statements, which indicate that the company's production has been suspended since October 2018. The company has incurred a net loss of Rs. 1,744.68 lacs during the year ended 31st March, 2020 and, as of that date, the company's current liabilities exceeded its current assets by Rs. 12,185.11 lacs. The Note further refers to the current status of the Corporate Insolvency Resolution Process which is initiated on 26th April, 2019 and the resolution plan was approved by NCLT subsequent to the year end on 27th May, 2020, pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis. However the resolution plan is yet to be implemented till the date of audit report. This indicates existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going-concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.
	b.	**Type of audit Qualification:** Disclaimer of opinion
	c.	**Frequency of qualification:** Second time
	d.	**For Audit Qualification(s) where impact is quantified by the auditor, Management's views:** Not Quantified by the Auditor
	e.	**For Audit Qualification(s) where impact is not quantified by the auditor:**

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		(i) Management's estimation on the impact of qualification: NA
		(ii) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.
		(iii) Auditors comment on (i) and (ii) above: Refer section II.c (a) above
II.d	**Audit Qualification (each audit qualification separately):**	
	a.	**Details of Audit Qualification:** We draw attention to Note 6 to the financial statements. As stated in the Note, the company has trade receivable amounting to Rs. 181.14 lacs as at 31st March, 2020. In view of suspension of operations since a long period, uncertainty of resumption of future operations and absence of confirmation as at the year end, we have not been able to obtain sufficient and appropriate audit evidence regarding the recoverability of the balance trade receivables of Rs. 181.14 lacs and therefore are unable to conclude on the reasonableness of the carrying value of the trade receivables and the consequential effects, if any, on the financial statements.
	b.	**Type of audit Qualification:** Disclaimer of opinion
	c.	**Frequency of qualification:** Second time
	d.	**For Audit Qualification(s) where impact is quantified by the auditor, Management's views:** Not Quantified by the Auditor
	e.	**For Audit Qualification(s) where impact is not quantified by the auditor:**
		(i) Management's estimation on the impact of qualification: NA
		(ii) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.
		(iii) Auditors comment on (i) and (ii) above: Refer section II.d (a) above
II.e	**Audit Qualification (each audit qualification separately):**	
	a.	**Details of Audit Qualification:** We draw attention to Note 37 to the financial statements, the Company has not provided for the interest on borrowings, inter corporate deposits and interest payable to MSME after 26th April, 2019 in the view of Moratorium as per Section 14 of the Code. The same is not in compliance with Ind AS - 23 "Borrowing Costs". Had the provision for interest been recognized, finance cost and total expenses, would have been higher, consequently, Loss and total comprehensive Loss would have been higher. It would further affect the other financial liability and other equity. We are unable to conclude the amount of consequential effects, if any, on the financial statements.
	b.	**Type of audit Qualification:** Disclaimer of opinion
	c.	**Frequency of qualification:** First time
	d.	**For Audit Qualification(s) where impact is quantified by the auditor, Management's views:** Not Quantified by the Auditor
	e.	**For Audit Qualification(s) where impact is not quantified by the auditor:**

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		(i)	**Management's estimation on the impact of qualification: NA**
		(ii)	**If management is unable to estimate the impact, reasons for the same:**Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.
		(iii)	**Auditors comment on (i) and (ii) above:**Refer section II.e (a) above

III.	**Signatories:**	
	Sunil Kumar Agarwal On behalf of the Monitoring Committee Place: Ahmedabad Dated: July 30, 2020	
	Jatin Jain Company Secretary Place: Jamnagar Dated: July 30, 2020	
	Sarvesh Kumar Bajpai Partner S.K. Bajpai & Company Statutory Auditors Place: Agra Dated: July 30, 2020	S. K. BAJPAI & CO. AGRA FRN: 004330C Chartered Accountants