



DIGJAM LIMITED

ANNUAL REPORT 2017/18

DIGJAM LIMITED

Sri S. K. Birla
Chairman Emeritus

Board of Directors

Sri Sidharth Birla
Chairman

Sri Bharat Anand

Ms. Meenakshi Birla

Sri S. Ragothaman

Sri Kishor Shah

Sri C. Bhaskar
Managing Director & Chief Executive Officer

Company Secretary

Sri Jatin Jain

Senior Executives

Sri Arvind Kumar Upadhyay
President & Chief Operating Officer

Sri P. K. Das
Executive Vice President (Exports)

Sri Satish Shah
Vice President & Chief Financial Officer

Sri Ajay Agarwal
Vice President (Materials & Admin.)

Sri R. K. Mathur
Vice President (Sales & Marketing)

Registered Office & Mills

Aerodrome Road,
Jamnagar 361 006, Gujarat

Tel.:+91-288-2712972/3

Fax:+91-288-2712991

e-mail: cosec@digjam.co.in

website: www.digjam.co.in

Corporate Identity Number

L17123GJ2015PLC083569

Registrars & Share Transfer Agents

MCS Share Transfer Agent Ltd.

12/1/5, Manoharpukur Road,

Kolkata 700 026

Auditors

M/s Deloitte Haskins & Sells LLP

19th Floor, Shapath - V,

S. G. Highway,

Ahmedabad 380 015

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Third Annual General Meeting of the Members of the Company will be held on Friday, September 28, 2018 at 9.00 a.m. at Ashirwad Club Resort, Near Jamnagar - Khambhaliya By-Pass Road, Jamnagar - 361 006 (Gujarat), to transact the following business:

1. To consider and adopt the Directors' Report and the audited Financial Statements of the Company for the financial year ended March 31, 2018 and the Auditors Report thereon.
2. To appoint a Director in place of Ms. Meenakshi Birla (DIN: 00019582), who retires by rotation and being eligible, offers herself for reappointment.

Special Business

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

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. 1,00,000/- (Rupees One Lac 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 ending on March 31, 2019."

4. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to the Articles of Association of the Company and provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time including any statutory modification(s) or re-enactment thereof ('the Act') and such other approvals, as may be necessary, Sri C. Bhaskar (DIN: 00003343), be and is hereby appointed as the Managing Director & Chief Executive Officer of the Company, whose office shall not be liable to retirement by rotation under the Act for the period from January 1, 2018 to December 31, 2020, subject to the superintendence, control and direction of Board of Directors, entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be conferred upon him from time to time by the Board and with liberty to either party to terminate the appointment on three months' notice to the other. Sri C. Bhaskar shall be paid remuneration by way of either:

- i) Salary, commission (not exceeding 2% of the net profits), perquisites and other benefits/allowances (as per the rules of the Company) as may be decided by the Board of Directors from time to time subject in aggregate to a maximum of 5% of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 as amended from time to time or any re-enactment thereof, as may be applicable; or

- ii) Where in any financial year the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Sri C. Bhaskar by way of salary, house rent allowance, special allowance and other benefits/allowances (as per the rules of the Company) as may be approved by the Board of Directors of the Company from time to time as minimum remuneration, within the limits specified in Part II Section II Para (A) of Schedule V of the Companies Act, 2013 as amended from time to time or re-enactment thereof, i.e. Rs. 5 lacs per month, as may be applicable;

whichever of (i) or (ii) is higher.

Sri C. Bhaskar shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above in accordance with the provisions of Schedule V of the Companies Act, 2013 and any amendment or statutory modification or re-enactment thereof:

- a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c. Encashment of unavailed leave at the end of the tenure."

The Register of Members of the Company will remain closed from September 21, 2018 to September 28, 2018 (both days inclusive).

New Delhi

May 24, 2018

BY ORDER OF THE BOARD

JATIN JAIN

Company Secretary

Registered Office:

Aerodrome Road,

Jamnagar 361 006

(Gujarat)

CIN: L17123GJ2015PLC083569

e-mail: cosec@digjam.co.in

Tel.: +91-288-2712972/3

Fax: +91-288-2712991

website: www.digjam.co.in

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.
2. The instrument appointing a proxy has to be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. For any further information regarding the above Accounts, advance intimation be given and the Members should ensure that it reaches the Company's Registered Office at Aerodrome Road, Jamnagar 361 006 (Gujarat) at least 10 days before the date of the ensuing meeting.
4. Under the Companies Act, 2013 ('the Act') and the Rules thereunder, the Company is permitted to serve on the Members documents including Annual Report and notices through, inter alia, the electronic mode. The Company may send to the Members the Annual Report and other documents/communications either physically to their registered address

DIGJAM LIMITED

or by e-mail at the e-mail addresses registered with the Company/received through the respective Depository.

5. Pursuant to the Green Initiative of the Ministry of Corporate Affairs, request to register e-mail addresses, changes therein and in the registered addresses including PIN CODE: Members holding shares in physical form are requested to register/update their e-mail addresses/registered addresses with the Company's Registrars and Share Transfer Agents, M/s MCS Share Transfer Agent Ltd., 12/1/5, Manoharpukur Road, Kolkata 700 026. Members holding shares in dematerialised form are requested to register their e-mail addresses, changes therein and in their registered addresses with the concerned Depository through their Depository Participant. In absence of e-mail address, the documents will be sent in physical mode.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrars and Share Transfer Agents.
7. Members may note that the Notice of the 3rd Annual General Meeting and the Annual Report for the year 2017-18 will also be available on the Company's website www.digjam.co.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days upto and including the date of the Annual General Meeting. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
8. **Voting through electronic means**
 - I. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise their right to vote at the 3rd Annual General Meeting (AGM) by remote e-voting. The business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

The facility for voting either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 3rd AGM and the Members attending the same shall be able to exercise their voting rights accordingly at the AGM provided they have not already cast their vote through remote e-voting. Such Members who have already voted through remote e-voting may attend the AGM but shall not be entitled to vote again thereat.
 - II. **The e-voting period commences on Tuesday, September 25, 2018 (9.00 a.m.) and ends on Thursday, September 27, 2018 (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 21, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

For Members holding shares in Demat / Physical Form

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

- g. After entering these details appropriately, click on "SUBMIT" tab.

- h. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.

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

- i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j. Click on the EVSN for the relevant Company for which you choose to vote i.e. DIGJAM LIMITED.
- k. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- l. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- m. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.
- n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- o. You can also take a print of the vote cast by clicking on "Click here to print" option on the Voting page.
- p. If a Demat account holder has forgotten the changed login password then enter the User ID and image verification Code and click on Forgot Password & enter the details as prompted by the system.
- q. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Stores respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- r. Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

▫ After receiving the login details a Compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

▫ The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

▫ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- s. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. You can also contact the helpdesk on the toll free number: 1800-225533.

III. The voting rights of shareholders shall be in proportion to their holding of equity shares/preference shares with voting rights of the Company as on the cut-off date of September 21, 2018.

IV. The Practising Company Secretary, Sri Viral Sanghavi, Prop. Viral Sanghavi & Associates, (Membership No. 24951 & CP No. 9035) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

V. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 3 days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall counter sign the same and thereafter, the Chairman or the person so authorised shall declare the Results of the voting forthwith.

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

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

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

Ms. Meenakshi Birla, aged 33 years, is a graduate in Business Administration and is a post graduate in Marketing from Cass Business School, City University, London. Ms. Meenakshi Birla is a Director on the Boards of Holland & Sherry (India) Private Limited and iPro Capital Limited. She is Chairperson of Corporate Social Responsibility Committee and a member of Audit, Stakeholders Relationship Committee and Committee of Directors of the Company.

DIGJAM LIMITED

Ms. Meenakshi Birla holds 324 Equity Shares in the Company (negligible %).

Except for Ms. Meenakshi Birla and her father Sri Sidharth Birla 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 Board of Directors on the recommendation of the Audit Committee 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 2018-19 at a remuneration of Rs. 1,00,000/- (Rupees One Lac 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. 3 which is accordingly commended for approval by the Board of Directors.

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

Item No. 4: Sri C. Bhaskar was appointed as Managing Director & Chief Executive Officer for the period from March 18, 2016 to December 31, 2017. The Remuneration & Nominations Committee and the Board of Directors at their respective meetings held on November 15, 2017 have unanimously approved the re-appointment of Sri C Bhaskar as Managing Director & Chief Executive Officer of the Company for a period of three years with effect from January 1, 2018 on the payment of remuneration as proposed in the resolution, subject to the approval of the Members of the Company in General Meeting and other relevant approvals. Sri C. Bhaskar will continue to hold office of the Managing Director in Xpro India Limited and his aggregate remuneration shall be in accordance with and within the limits specified in Schedule V to the Act.

Sri C Bhaskar shall subject to superintendence, control and direction of the Board of Directors, be entrusted with substantial

powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time.

The Board of Directors of the Company considers that the re-appointment of Sri C Bhaskar as Managing Director & Chief Executive Officer will prove beneficial to the Company and accordingly recommends the resolution, as set out at Item No. 4 of the Notice convening this meeting, for your approval.

Sri C. Bhaskar is also the Managing Director & Chief Executive Officer of Xpro India Ltd. He is a Director of Holland & Sherry India Pvt. Ltd., Kriti Industries (India) Ltd., Market Café Foods Ltd., Prosperous Healthy Life Pvt. Ltd., Xpro Global Ltd. and Xpro Global Pte. Ltd., Singapore. He is also a designated partner of Tanjore Partners LLP and a member of the Executive Committee and past President of Organisation of Plastics Processors of India.

Sri C Bhaskar is the member of Stakeholders Relationship Committee, Committee of Directors and Corporate Social Responsibility Committee of Xpro India Limited and of Digjam Limited. He is also the Chairman of Stakeholders Relationship Committee and member of Nomination & Remuneration Committee & Executive Committee of Kriti Industries (India) Ltd.

Sri Bhaskar and his spouse inter se hold 2,100 and 2,500 Equity Shares in the Company respectively (negligible %).

Considering the qualifications and experience of Sri Bhaskar, the Board considers that it would be in the interest of the Company to re-appoint him as the Managing Director & Chief Executive Officer not liable to retire by rotation and accordingly, recommends the proposed Resolution for your approval.

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

In accordance with the requirement of Schedule V to the Act, a statement providing the required information for the appointment and payment of remuneration to Sri C. Bhaskar is given below:

| I. | General Information: | | | | | | | | | | | | | | | | | |
|-------------|--|---|-------------|------------|---------|---------|---------|--------|-------|-------|---------|---------|-------|-------|---------|---------|-------|-------|
| 1. | Nature of Industry | Textiles | | | | | | | | | | | | | | | | |
| 2. | Date or Expected date of commencement of commercial production | The Company has under the Scheme of Amalgamation acquired wef close of business on June 30, 2015 the assets and liabilities of erstwhile Digjam Limited as a going concern which consists of a running woollen worsted textile mill. | | | | | | | | | | | | | | | | |
| 3. | In case of new companies, expected date of commencement of activities as per projects approved by financial institutions appearing in the prospectus | Not applicable | | | | | | | | | | | | | | | | |
| 4. | Financial Performance based on given indicators | <p>The net profit after tax, net sales and foreign exchange earned through exports (FOB Value)/deemed exports for three years were as follows:</p> <p style="text-align: right;">(In Crore Rs.)</p> <table border="1"> <thead> <tr> <th>Year/Period</th> <th>Net Profit</th> <th>Revenue</th> <th>Exports</th> </tr> </thead> <tbody> <tr> <td>2015-16</td> <td>(9.86)</td> <td>94.73</td> <td>31.14</td> </tr> <tr> <td>2016-17</td> <td>(22.16)</td> <td>99.21</td> <td>33.80</td> </tr> <tr> <td>2017-18</td> <td>(32.11)</td> <td>59.01</td> <td>19.71</td> </tr> </tbody> </table> | Year/Period | Net Profit | Revenue | Exports | 2015-16 | (9.86) | 94.73 | 31.14 | 2016-17 | (22.16) | 99.21 | 33.80 | 2017-18 | (32.11) | 59.01 | 19.71 |
| Year/Period | Net Profit | Revenue | Exports | | | | | | | | | | | | | | | |
| 2015-16 | (9.86) | 94.73 | 31.14 | | | | | | | | | | | | | | | |
| 2016-17 | (22.16) | 99.21 | 33.80 | | | | | | | | | | | | | | | |
| 2017-18 | (32.11) | 59.01 | 19.71 | | | | | | | | | | | | | | | |

| 5. | Foreign Investments or collaborations, if any. | Nil | | | | | | | | |
|---|---|--|-----------------------|----------------------------|---------|-------|---------|-------|---------|-------|
| II. Information about Appointee: | | | | | | | | | | |
| 1. | Background details | Sri C Bhaskar, B.Tech. (Chem.) with distinction, and a post-graduate from Indian Institute of Management, Calcutta, aged about 63 years, has extensive experience of 39 years in Consulting, Industry, Business and Financial Management including 5 years with Tata Sons Limited/Tata Economic Consultancy Services and 34 years with the businesses of Xpro India Limited. He has worked in areas of Corporate and Business planning, Market Research, Asset Revaluation, Diversification/ Mergers/Acquisition/Disinvestment, Marketing, Operations and Factory Management, and as Divisional/Business Head. He has attended management development programmes at the Indian School of Business and other Institutions. | | | | | | | | |
| 2. | Past remuneration | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Financial Year/Period</th> <th style="text-align: right;">Remuneration (Rs. In lacs)</th> </tr> </thead> <tbody> <tr> <td>2015-16</td> <td style="text-align: right;">25.15</td> </tr> <tr> <td>2016-17</td> <td style="text-align: right;">35.62</td> </tr> <tr> <td>2017-18</td> <td style="text-align: right;">37.34</td> </tr> </tbody> </table> | Financial Year/Period | Remuneration (Rs. In lacs) | 2015-16 | 25.15 | 2016-17 | 35.62 | 2017-18 | 37.34 |
| Financial Year/Period | Remuneration (Rs. In lacs) | | | | | | | | | |
| 2015-16 | 25.15 | | | | | | | | | |
| 2016-17 | 35.62 | | | | | | | | | |
| 2017-18 | 37.34 | | | | | | | | | |
| 3. | Recognition or Awards | Fellow of the Indian Plastics Institute; Past President and Member of the Executive Committee of Organisation of Plastics Processors of India; Member of the National Executive Committee & Chairman of Proplast Committee, Plastindia; Former Vice President of All India Plastic Manufacturers Association. | | | | | | | | |
| 4. | Job Profile and his suitability | Sri C. Bhaskar has been appointed as Managing Director & Chief Executive Officer subject to the superintendence, control and direction of Board of Directors, entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be conferred upon him from time to time by the Board. Considering his background and experience, he is eminently suitable to hold the position of Managing Director in the Company. | | | | | | | | |
| 5. | Remuneration proposed | As per details contained in the Notice for the Meeting. | | | | | | | | |
| 6. | Comparative remuneration with respect to industry, etc. | The proposed remuneration is well within the remuneration payable to the Directorial personnel holding similar stature/position in the Industry. | | | | | | | | |
| 7. | Any Pecuniary Relationship | None except the remuneration as Managing Director. | | | | | | | | |
| III. Other Information: | | | | | | | | | | |
| 1. | Reasons for loss or inadequate profits | The Company operates a worsted textile composite mill at Jamnagar where high quality worsted fabrics are manufactured. The fabrics are marketed by the Company internationally and within the country under the well-known brand 'DIGJAM'. In the recent past, erstwhile Digjam Limited had to face substantial challenges arising out of economic slowdown in its key export destinations Europe and USA and also due to corporate restructuring by a few major US customers besides the downtrend in the demand cycle. This has been compounded by increased competition from China. These operational challenges resulted in significant losses. A Scheme of Amalgamation was undertaken whereby erstwhile Digjam Limited amalgamated into the Company with a view to provide financial strength and flexibility for the Company towards improved overall shareholder value and help to improve its economic and competitive position. Despite resource constraints, steps are being taken to strengthen the marketing organisation and channels, improving the product mix with premium varieties as well as enhancing volumes through outsourcing. Various possibilities are being explored to infuse the funds through disposal of surplus assets to reduce debts and meet operational requirements of the Company to address working capital constraints. | | | | | | | | |
| 2. | Steps taken/proposed to be taken for improvement | | | | | | | | | |
| 3. | Expected increase in Productivity/Profits | | | | | | | | | |

DIGJAM LIMITED

Disclosures:

The Remuneration details are given in the proposed Resolution. The appointment letter issued to Sri Bhaskar is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Your approval is sought by Special Resolution as stipulated under the relevant provisions of Part II of Section II of Schedule V to the Act and the Board commends the proposed Resolution as set out above for your approval as a Special Resolution

Inspection of Documents

All the documents referred to in the notice and explanatory statement including the Memorandum and Articles of Association

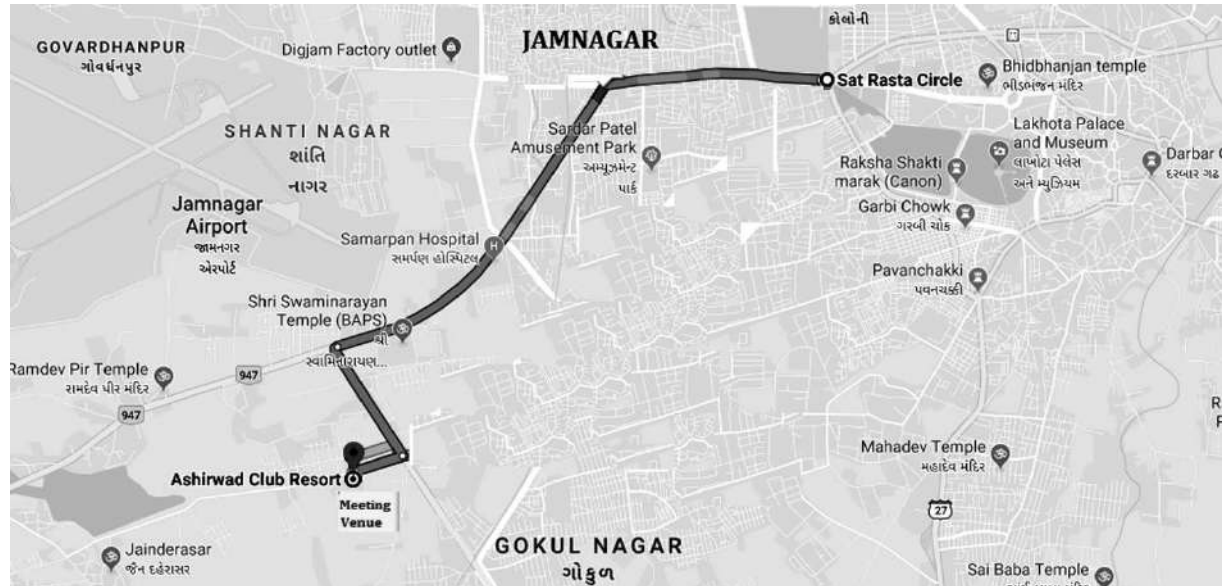
of the Company are open for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on any working day prior to the date of the Annual General Meeting.

New Delhi
May 24, 2018

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

BY ORDER OF THE BOARD

JATIN JAIN
Company Secretary
e-mail: cosec@digjam.co.in
Tel.: +91-288-2712972/3
Fax: +91-288-2712991
website: www.digjam.co.in



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present herewith our Annual Report along with the Audited Accounts of the Company for the year ended March 31, 2018.

FINANCIAL RESULTS

| | (Rs. Lacs) | |
|---|-----------------------|-----------------------|
| | <u>March 31, 2018</u> | <u>March 31, 2017</u> |
| Operations for the year resulted in (Loss)/Profit before Interest and Depreciation of | (1,600.72) | (418.51) |
| less: Finance Costs | 1,413.85 | 1,351.91 |
| less: Depreciation | 275.19 | 283.16 |
| less: Exceptional Items | — | 106.29 |
| (Loss)/Profit Before Tax | <u>(3,289.76)</u> | <u>(2,159.87)</u> |
| less: Taxation | — | — |
| (Loss)/Profit After Tax | (3,289.76) | (2,159.87) |
| Other Comprehensive Income | 78.35 | (56.53) |
| Balance brought forward | <u>(3,216.60)</u> | <u>(1,000.20)</u> |
| leaving a Balance of which is carried forward | (6,428.01) | (3,216.60) |

Indian Accounting Standards (Ind AS) have been adopted with effect from April 1, 2017, as notified by the Ministry of Corporate Affairs. Accordingly, previous years' figures have been restated to comply with Ind AS.

The Directors do not recommend any dividend.

REVIEW OF KEY BUSINESS MATTERS

Economic growth in 2017-18 at 6.6% continued to keep capacity utilization across many industries sub-optimal, and private investment remains low. However stabilizing GST, addressing stressed loans and recapitalization of banks, and the prospects of a normal monsoon suggest a return to improved domestic GDP growth in coming years. In other economies and our export markets, consumer and business confidence in recent months together with projected global GDP rise in 2018/2019 translate into positive signs of accelerating global trade particularly which in the Company views is optimistic.

The Company's products faced stagnant demand and competitive pressures from synthetic and blended fabrics and cheaper supplies from China. A marked shift to ready-mades and the move away from formal wear is also impacting overall superior fabric demand globally. Besides disruptive effects of GST implementation, particularly the resistance from textile trade and markets, severe working capital constraints continued in the year intensifying the vicious-circle nexus with operating losses.

Demand is particularly affected due general liquidity constraints in the market, impacted by the time-consuming recovery from demonetization - unlike a faster recover seen by FMCG - and the disruptions during transition to GST. Besides the demand situation, the Company's operations suffered hugely due to the said combination of working capital constraints and cash losses. During the year, sales volume were lower at 16.4 lac metres (previous year: 27.2 lac metres) resulting in a substantially lower revenue of Rs. 59.0 crores (previous year : Rs. 99.2 crores).

To address the difficult financial position the management has been continuously focusing on avenues to raise resources including through sale of surplus assets to induct funds into operations and reduce debt. The general tight liquidity conditions were not conducive to asset sales last year, but the Company expects success in its efforts during the current year. A reasonable assessment is that there is sufficient underlying value in surplus and disposable assets to make a meaningful impact on the Company's finances.

The Company transitioned to the GST system satisfactorily and there have been no major hitches. Despite the initial effects and challenges a stabilized and moderated GST will help improve business prospects and trade.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Sri A. C. Mukherji, Sri G. Momen, Independent Directors and Sri C. L. Rathi, Non-Executive Director, retired from the Board of Directors of the Company with effect from September 22, 2017. The Board once again places on record its sincere and deep appreciation of the valuable guidance and services rendered by Sri A. C. Mukherji, Sri G. Momen and Sri C. L. Rathi during their respective long tenures on the Board of erstwhile Digjam Limited and of the Company.

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

Upon completion of his term on December 31, 2017, the Board on the recommendation of the Remuneration & Nominations Committee, re-appointed Sri C. Bhaskar as Managing Director & Chief Executive Officer, for a period of three years wef January 1, 2018. The Resolution setting out terms of his re-appointment is proposed for the forthcoming Annual General Meeting.

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

STATUTORY INFORMATION AND OTHER MATTERS

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

The extract of the Annual Return in Form MGT-9 is attached herewith.

The Board has, on the recommendation of the Remuneration & Nominations Committee, framed a Policy for appointment and remuneration of Directors and Senior Managerial Personnel as well as criteria for determining independence and other relevant matters (policy and criteria annexed herewith). Pursuant to the provisions of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board carried out annual evaluation of its performance, and of individual Directors (including independent) as well as the evaluation of its Audit, Remuneration and Nominations and

Stakeholders Relationship Committees. The concerned Director did not participate in the meeting while being evaluated. A questionnaire was circulated to all the Directors. The Remuneration and Nominations Committee also evaluated the performance of every Director. The evaluation of the Chairman of the Board and the non-independent Directors was also carried out at the separate meeting of the Independent Directors.

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

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

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

The Company has no subsidiary, joint venture or associate company. The Company has not invited/accepted any Fixed Deposits under Chapter V of the Act and there are none outstanding on March 31, 2018. The Company has not granted any loan or issued any guarantee or made any investment to which the provisions of Section 186 of the Act apply.

All transactions with related parties during the year were in the ordinary course of business on an arm's length basis. There are no such material transactions entered into by the Company which may have a potential conflict of interest with that of the Company and to which Section 188(1) of the Act applies and thus, disclosure in Form AOC-2 is not required to be annexed. In accordance with the provisions of the Act and SEBI Listing Regulations, all Related Party Transactions are placed before the Audit Committee for approval or for omnibus approval as necessary. The statement of all such transactions entered into is placed before the said Committee for their review. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: <http://digjam.co.in/pdf/RPTPolicy2.pdf>.

There are no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

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

The Company has a vigil mechanism for Directors and employees to report genuine concerns in accordance with the Whistle Blower Policy; no employee is denied access to the Audit Committee in this regard. The said Policy provides for safeguards through Protected Disclosures against victimization of persons who use

such mechanism, and is displayed on the Company's website. The details of the Whistle Blower Policy are also annexed herewith.

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Managing Director & Chief Executive Officer and the Chief Financial Officer have certified the Financial Statements as per the requirements of Regulation 17(8) of the SEBI Listing Regulations which has been reviewed by the Audit Committee and taken on record by the Board. Having taken reasonable and bonafide care pursuant to Section 134(5) of the Act, the Directors indicate that (a) in the preparation of annual accounts, the applicable Accounting Standards had been followed alongwith proper explanations relating to material departures; (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year; (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; (d) the Directors have prepared the annual accounts on a going concern basis; (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS' OBSERVATIONS

The Statutory Auditors and Secretarial Auditors, have made no audit qualifications for the year under review.

AUDITORS

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

The Company had appointed M/s N.D. Birla & Co., Cost Accountants, Ahmedabad, to audit the cost accounts of the Company for the year ended March 31, 2018 and the remuneration payable to them was approved by the Members at their 2nd Annual General Meeting. Further, the Board has, on the recommendation of the Audit Committee, appointed the said Cost Accountants for audit of cost records of the Company for the year ending March 31, 2019. In terms of Section 148 (3) of the Act, the remuneration payable to them is required to be approved at the forthcoming Annual General Meeting.

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

New Delhi
May 24, 2018

Sidharth Birla
Chairman

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

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

THE BOARD OF DIRECTORS

The Board presently consists of 6 Directors, of whom 3 are independent and 5 are non-executive. Current regulations require that the Company should have at least one Woman Director and that, if the non-executive chairman is from the promoter group at least 50% of the Directors should be independent; these criteria are met. Independent Directors play an important role in deliberations at the Board level, bring with them their extensive experience in various fields including banking, finance, law, administration and policy, and contribute significantly to Board

committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broader perspective, by ensuring that the interests of all stakeholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. Our Board has 3 independent Directors viz. Sri S. Ragothaman (Company Director, formerly senior official at ICICI), Sri Bharat Anand, (Advocate & Solicitor and partner of Khaitan & Co. LLP) and Sri Kishor Shah (Corporate Executive). Sri A.C. Mukherji, Sri G. Momen, Independent Directors and Sri C.L. Rathi, Non-Executive Director, retired from the Board of Directors w.e.f. September 22, 2017.

Independent Directors are given a formal letter of appointment (copy available on Company's website) which, inter alia, explains their role, function, duties and responsibilities. The Company has drawn up a Familiarization Programme for Independent Directors with a view to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of industry in which the company operates, business model of the Company etc. ([weblink:http://digjam.co.in/pdf/FamProgID2.pdf](http://digjam.co.in/pdf/FamProgID2.pdf)). The Remuneration & Nominations Committee has laid down the criteria for performance evaluation of Independent Directors and such evaluation is to be done by the Board (excluding the Director being evaluated) and based on the evaluation, the Board determines the continuation/extension of the term. Performance evaluation of Non-Independent Directors and the Board as a whole and Chairman of the Company is also required to be done by the Independent Directors as per relevant regulations.

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

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

All specified details are provided in the notice for appointment or re-appointment of a Director.

| Director | Category* | Board attendance ** | Attendance at last AGM | B/C/Ch+ | Sitting Fees Paid Rs. | Shares held as on March 31, 2018 |
|--|-----------|---------------------|------------------------|---------|-----------------------|----------------------------------|
| Sri Sidharth Birla | P | 4/5 | No | 5/-/- | 50,000 | 50,000 |
| Sri Bharat Anand | I | 1/5 | No | 1/1/- | 80,000 | - |
| Ms. Meenakshi Birla | P | 5/5 | No | 2/2/- | 2,20,000 | 324 |
| Sri G. Momen (upto September 22, 2017) | I | 2/3 | No | - | 70,000 | - |
| Sri A.C. Mukherji (upto September 22, 2017) | I | 2/3 | No | - | 1,00,000 | 116 |
| Sri S. Ragothaman | I | 4/5 | Yes | 9/6/3 | 2,15,000 | - |
| Sri C.L. Rathi (upto September 22, 2017) | NE | 2/3 | No | - | 60,000 | - |
| Sri Kishor Shah | I | 5/5 | No | 4/4/1 | 2,25,000 | - |
| Sri C. Bhaskar | E | 5/5 | Yes | 5/3/1 | - | 2,100 |

* : P = Promoter, I = Independent, E = Executive, NE = Non-Executive.

** : For the period under review (attendance data relates to relevant meetings while a Director)

+ : B = Board Membership (public limited companies only), C/Ch = Membership/Chairmanship of SEBI specified Board Committees.

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. The overall management of the Company is vested in the Managing Director, subject to general supervision, control and direction of the Board. Sri C. Bhaskar who was re-appointed with effect from January 1, 2018 as the Managing Director & Chief Executive Officer of the Company holds the qualifications of B. Tech (Chem.), PGDM (IIM-Cal) MIMA, FIPI and has about 39 years of consultancy and industrial experience. The day-to-day working of the plant at Jamnagar is looked after by experienced officers reporting to the President & Chief Operating Officer, who is responsible for the overall operations of the plant and reports to the Managing Director & Chief Executive Officer. The Vice President & Chief Financial Officer heads the finance function discharging the responsibility entrusted to him under regulations and by the Board. They are collectively entrusted with ensuring that all management functions are carried out effectively and professionally.

BOARD MEETINGS AND COMMITTEES

Board Meetings are held at varying locations and are usually scheduled in advance. The Board generally meets at least once a quarter to, *inter-alia*, review all relevant matters and approve the quarterly financial results. Independent Directors are required to meet at least once a year without the presence of non-independent directors and the management to, inter alia, discuss prescribed matters. The Board sometimes meets on an ad-hoc basis to receive presentations about and deliberate upon the strategic and operational plans of the management. The Agenda for meetings is prepared by the Company Secretary, in consultation with the Chairman and papers are circulated to all Directors in advance. Directors have access to the Company Secretary's support and all information of the Company and are free to suggest inclusion of any relevant matter in the Agenda. Senior Officers are called to provide clarifications and make presentations whenever required. The Board met 5 times on May 8, July 14, September

6, November 15, 2017 & February 2, 2018. To enable fuller attention to the affairs of the Company, the Board delegates specified matters to its committees, which also prepare groundwork for decision-making and reports to the Board. However, no matter is left to the final decision of any committee, which under law or the Articles may not be delegated by the Board or may require its explicit approval.

Independent Directors separately met on November 15, 2017 to, inter alia, discuss matters prescribed under Company Law and Regulation 25 of the SEBI Listing Regulations. The meeting was attended by Sri S. Ragothaman, Sri Bharat Anand and Sri Kishor Shah.

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 comprises Sri S. Ragothaman (Chairman), Sri Bharat Anand, Ms. Meenakshi Birla and Sri Kishor Shah and is mandated to meet at least four times in a year; to assess the final audited accounts and to review each quarter, the quarterly results and the limited review report before they are put up to the Board. The Committee met 4 times on May 8, September 6, November 15, 2017 & February 2, 2018 during the year attended by Sri S. Ragothaman (4/4), Sri Bharat Anand (1/4), Ms. Meenakshi Birla (4/4) and Sri Kishor Shah (3/3). Sri A.C. Mukherji and Sri G. Momen attended 2 and 1 Committee Meetings respectively till September 22, 2017 when they retired from the Board of Directors of the Company. Sri Jatin Jain, Company Secretary, acts as the Secretary to the Committee.

Remuneration & Nominations Committee

The Remuneration & Nominations Committee (which discharges the functions of the Nomination & Remuneration Committee as

envisaged under Section 178 of the Act) comprises of non-executive Directors, majority of whom are independent. The Committee helps ensure that non-executive Directors make decisions on the appointment, remuneration, assessment and progression of Executive Directors and senior officers; any compensation of non-executive Directors is a subject only for the whole Board. The Committee has devised a policy on Board diversity and when required, makes recommendations to the Board on filling up Board vacancies that may arise from time to time or on induction of further Directors to strengthen the Board. The Committee has also formulated criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy for the remuneration of the Directors, Key Managerial Personnel and other employees as well as criteria for evaluation of Independent Directors and the Board (Remuneration Policy and the Evaluation criteria are annexed). The Committee presently comprises of Sri Bharat Anand (as Chairman), Sri S. Ragothaman (Independent Directors) and Sri Sidharth Birla (non-executive Promoter Director). Sri A.C. Mukherji and Sri G. Momen ceased to be members of the Committee wef September 22, 2017 due to their retirement from the Board of Directors of the Company. The Committee met on November 15, 2017 when Sri Bharat Anand, Sri S. Ragothaman and Sri Sidharth Birla attended.

The Board approved payment to each non-executive Director sitting fees of Rs.25,000 for every Board Meeting, Rs. 20,000 for every Audit Committee meeting, Rs.5,000 for Stakeholders Relationship Committee meeting and Rs. 10,000 for every other Committee meeting attended by him besides Rs.25,000 for separate meeting of Independent Directors. No fee is paid for meetings of the CSR Committee. No commission is paid to any Director. As approved by the Shareholders at the Annual General Meeting held on September 23, 2016, Sri C. Bhaskar was appointed as Managing Director & Chief Executive Officer whose term ended on December 31, 2017 on either a remuneration comprising of salary, commission (not exceeding 2% of net profits), perquisites and other benefits/allowances as may be decided by the Board from time to time, subject in aggregate to a maximum of 5% of the net profits of the Company as per relevant calculation or where in any financial year, the Company has no/inadequate profits, remuneration by way of salary, allowances and benefits as per the rules of the Company within the applicable limits (presently Rs. 5 lacs per month) of Schedule V of the Act, whichever is higher. Accordingly he is being paid a salary of Rs. 2,45,000 per month and benefits/perquisites as per the rules of the Company (well within the limits prescribed/approved by the Board). There are no severance fees (routine notice period not considered as severance fees), other benefits, bonus or stock options. In view thereof, the Board of Directors, on the recommendation of the Remuneration & Nominations Committee, subject to the approval of the Shareholders at the forthcoming Annual General Meeting re-appointed Sri C. Bhaskar as Managing Director & Chief Executive Officer for a further period of three years wef January 1, 2018 on the same terms and conditions. The Company does not have any pecuniary relationship or transactions with any non-executive Director; Sri Bharat Anand is a partner of Khaitan & Co. LLP, a reputed firm of Advocates, who also act for the Company from time to time and to whom the Company paid Rs. 1,88,000 during the year towards Retainership, fee and reimbursement

of expenses on different matters but the Board has determined that the said amount is not material to the firm's overall income and therefore would not be deemed to affect his independence.

Stakeholders Relationship Committee

The 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 68,000 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 comprises of Sri Kishor Shah (Chairman), Ms. Meenakshi Birla and Sri C. Bhaskar while Sri C.L. Rathi and Sri A.C. Mukherji have ceased to be members of the Committee wef September 22, 2017. During the year, 23 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, 2018.

Corporate Social Responsibility ("CSR") Committee

The Board of Directors have constituted a Corporate Social Responsibility ("CSR") Committee, in line with the provisions of the Companies Act, 2013 to (i) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company; (ii) recommend the amount of expenditure to be incurred on such activities and (iii) monitor the implementation of the said CSR Policy from time to time. The Committee comprises of Ms. Meenakshi Birla, as Chairperson, Sri Bharat Anand and Sri C. Bhaskar as members. Sri G. Momen upon his retirement from the Board ceased to be Chairman of the Committee wef September 22, 2017. The President & Chief Operating Officer of the Company is the management invitee at the meetings of the CSR Committee. The Committee met on May 8, 2017.

Committee of Directors

The Committee of Directors was reconstituted during the year in view of the change in the directorate of the Company and presently comprises of Sri Sidharth Birla, Chairman, Sri Bharat Anand, Ms. Meenakshi Birla, Sri Kishor Shah and Sri C. Bhaskar 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 and September 22, 2017 respectively. The 3rd Annual General Meeting is scheduled to be held at Venue as per the notice in this Annual Report and Book Closure will be as per the notice. Besides, the Special Resolutions for granting consent to the Board of Directors to borrow u/s 180(1)(c) of the Act upto Rs. 250 Crores and for mortgaging and/or creating charge u/s 180(1)(a) of the Act at the Extraordinary General Meeting held on July 11, 2015, Special Resolutions were approved at the AGM held on September 23, 2016 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. 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, 12/1/5, Manoharpukur Road, Kolkata 700 026 are Registrars and Share Transfer Agents (RTA)** both for shares held in physical and dematerialized form. The address for Shareholders' general correspondence is Company Secretary, DIGJAM Limited, Aerodrome Road, Jamnagar 361 006 (Gujarat); designated e-mail ID for grievance redressal is investors@digjam.co.in (of Compliance Officer) and mcssta@rediffmail.com (of Registrar and Share Transfer Agents). Shareholders may also write to Registrars directly in matters relating to transfers etc. The Company had published and shall continue to publish quarterly results etc. in English and relevant vernacular print media and hold Annual General Meetings, and pay dividends (if any) within the time limits prescribed by law or regulations. The relevant information is displayed on the Company's website: www.digjam.co.in.

No presentation has been made to institutional investors, etc. The financial year of the Company is from April 1 to March 31. The Company continues to upload from time to time necessary financial data on its website. There are no GDR/ADR, warrants or other secured convertible instruments issued or outstanding. The Company's Equity Shares are listed at National Stock Exchange of India Ltd., Mumbai (Stock Code 'DIGJAMLT'D') and BSE Ltd., Mumbai (Stock Code 539979). The Company has paid the up-to-date listing fees for each of these Stock Exchanges. Equity Shares of the Company are compulsorily traded in dematerialized form. The Company has entered into agreements with NSDL and CDSL.

The ISIN is INE731U01010. As on March 31, 2018, 8,68,46,063 Equity Shares representing 99.09% of the total Equity Shares were held in dematerialized form and 7,95,558 Equity Shares representing 0.91% were held in physical form. As provided in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company sent three reminders for the unclaimed shares issued in physical form to the shareholders of erstwhile Digjam Limited consequent to the Scheme of Amalgamation and thereafter, dematerialized the balance unclaimed 1,74,629 Equity Shares of 5,854 shareholders. The same together with the balance as on April 1, 2017 of the unclaimed 1,61,237 shares held by 6,623 shareholders credited in "DIGJAM Limited Unclaimed Suspense Account" in dematerialized form, 35 shareholders/heir have approached for claiming the shares and accordingly, 1,977 shares were transferred in the said cases and the remaining 3,33,889 shares belonging to 12,442 shareholders remain unclaimed to the credit of this account. Voting Rights in respect of the aforesaid 3,33,889 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, 2018:

Distribution of Equity Shareholding

| Shareholding range (Nos.) | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1 – 500 | 56,828 | 83.78 | 56,46,705 | 6.44 |
| 501 – 1000 | 4,921 | 7.25 | 43,45,900 | 4.96 |
| 1,001 – 2,000 | 2,677 | 3.95 | 43,97,956 | 5.02 |
| 2,001 – 5,000 | 2,068 | 3.04 | 73,40,304 | 8.38 |
| 5,001 – 10,000 | 750 | 1.11 | 59,53,600 | 6.79 |
| 10,001 and above | 590 | 0.87 | 5,99,57,156 | 68.41 |
| Total | 67,834 | 100.00 | 8,76,41,621 | 100.00 |

This statement is on the basis of the Shareholding pattern as on March 31, 2018 submitted to the Stock Exchanges.

Pattern of Equity Shareholding as on March 31, 2018

| Category | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---------------------------------|---------------------|-------------------|--------------------|-------------------|
| Banks, FIs, Insurance Companies | 36 | 0.05 | 99,64,608 | 11.37 |
| Domestic Companies | 752 | 1.11 | 3,69,09,514 | 42.11 |
| Mutual Funds | 3 | 0.00 | 740 | 0.00 |
| Non-residents | 1,027 | 1.51 | 5,09,095 | 0.58 |
| Resident Individuals/others | 66,016 | 97.33 | 4,02,57,664 | 45.94 |
| Total | 67,834 | 100.00 | 8,76,41,621 | 100.00 |

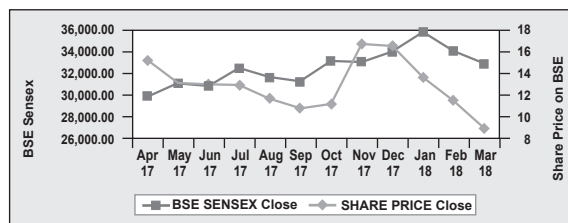
This statement is on the basis of the Shareholding pattern as on March 31, 2018 submitted to the Stock Exchanges.

Aggregate of non-promoter shareholding: 68.13%

Monthly High and Low Market Price Data of Equity Shares [April 2017 to March 2018]

| | B S E | | N S E | |
|------------------------|--------------|-------------|--------------|-------------|
| | High Rs. | Low Rs. | High Rs. | Low Rs. |
| Year 2017 | | | | |
| April | 16.45 | 11.29 | 16.50 | 11.25 |
| May | 17.60 | 12.75 | 17.70 | 12.80 |
| June | 15.00 | 12.80 | 15.00 | 12.80 |
| July | 14.34 | 12.70 | 14.35 | 12.65 |
| August | 13.23 | 10.40 | 13.25 | 10.30 |
| September | 13.23 | 10.75 | 13.25 | 10.70 |
| October | 13.12 | 10.80 | 13.05 | 10.60 |
| November | 19.05 | 11.06 | 19.20 | 11.00 |
| December | 22.50 | 14.85 | 22.75 | 14.90 |
| Year 2018 | | | | |
| January | 18.15 | 13.50 | 18.35 | 13.45 |
| February | 14.18 | 11.41 | 14.20 | 11.40 |
| March | 11.99 | 8.51 | 11.60 | 8.50 |
| During the Year | 22.50 | 8.51 | 22.75 | 8.50 |

Equity performance compared to BSE Sensex during April 1, 2017 to March 31, 2018



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.

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 Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets. All mandatory requirements (except where not relevant or applicable) of the SEBI Listing Regulations have been adopted. Of the non-mandatory suggestions, those relating to a Chairman's Office, appointment of separate persons to the posts of Chairman and that of the Managing Director & CEO, audit qualification as well as reporting by Internal Auditor directly to Audit Committee have been adopted; sending six-monthly information to each shareholder household has not been adopted. The above represents the Company's philosophy on, and implementation of, its corporate governance. Auditor's certification as required forms a part of this Annual Report.

For and on behalf of the Board

New Delhi
May 24, 2018

Sidharth Birla
Chairman

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

This is to confirm that the Company has received affirmation of compliance with "Code of Business Conduct for Directors and Senior Executives" laid down by the Board of Directors from all the Directors and Senior Management personnel of the Company, to whom the same is applicable, for the year ended March 31, 2018.

New Delhi
May 7, 2018

C. Bhaskar
Managing Director & Chief Executive Officer

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of DIGJAM LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated September 25, 2017.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of DIGJAM LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the 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.
7. 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

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Place: New Delhi
Date: May 24, 2018

(Kartikeya Raval)
(Partner)
(Membership No. 106189)

MANAGEMENTS' DISCUSSION & ANALYSIS REPORT

We submit herewith our Managements' Discussion & Analysis Report for the year ended March 31, 2018. We have included discussions on all specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's competitive position.

COMPANY & INDUSTRY STRUCTURE

The Company operates in woollen worsted textiles segment and

operates a fully equipped composite mill (ISO 9001 certified) in Jamnagar, Gujarat, which has been manufacturing high quality worsted fabrics for over last six decades. The woollen worsted industry in the country comprises of a few mills in the organized sector and a number of units in the unorganized sector. Company's commitment to quality and customer orientation reflects in its strong widely recognized and valuable brand - **DIGJAM**, supported by a well-established national distribution network. The mill has a proven track record of design and manufacture of high quality fabrics. The Company is proactive in its marketing efforts by enhancing its brand visibility, strengthening marketing organization and closer interaction with and expansion of its channel partners. The Company gives high priority to its export business and is continuously exploring new areas. It has an independent marketing team supported by an appropriate network abroad for export business. It exports a significant portion of its production to markets in Europe, USA, Canada, Middle East, Far East etc. The Company has Oekotex Certification, which certifies that its fabric is free from hazardous chemicals.

OPERATIONS

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

| | 2017-18 | 2016-17 |
|---|---------|---------|
| Product : Woolen/Worsted Fabrics | | |
| Production (Lac Mtrs) | 15.9 | 28.4 |
| Sales (Lac Mtrs): | | |
| – Domestic | 11.7 | 20.1 |
| – Exports | 4.8 | 7.9 |
| Revenue (Lac Rs.) | 5,901 | 9,921 |

Global GDP growth is projected to rise from 3.8% in 2017 to 3.9% in both 2018 and 2019. There have been positive signs of accelerating activity and rising consumer and business confidence in recent months in advanced economies and a number of emerging market economies. The world economies face anti-globalization and anti-immigration waves, causing uncertainties in markets. Crude oil prices surged following agreement by OPEC and others to cut oil production. Indian GDP growth fell to 6.6% during 2017-18 from 7.1% in previous year, and is expected to rebound to 7.3% in 2018-19 and further to 7.6% in 2019-20, even as high crude oil prices, trade protectionism etc. could pose challenges. Manufacturing sector grew 4.5%, however, textiles and wearing apparel manufacturing shrunk 0.5% and 11% respectively during the year.

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, impacted by the slow recovery from impact of demonetization, and the disruptive effect on business during the transition to GST. The prices of wool has surged further during the year setting new highs, mainly due

to strong Chinese demand, resulting in higher raw material cost.

Besides the subdued market situation, the Company's overall operations suffered on account of low capacity utilization, as a result of severe working capital constraints and higher material cost. The operations in the overall, resulted in loss before interest and depreciation of Rs. 16.01 Crores. Finance costs and Depreciation were Rs.14.14 Crores, and Rs 2.75 Crores respectively, yielding a loss before tax of Rs. 32.90 Crores during the year. The liquidity pressures resulting from the losses further impacted operations, marketing efforts and cash flows.

Various options are being examined to rebuild the resources of the Company, particularly after the losses as described. These steps could include, but are not limited to, raising fresh long term resources or disposal of surplus assets to reduce debt and meet operational requirements. The general tight liquidity conditions were not conducive to asset sales last year, but the Company expects success in its continuing efforts during the current year.

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

ENVIRONMENT & SAFETY

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

HUMAN RESOURCES

Management recognizes that employees represent our greatest assets and it is only through motivated, creative and committed employees that we can achieve our aims. Hence, the Company attempts to take care of welfare and betterment of employees.

OTHER MATTERS

Award was pronounced in the long drawn arbitration proceedings initiated by erstwhile Digjam Limited against the Developer for arbitrarily withholding the physical possession of purchased office premises by terminating the agreement on grounds of non-payment of alleged dues. The Ld. Arbitrator has awarded in favour of the Company Rs. 5 Crores plus interest, totaling Rs. 17.6 Crores against the said Developer. He however simultaneously allowed the entire award amount to be set-off against an amount of Rs. 31.3 Crores (Rs. 8.9 Crores + interest) awarded by him in favour of the Developer in another arbitration proceeding initiated by the Developer against the Company and Saurashtra Chemicals Ltd. ("SCL") in connection with a matter pertaining to the erstwhile chemicals division of the Company. He has disregarded that the said division consisting of, inter alia, its entire assets and liabilities stood, with the sanction of Hon'ble High Court of Gujarat, demerged under Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956 and transferred to and vested in SCL with effect from the Appointed Date of July 1, 1998. Therefore the Company is not concerned or liable in respect of that matter

pertaining to SCL. The Company has proceeded, under legal advice, in the matter in the courts for redressal.

Asset Reconstruction Company (India) Limited ("Arcil") have made a claim on the Company 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. The Company has been legally advised that the claim is not tenable and has filed its reply with DRT.

The difficult financial position and the consequences thereof continue to hamper operations 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, while Net Worth is Rs. 72 Crores. Barring any unforeseen systemic disruption which can affect the markets, there are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Internal control systems are regarded as being adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance with all relevant regulations and laws. We record our appreciation of all our sincere employees, gratefulness to our Shareholders, lenders and banks and other stakeholders, concerned Government and other authorities and our channel partners for their continued support and to customers for their reposing faith and confidence in us.

CAUTIONARY STATEMENT

Statements in this "Managements' Discussion & Analysis" which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. However, actual results could or may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations also include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, economic developments within India and countries in which the Company conducts business besides other factors, such as litigation and labour negotiations.

For and on behalf of the Management Team

New Delhi
May 24, 2018

C. Bhaskar
Managing Director & Chief Executive Officer

Annexure to the Directors' Report

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

| I. REGISTRATION AND OTHER DETAILS: | |
|--|---|
| i) CIN : | L17123GJ2015PLC083569 |
| ii) Registration Date : | June 17, 2015 |
| iii) Name of the Company : | DIGJAM Limited |
| iv) Category / Sub-Category of the Company : | Public Company - Limited by Shares |
| v) Address of the Registered office and contact details : | Aerodrome Road, Jamnagar 361 006, Gujarat Tel: 0288 - 2712972/73, Fax: 0288 - 2712991 Email: cosec@digjam.co.in website: www.digjam.co.in |
| vi) Whether listed company | Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | MCS Share Transfer Agent Ltd., 12/1/5, Manoharpukur Road, Kolkata 700 026. Tel: 033 - 4072 4051, Fax: 033 - 4072 4050, Email: mcssta@rediffmail.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY – Manufacture and Sale of Fabrics

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1. | Weaving, manufacture of wool and wool mixture fabrics | 13123 | 29.50 |
| 2. | Weaving, manufacturing of man-made fiber and man-made mixture fabrics | 13124 | 55.90 |
| 3. | Wholesale of textiles, fabrics | 46411 | 13.85 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|----------------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| NOT APPLICABLE | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
j) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 87589 | – | 87589 | 0.10 | 87589 | – | 87589 | 0.10 | 0.00 |
| b) Central Govt. | – | – | – | – | – | – | – | – | – |
| c) State Govt (s) | – | – | – | – | – | – | – | – | – |
| d) Bodies Corp. | 29590000 | – | 29590000 | 33.76 | 27840000 | – | 27840000 | 31.77 | (5.91) |
| e) Banks / FI | – | – | – | – | – | – | – | – | – |
| f) Any Other | 4887881 | – | 4887881 | 5.58 | – | – | – | – | (100.00) |
| Sub-total (A)(1) | 34565470 | – | 34565470 | 39.44 | 27927589 | – | 27927589 | 31.87 | (19.20) |
| (2) Foreign | | | | | | | | | |
| a) NRIs – Individuals | – | – | – | – | – | – | – | – | – |
| b) Other – Individuals | – | – | – | – | – | – | – | – | – |
| c) Bodies Corp. | – | – | – | – | – | – | – | – | – |
| d) Banks / FI | – | – | – | – | – | – | – | – | – |
| e) Any other.... | – | – | – | – | – | – | – | – | – |
| Sub-total (A) (2) | | | | | | | | | |
| Total shareholding of Promoter (A) = (A) (1) + (A) (2) | 34565470 | – | 34565470 | 39.44 | 27927589 | – | 27927589 | 31.87 | (19.20) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Contd.

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 740 | – | 740 | 0.00 | 740 | – | 740 | 0.00 | – |
| b) Banks / FI | 8955701 | 19415 | 8975116 | 10.24 | 8712450 | 18931 | 8731381 | 9.96 | (2.72) |
| c) Central Govt. | – | – | – | – | – | – | – | – | – |
| d) State Govt(s) | 1234744 | – | 1234744 | 1.41 | 1234744 | – | 1234744 | 1.41 | – |
| e) Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| f) Insurance Companies | 1233227 | – | 1233227 | 1.41 | 1233227 | – | 1233227 | 1.41 | – |
| g) FIs | – | – | – | – | – | – | – | – | – |
| h) Foreign Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| i) Others (specify) | – | – | – | – | – | – | – | – | – |
| Sub-total (B)(1) | 11424412 | 19415 | 11443827 | 13.06 | 11181161 | 18931 | 11200092 | 12.78 | (2.13) |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 5447378 | 14782 | 5462160 | 6.23 | 7822797 | 11973 | 7834770 | 8.94 | 43.44 |
| ii) Overseas | – | – | – | – | – | – | – | – | – |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 26866402 | 920168 | 27786570 | 31.70 | 25556126 | 730017 | 26286143 | 29.99 | (5.40) |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 7675383 | – | 7675383 | 8.76 | 13542858 | – | 13542858 | 15.45 | 76.45 |
| c) Others (specify) | | | | | | | | | |
| Directors & Relatives | 16235 | – | 16235 | 0.02 | 5248 | – | 5248 | 0.01 | 0.00 |
| Non-Resident Individuals | 478234 | 51434 | 529668 | 0.60 | 474458 | 34637 | 509095 | 0.58 | (3.88) |
| Trusts | 1071 | – | 1071 | 0.00 | 1937 | – | 1937 | 0.00 | 80.86 |
| Digjam Ltd. Unclaimed Suspense Account | 161237 | – | 161237 | 0.18 | 333889 | – | 333889 | 0.38 | 107.08 |
| Sub-Total (B) (2) | 40645940 | 986384 | 41632324 | 47.50 | 47737313 | 776627 | 48513940 | 55.35 | 16.53 |
| Total Public Shareholding (B) = (B)(1)+ (B)(2) | 52070352 | 1005799 | 53076151 | 60.56 | 58918474 | 795558 | 59714032 | 68.13 | 12.51 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| | – | – | – | – | – | – | – | – | – |
| Grand Total (A+B+C) | 86635822 | 1005799 | 87641621 | 100.00 | 86846063 | 795558 | 87641621 | 100.00 | NA |

ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in share holding during the year |
|---------|-----------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total Shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total Shares | |
| 1. | S. K. Birla | 37589 | 0.04 | 0.03 | 37589 | 0.04 | 0.03 | — |
| 2. | Sidharth Kumar Birla | 50000 | 0.06 | 0.00 | 50000 | 0.06 | 0.00 | — |
| 3. | Janardhan Trading Co. Ltd. | 1900000 | 2.17 | 1.34 | 1900000 | 2.17 | 1.34 | — |
| 4. | Central India General Agents Ltd. | 16514000 | 18.84 | 2.41 | 16514000 | 18.84 | 2.41 | — |
| 5. | iPro Capital Ltd. | 3000000 | 3.42 | 0.00 | 1250000 | 1.43 | 0.00 | (58.33) |
| 6. | Birla Eastern Ltd. | 926000 | 1.05 | 0.33 | 926000 | 1.05 | 0.33 | — |
| 7. | Birla Holdings Ltd. | 7250000 | 8.27 | 0.00 | 7250000 | 8.27 | 0.00 | — |
| 8. | Sukriti Education Society | 4809881 | 5.49 | 0.00 | — | — | — | (100.00) |
| 9. | Sushila Birla Memorial Institute | 78000 | 0.09 | 0.00 | — | — | — | (100.00) |
| 10. | Smt. Sumangala Birla | — | — | — | — | — | — | — |
| 11. | Smt. Madhushree Birla | — | — | — | — | — | — | — |
| 12. | Nathdwara Investment Co. Ltd. | — | — | — | — | — | — | — |
| | Total | 34565470 | 39.44 | 4.11 | 27927589 | 31.87 | 4.11 | (19.20) |

Note: The Company has pursuant to the Scheme of Amalgamation allotted 5,00,000-8% Non-convertible Redeemable Preference Shares of Rs. 100 each aggregating to Rs. 5,00,00,000 to Central India General Agents Limited. The said 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 wef March 27, 2017.

iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | iPro Capital Limited | 3000000 | 3.42 | 3000000 | 3.42 |
| | 28.11.2017 | Transferred 475000 | 0.54 | 2525000 | 2.88 |
| | 29.11.2017 | Transferred 325000 | 0.37 | 2200000 | 2.51 |
| | 08.12.2017 | Transferred 100000 | 0.11 | 2100000 | 2.40 |
| | 19.12.2017 | Transferred 200000 | 0.23 | 1900000 | 2.17 |
| | 20.12.2017 | Transferred 100000 | 0.11 | 1800000 | 2.05 |
| | 21.12.2017 | Transferred 150000 | 0.17 | 1650000 | 1.88 |
| | 22.12.2017 | Transferred 100000 | 0.11 | 1550000 | 1.77 |
| | 26.12.2017 | Transferred 50000 | 0.06 | 1500000 | 1.71 |
| | 26.02.2018 | Transferred 100000 | 0.11 | 1400000 | 1.60 |
| | 27.02.2018 | Transferred 50000 | 0.06 | 1350000 | 1.54 |
| | 08.03.2018 | Transferred 50000 | 0.06 | 1300000 | 1.48 |
| | 16.03.2018 | Transferred 50000 | 0.06 | 1250000 | 1.43 |
| | At the end of the year | — | — | 1250000 | 1.43 |
| | Sukriti Education Society | 4809881 | 5.49 | 4809881 | 5.49 |
| | 06.04.2017 | Transferred 100000 | 0.11 | 4709881 | 5.37 |
| | 19.06.2017 | Transferred 21834 | 0.02 | 4688047 | 5.35 |
| | 21.06.2017 | Transferred 1219166 | 1.39 | 3468881 | 3.96 |
| | 22.06.2017 | Transferred 650000 | 0.74 | 2818881 | 3.22 |
| | 23.06.2017 | Transferred 40000 | 0.05 | 2778881 | 3.17 |
| | 28.06.2017 | Transferred 60000 | 0.07 | 2718881 | 3.10 |
| | 09.08.2017 | Transferred 55681 | 0.06 | 2663200 | 3.04 |
| | 14.08.2017 | Transferred 60000 | 0.07 | 2603200 | 2.97 |
| | 17.08.2017 | Transferred 75000 | 0.09 | 2528200 | 2.88 |
| | 28.08.2017 | Transferred 58800 | 0.07 | 2469400 | 2.82 |
| | 30.08.2017 | Transferred 95400 | 0.11 | 2374000 | 2.71 |
| | 11.09.2017 | Transferred 70000 | 0.08 | 2304000 | 2.63 |
| | 13.09.2017 | Transferred 100000 | 0.11 | 2204000 | 2.52 |

iii) Change in Promoters' Shareholding (please specify, if there is no change) Contd.

| Sl. No. | | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|----------------------------------|------------------------|---|----------------------------------|---|----------------------------------|
| | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | 14.09.2017 | Transferred | 40000 | 0.05 | 2164000 | 2.47 |
| | 19.09.2017 | Transferred | 185000 | 0.21 | 1979000 | 2.26 |
| | 21.09.2017 | Transferred | 95000 | 0.11 | 1884000 | 2.15 |
| | 25.09.2017 | Transferred | 120000 | 0.14 | 1764000 | 2.01 |
| | 10.10.2017 | Transferred | 95000 | 0.11 | 1669000 | 1.90 |
| | 11.10.2017 | Transferred | 250000 | 0.29 | 1419000 | 1.62 |
| | 12.10.2017 | Transferred | 139000 | 0.16 | 1280000 | 1.46 |
| | 17.10.2017 | Transferred | 125000 | 0.14 | 1155000 | 1.32 |
| | 24.10.2017 | Transferred | 100000 | 0.11 | 1055000 | 1.20 |
| | 26.10.2017 | Transferred | 130000 | 0.15 | 925000 | 1.06 |
| | 31.10.2017 | Transferred | 100000 | 0.11 | 825000 | 0.94 |
| | 01.11.2017 | Transferred | 100000 | 0.11 | 725000 | 0.83 |
| | 02.11.2017 | Transferred | 100000 | 0.11 | 625000 | 0.71 |
| | 06.11.2017 | Transferred | 625000 | 0.71 | — | — |
| | | At the end of the year | — | — | — | — |
| | Sushila Birla Memorial Institute | | 78000 | 0.09 | 78000 | 0.09 |
| | 12.12.2017 | Transferred | 78000 | 0.09 | — | — |
| | | At the end of the year | — | — | — | — |

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders Name, Date & Reason of Change | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | ICICI BANK LIMITED | 8763381 | 10.00 | 8763381 | 10.00 |
| | 22.09.2017 Transferred | 205676 | 0.24 | 8557705 | 9.76 |
| | 06.10.2017 Transferred | 100000 | 0.11 | 8457705 | 9.65 |
| | 23.03.2018 Transferred | 120643 | 0.14 | 8337062 | 9.51 |
| | 30.03.2018 Transferred | 200000 | 0.23 | 8137062 | 9.28 |
| | At the end of the year | — | — | 8137062 | 9.28 |
| 2. | GUJARAT STATE INVESTMENTS LIMITED | 1234744 | 1.41 | 1234744 | 1.41 |
| | At the end of the year | — | — | 1234744 | 1.41 |
| 3. | LIFE INSURANCE CORPORATION OF INDIA | 1127223 | 1.29 | 1127223 | 1.29 |
| | At the end of the year | — | — | 1127223 | 1.29 |
| 4. | KARVY STOCK BROKING LTD. (BSE) | — | — | — | — |
| | 29.09.2017 Acquired | 650000 | 0.74 | 650000 | 0.74 |
| | At the end of the year | — | — | 650000 | 0.74 |
| 5. | VIIVEK MADANLAL JAIN HUF | 500000 | 0.57 | 500000 | 0.57 |
| | 12.05.2017 Transferred | 2696 | 0.00 | 497304 | 0.57 |
| | 16.06.2017 Transferred | 5000 | 0.01 | 492304 | 0.56 |
| | 23.06.2017 Transferred | 5000 | 0.01 | 487304 | 0.56 |
| | At the end of the year | — | — | 487304 | 0.56 |
| 6. | AXIS BANK LIMITED | — | — | — | — |
| | 05.05.2017 Acquired | 90000 | 0.10 | 90000 | 0.10 |
| | 12.05.2017 Acquired | 391635 | 0.45 | 481635 | 0.55 |
| | 19.05.2017 Acquired | 22907 | 0.03 | 504542 | 0.58 |
| | 26.05.2017 Transferred | 8270 | 0.01 | 496272 | 0.57 |
| | 16.06.2017 Acquired | 12300 | 0.01 | 508572 | 0.58 |
| | 23.06.2017 Acquired | 2310 | 0.00 | 510882 | 0.58 |
| | 30.06.2017 Transferred | 10120 | 0.01 | 500762 | 0.57 |

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Contd.

| Sl. No. | For Each of the Top 10 Shareholders Name, Date & Reason of Change | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|------------------------|--|-------------------------------------|--|-------------------------------------|
| | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | 07.07.2017 | Transferred | 500 | 0.00 | 500262 | 0.57 |
| | 14.07.2017 | Transferred | 8310 | 0.01 | 491952 | 0.56 |
| | 21.07.2017 | Acquired | 14887 | 0.02 | 506839 | 0.58 |
| | 28.07.2017 | Transferred | 11500 | 0.01 | 495339 | 0.57 |
| | 04.08.2017 | Transferred | 247562 | 0.28 | 247777 | 0.28 |
| | 11.08.2017 | Acquired | 311910 | 0.36 | 559687 | 0.64 |
| | 19.08.2017 | Acquired | 2000 | 0.00 | 561687 | 0.64 |
| | 26.08.2017 | Transferred | 6920 | 0.01 | 554767 | 0.63 |
| | 01.09.2017 | Transferred | 244840 | 0.28 | 309927 | 0.35 |
| | 08.09.2017 | Acquired | 203225 | 0.23 | 513152 | 0.59 |
| | 15.09.2017 | Acquired | 1000 | 0.00 | 514152 | 0.59 |
| | 22.09.2017 | Transferred | 3340 | 0.00 | 510812 | 0.58 |
| | 29.09.2017 | Transferred | 248635 | 0.28 | 262177 | 0.30 |
| | 06.10.2017 | Acquired | 253586 | 0.29 | 515763 | 0.59 |
| | 13.10.2017 | Transferred | 9310 | 0.01 | 506453 | 0.58 |
| | 20.10.2017 | Acquired | 7808 | 0.01 | 514261 | 0.59 |
| | 27.10.2017 | Acquired | 520 | 0.00 | 514781 | 0.59 |
| | 03.11.2017 | Acquired | 43374 | 0.05 | 558155 | 0.64 |
| | 10.11.2017 | Transferred | 24310 | 0.03 | 533845 | 0.61 |
| | 17.11.2017 | Transferred | 1800 | 0.00 | 532045 | 0.61 |
| | 24.11.2017 | Transferred | 7429 | 0.01 | 524616 | 0.60 |
| | 01.12.2017 | Transferred | 13614 | 0.02 | 511002 | 0.58 |
| | 08.12.2017 | Transferred | 46084 | 0.05 | 464918 | 0.53 |
| | 15.12.2017 | Transferred | 505 | 0.00 | 464413 | 0.53 |
| | 22.12.2017 | Acquired | 2871 | 0.00 | 467284 | 0.53 |
| | 29.12.2017 | Transferred | 243779 | 0.28 | 223505 | 0.26 |
| | 12.01.2018 | Transferred | 5000 | 0.01 | 218505 | 0.25 |
| | 09.02.2018 | Acquired | 231920 | 0.26 | 450425 | 0.51 |
| | 16.02.2018 | Transferred | 6050 | 0.01 | 444375 | 0.51 |
| | 23.02.2018 | Transferred | 53910 | 0.06 | 390465 | 0.45 |
| | 02.03.2018 | Acquired | 30377 | 0.03 | 420842 | 0.48 |
| | 16.03.2018 | Transferred | 5634 | 0.01 | 415208 | 0.47 |
| | 23.03.2018 | Acquired | 126322 | 0.14 | 541530 | 0.62 |
| | 30.03.2018 | Transferred | 89451 | 0.10 | 452079 | 0.52 |
| | | At the end of the year | — | — | 452079 | 0.52 |
| 7. | ASE CAPITAL MARKETS LTD. | | — | — | — | — |
| | 23.03.2018 | Acquired | 419000 | 0.48 | 419000 | 0.48 |
| | 30.03.2018 | Acquired | 15000 | 0.02 | 434000 | 0.50 |
| | | At the end of the year | — | — | 434000 | 0.50 |
| 8. | M SRI RAMA MURTHY | | — | — | — | — |
| | 17.11.2017 | Acquired | 3300 | 0.00 | 3300 | 0.00 |
| | 24.11.2017 | Acquired | 51747 | 0.06 | 55047 | 0.06 |
| | 01.12.2017 | Acquired | 44953 | 0.05 | 100000 | 0.11 |
| | 08.12.2017 | Acquired | 227392 | 0.26 | 327392 | 0.37 |
| | 15.12.2017 | Acquired | 72875 | 0.08 | 400267 | 0.46 |
| | | At the end of the year | — | — | 400267 | 0.46 |
| 9. | TRANSCERA ADVISOR LLP | | — | — | — | — |
| | 08.12.2017 | Acquired | 300000 | 0.34 | 300000 | 0.34 |
| | 15.12.2017 | Acquired | 50000 | 0.06 | 350000 | 0.40 |
| | | At the end of the year | — | — | 350000 | 0.40 |
| 10. | DIGVIJAY COMMERCE AND TRADING PVT. LTD. | | — | — | — | — |
| | 08.12.2017 | Acquired | 253947 | 0.29 | 253947 | 0.29 |
| | 05.01.2018 | Acquired | 95000 | 0.11 | 348947 | 0.40 |
| | 16.03.2018 | Transferred | 16960 | 0.02 | 331987 | 0.38 |
| | 23.03.2018 | Acquired | 16960 | 0.02 | 348947 | 0.40 |
| | | At the end of the year | — | — | 348947 | 0.40 |

v) **Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | At the beginning of the year - Sri Sidharth Birla | 50,000 | 0.06 | 50,000 | 0.06 |
| 2. | Ms. Meenakshi Birla | 324 | 0.00 | 324 | 0.00 |
| 3. | Sri S. Ragothaman | 723 | 0.00 | 723 | 0.00 |
| 4. | Sri C. Bhaskar | 2,100 | 0.00 | 2,100 | 0.00 |
| 5. | Sri Jatin Jain | 50 | 0.00 | 50 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/bonus / sweat equity etc.) : | | | | |
| | Sri S. Ragothaman 27.11.2017 Transferred | 723 | 0.00 | | |
| 1. | At the End of the year Sri Sidharth Birla | 50,000 | 0.06 | 50,000 | 0.06 |
| 2. | Ms. Meenakshi Birla | 324 | 0.00 | 324 | 0.00 |
| 3. | Sri S. Ragothaman | — | — | — | — |
| 4. | Sri C. Bhaskar | 2,100 | 0.00 | 2,100 | 0.00 |
| 5. | Sri Jatin Jain | 50 | 0.00 | 50 | 0.00 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs.)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|---------------------|----------|---------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 62,69,69,589 | 19,83,29,911* | — | 82,52,99,500 |
| ii) Interest due but not paid | — | 1,65,60,064 | — | 1,65,60,064 |
| iii) Interest accrued but not due | 15,10,274 | 36,22,068 | — | 51,32,342 |
| Total (i + ii + iii) | 62,84,79,863 | 21,85,12,043 | — | 84,69,91,906 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 4,79,76,670 | 7,61,58,912 | — | 12,41,35,582 |
| • Reduction | — | — | — | — |
| Net Change | 4,79,76,670 | 7,61,58,912 | — | 12,41,35,582 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 67,53,57,952 | 25,44,92,304* | — | 92,98,50,256 |
| ii) Interest due but not paid | — | 3,50,92,016 | — | 3,50,92,016 |
| iii) Interest accrued but not due | 10,98,581 | 50,86,635 | — | 61,85,216 |
| Total (i + ii + iii) | 67,64,56,533 | 29,46,70,955 | — | 97,11,27,488 |

*As per IND-AS applicable to the Company wef April 1, 2017, Redeemable Preference Share Capital is considered as unsecured loan.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

(Rs.)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|---------|---|-------------------------|---|---|--------------|
| | | Sri C. Bhaskar | — | — | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 29,40,000 | | | 29,40,000 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 4,41,000 | | | 4,41,000 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | — | | | — |
| 2. | Stock Option | — | | | — |
| 3. | Sweat Equity | — | | | — |
| 4. | Commission | — | | | — |
| | - as % of profit | | | | |
| | - others, specify... | | | | |
| 5. | Others, please specify: | — | | | — |
| | Total (A) | 33,81,000 | | | 33,81,000 |
| | Ceiling as per the Act | 60,00,000 | | | 60,00,000 |

Note : Excludes contributions to Provident & Superannuation Funds in accordance with Schedule V to the Act.

B. Remuneration to other Directors:

(Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------|--|----------------------------|------------------------------|--------------------------|-------------------|-----------------|--------------|
| | | Sri B. Anand | Sri G. Momen | Sri A. C. Mukherji | Sri S. Ragothaman | Sri Kishor Shah | |
| 1. | Independent Directors <input type="checkbox"/> Fee for attending Board/Committee meetings <input type="checkbox"/> Commission <input type="checkbox"/> Others, please specify | 80,000 | 70,000 | 1,00,000 | 2,15,000 | 2,25,000 | 6,90,000 |
| | Total (1) | 80,000 | 70,000 | 1,00,000 | 2,15,000 | 2,25,000 | 6,90,000 |
| 2. | Other Non-Executive Directors <input type="checkbox"/> Fee for attending Board/Committee meetings <input type="checkbox"/> Commission <input type="checkbox"/> Others, please specify | Sri C. L. Rathii 60,000 | Sri Sidharth Birla 50,000 | Ms. M. Birla 2,20,000 | | | 3,30,000 |
| | Total (2) | 60,000 | 50,000 | 2,20,000 | | | 3,30,000 |
| | Total (B) = (1 + 2) | | | | | | 10,20,000 |
| | Total Managerial Remuneration | | | | | | 44,01,000 |
| | Overall Ceiling as per the Act | | | | | | 1,16,00,000 |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs.)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---------|--|--------------------------|------------------------|----------------------|--------------|
| | | CEO | CFO Sri Satish Shah | CS Sri Jatin Jain | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | * | 14,51,167 | 4,75,000 | 19,26,167 |
| | | | 3,13,326 | 75,428 | 3,88,754 |
| | | | - | - | - |
| 2. | Stock Option | | - | - | - |
| 3. | Sweat Equity | | - | - | - |
| 4. | Commission - as % of profit - others, specify | | - | - | - |
| 5. | Others, please specify tax exempt medical reimbursements | | 19,950 | 19,950 | 39,900 |
| | Total | | 17,84,443 | 5,70,378 | 23,54,821 |

* The Managing Director is the CEO and the remuneration paid to him is furnished at VI.A above.

Note: Excludes tax exempt contributions to Provident & Superannuation Funds.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding Fees imposed | Authority [RD/NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |

Annexure to the Directors' Report

POLICY ON REMUNERATION TO EXECUTIVE DIRECTORS & SENIOR MANAGEMENT

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

1. Guiding principles:

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

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

2. Remuneration:

a) Base Compensation (fixed salaries)

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

b) Variable salary:

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

c) Severance pay:

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

3. Role of the Remuneration & Nominations Committee:

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

- formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this policy;
- advising the Board on issues concerning principles for remuneration, remuneration and other terms of employment for Executive Directors & Senior Executives;
- recommending to the Board, candidates and terms of employment for EDs and senior executives
- monitoring and evaluating programs for variable remuneration;

- monitoring and evaluating the application of this Policy; and
- monitoring and evaluating current remuneration structures and levels in the Company.

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

4. Authority to decide on deviations from this Policy:

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

5. Amendment

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

Annexure to the Directors' Report

CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD

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

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

- Broad understanding of the Company's business including financial, marketing, strategic plans and key issues;
- Special skills/expertise contributing to the overall effectiveness and diversity of the Board;
- Making measured and balanced contributions to Board discussions and deliberations after taking into consideration the interests of all stakeholders;
- Standards of propriety;
- 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:

- Spread of talent and diversity in the Board;
- Contribution to effective Corporate Governance and transparency in the Company's operations;
- Deliberations/decisions on the Company's strategies, policies and plans and provision of guidance to the Executive Management.
- Monitoring the implementation of the strategies and the executive management's performance;
- 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. 20 lacs

C. Foreign Exchange Earnings and Outgo

| | (Rs. Lac) | |
|-------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Total foreign exchange earned | 2,390 | 2,910 |
| Total foreign exchange used | 30 | 223 |

For and on behalf of the Board

New Delhi
May 24, 2018

Sidharth Birla
Chairman

Annexure to the Directors' Report

WHISTLE BLOWER POLICY

1. Preface

- a. The Company has adopted its Corporate Governance Regulations under relevant Regulation, Listing Agreement and Company Law as well as best practices relating thereto. The Board believes that the good governance is voluntary and self-disciplining, with the strongest impetus coming from Directors and the management itself. The management and organization at DIGJAM Limited aims to be progressive, competent and trustworthy, while reflecting and respecting the best of Indian values in conduct. The Board lays significant emphasis on integrity, transparency and accountability by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has formulated the Code of Conduct for Directors and Senior Management ("the Code"), which lays down the principles and standards that should govern the actions of the Company and their employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the Code cannot be undermined. This policy requires the employees to report violations, i.e., every employee of the Company shall promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company.
- b. Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called 'Whistle Blower Policy' for directors, stakeholders, employees and their

representatives to freely communicate their concerns about illegal or unethical practices/behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

- c. Under the Companies Act, 2013 every listed company is required to establish a vigil mechanism for directors and employees to report genuine concerns.
- d. Accordingly, this Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach the Audit Committee of the Company.

2. Definitions

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

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

3. Scope

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

4. Eligibility

All Employees of the Company are eligible to make Protected

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

5. Disqualifications

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

6. Procedure

- a. All Protected Disclosures should be addressed to the Chairman of the Audit Committee of the Company. The contact details of the Chairman of the Audit Committee are:

**Sri S. Ragothaman,
C-3, Golden Gate Apartments,
New No. 33, Habibullah Road,
T. Nagar, Chennai-600 017.**

- b. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.
- c. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigator appointed for this purpose.
- d. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- e. The Whistle Blower must disclose his/her identity in the covering letter forwarding such Protected Disclosure (and not in the Protected Disclosure itself). Anonymous disclosures will not be entertained by the Audit Committee as it would not be possible for it to interview the Whistle Blowers.

7. Investigation

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Investigator, as directed

by Audit Committee, who will investigate / oversee the investigations under the authorization of the Audit Committee.

- b. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- c. Any member of the Audit Committee who may have a conflict of interest in respect of the matter under investigation/the protected disclosure, should recuse himself and the other members of the Committee shall deal with the matter.
- d. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation sought does not merely require them to admit guilt.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- j. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- k. The investigation shall be completed normally within 60 days of the receipt of the Protected Disclosure.

8. Protection

- a. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action,

transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Whistle Blowers are cautioned that their identity may become known for reasons outside the control of Audit Committee (e.g. during investigations carried out by Investigators).

- b. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- c. Any violation of the above protection should be reported to the Chairman of the Audit Committee who shall cause the same to be investigated and recommend appropriate action, if required, to the management.

9. Investigators

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

10. Decision

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

11. Reporting

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

12. Retention of documents

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

13. Amendment

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

Annexure to the Directors' Report

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

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

ANNEXURE

AREAS PRESCRIBED UNDER THE COMPANIES ACT, 2013:

- a) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- d) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- e) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

- f) measures for the benefit of armed forces veterans, war widows and their dependents;
- g) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- h) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
- i) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- j) rural development projects.
- k) slum area development.

Annexure to the Directors' Report

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

- a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year:
Sri C Bhaskar (Managing Director & CEO) : **22:1**
- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:
Sri C. Bhaskar – (Managing Director & CEO) : **5**
Sri Satish Shah – (Vice President & CFO) : **(10)**
Sri Jatin Jain – (Company Secretary) : **18**
- c) The percentage increase in the median remuneration of employees in the financial year : **9.42**
- d) The number of permanent employees on the rolls of Company : **852 (as on March 31, 2018)**
- 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 (4.75%) and 4.60% for Managerial Personnel (which includes arrears paid for the preceding period).
- f) If remuneration is as per the remuneration policy of the Company: **Yes**

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

For and on behalf of the Board

New Delhi
May 24, 2018

Sidharth Birla
Chairman

Form No. MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[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
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.

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 2018, 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, 2018 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;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - 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;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - *Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.*
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - *Not applicable as the Company has not bought back any of its securities during the financial year under review.*
- i. 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 National Stock Exchange of India Limited and BSE Limited;

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

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For, Viral Sanghavi & Associates
Company Secretaries

CS Viral Sanghavi
Proprietor

M No. ACS 24951 CP 9035
On 7th May, 2018 at Jamnagar

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGJAM LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Digjam Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the

Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Material uncertainty related to Going Concern

We draw attention to Note 30 to the Ind AS financial statements, which indicates that the Company has incurred a net loss of Rs. 3211.41 lacs during the year ended March 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 6524.83 lacs. These events or conditions, along with other matters as set forth in Note 30, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Ind AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

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) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) The matter described in the Material uncertainty related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - g) 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 an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- h) 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 Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Kartikeya Raval)
(Partner)

Place : New Delhi

Date : May 24, 2018

(Membership No. 106189)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF DIGJAM LIMITED

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

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

We have audited the internal financial controls over financial reporting of Digjam Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute

of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting 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.

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place : New Delhi
Date : May 24, 2018

(Kartikeya Raval)
(Partner)
(Membership No. 106189)

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF DIGJAM LIMITED

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

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

| Particulars of the land | Gross Block Rs. (as at the Balance Sheet Date) | Net Block Rs. (as at the Balance Sheet Date) | Remarks |
|------------------------------------|--|--|--|
| Freehold land at Jamnagar, Gujarat | 5,91,347 | 5,91,347 | The documents for the land are yet to be mutated from erstwhile Birla VXL Limited (Digjam Woollen Mills) to Digjam Limited (current name). |

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

- (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) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of paragraph 2 of the Order is not applicable.

- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and any other relevant provisions of the Act and Companies (Acceptance of Deposit) Rules, 2014, as amended would apply. Accordingly, para 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Service Tax, Value Added Tax, Goods & Service Tax, Excise Duty, cess and other material statutory dues applicable to it to the appropriate authorities. In case of Provident Fund, Employees' State Insurance and Income-tax, there are cases of delays in payment during the year.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes except for the following:

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not borrowed from Government and also the Company has not issued debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has utilised the money raised by way of term loans during the year for the purpose for which they were raised.
- (x) To the best of our knowledge and according to the information

and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 except for the approval of the Members which will be obtained at the forth coming Annual General Meeting of the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 2 of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS 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 convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS AND SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Kartikeya Raval)

(Partner)

Place : New Delhi

Date : May 24, 2018

(Membership No. 106189)

DIGJAM LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

| | Notes | As at March 31, 2018 | As at March 31, 2017 | (Rs. in lacs) As at April 1, 2016 |
|---------------------------------------|-------|-------------------------|-------------------------|---|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 3A | 17,354.69 | 17,626.48 | 17,823.63 |
| Intangible Assets | 3B | 8.04 | 11.23 | 14.65 |
| Financial Assets | | | | |
| Others | 4 | 3.79 | 3.79 | 3.66 |
| Other Non-Current Assets | 5 | — | — | 22.47 |
| Total Non-Current Assets | | 17,366.52 | 17,641.50 | 17,864.41 |
| Current Assets | | | | |
| Inventories | 6 | 3,577.18 | 4,081.99 | 3,262.23 |
| Financial Assets | | | | |
| Trade Receivables | 7 | 610.58 | 1,463.09 | 1,312.83 |
| Cash and Cash Equivalents | 8 | 12.91 | 17.19 | 36.80 |
| Other Balances with Banks | 9 | 134.11 | 155.81 | 134.85 |
| Other Financial Assets | 4 | 17.99 | 19.59 | 15.92 |
| Current Tax Assets | 10 | 22.71 | 19.63 | 24.72 |
| Other Current Assets | 5 | 125.20 | 152.12 | 204.74 |
| Total Current Assets | | 4,500.68 | 5,909.42 | 4,992.09 |
| Total Assets | | 21,867.20 | 23,550.92 | 22,856.50 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity Share Capital | 11a | 8,764.16 | 8,764.16 | — |
| Equity Share Capital Suspense Account | 11b | — | — | 8,764.16 |
| Other Equity | 12 | (1,534.03) | 1,677.38 | 3,893.78 |
| Total Equity | | 7,230.13 | 10,441.54 | 12,657.94 |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 13 | 2,912.13 | 3,186.90 | 1,169.03 |
| Other Financial Liabilities | 14 | 227.64 | 248.05 | 225.76 |
| Provisions | 15 | 471.79 | 461.76 | 354.82 |
| Total Non-Current Liabilities | | 3,611.56 | 3,896.71 | 1,749.61 |
| Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 13 | 5,549.98 | 5,063.94 | 4,395.78 |
| Trade Payables | 16 | 3,168.45 | 3,495.65 | 3,575.24 |
| Other Financial Liabilities | 14 | 1,849.16 | 219.07 | 59.97 |
| Provisions | 15 | 169.94 | 208.84 | 185.44 |
| Other Current Liabilities | 17 | 287.98 | 225.17 | 232.52 |
| Total Current Liabilities | | 11,025.51 | 9,212.67 | 8,448.95 |
| Total Liabilities | | 14,637.07 | 13,109.38 | 10,198.56 |
| Total Equity and Liabilities | | 21,867.20 | 23,550.92 | 22,856.50 |

Accompanying notes form integral part of the financial statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sidharth Birla
Chairman

Kartikeya Raval
Partner
New Delhi
May 24, 2018

Jatin Jain
Company Secretary

Satish Shah
Vice President
& Chief Financial Officer

C. Bhaskar
Managing Director
& Chief Executive Officer

**STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED MARCH 31, 2018**

| | | Year ended March 31, 2018 | (Rs. in lacs) Year ended March 31, 2017 |
|---|-------|------------------------------|---|
| INCOME | Notes | | |
| Revenue from Operations | 18 | 5,901.44 | 9,921.25 |
| Other Income | 19 | 102.67 | 117.12 |
| Total | | 6,004.11 | 10,038.37 |
| EXPENSES | | | |
| Cost of Materials Consumed | 20 | 2,384.90 | 3,731.11 |
| Purchase of Stock-in-Trade | 21 | 601.23 | 1,544.09 |
| Changes in Inventories (of Finished Goods, Work-in-Progress and Stock-in-Trade) | 22 | 228.48 | (761.99) |
| Employees Benefits Expense | 23 | 2,403.27 | 2,527.36 |
| Finance Costs | 24 | 1,413.85 | 1,351.91 |
| Depreciation and Amortisation Expense | 25 | 275.19 | 283.16 |
| Other Expenses | 26 | 1,986.95 | 3,416.31 |
| Total | | 9,293.87 | 12,091.95 |
| Loss before Exceptional Items and Tax | | (3,289.76) | (2,053.58) |
| Exceptional Items | 28 | – | (106.29) |
| Loss before Tax | | (3,289.76) | (2,159.87) |
| Tax Expense | | | |
| Current Tax | | – | – |
| Deferred Tax | 29 | – | – |
| Total | | – | – |
| Loss for the year | | (3,289.76) | (2,159.87) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of the defined benefit plans | | 78.35 | (56.53) |
| Income Tax relating to items that will not be reclassified to profit or loss | | – | – |
| Total Other Comprehensive Income | | 78.35 | (56.53) |
| Total Comprehensive Income for the year | | (3,211.41) | (2,216.40) |
| Earnings per Equity Share (Face Value of Rs. 10/- each) | 36 | | |
| – Basic (in Rs.) | | (3.75) | (2.46) |
| – Diluted (in Rs.) | | (3.75) | (2.46) |

Accompanying notes form integral part of the financial statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sidharth Birla
Chairman

Kartikeya Raval
Partner
New Delhi
May 24, 2018

Jatin Jain
Company Secretary

Satish Shah
Vice President
& Chief Financial Officer

C. Bhaskar
Managing Director
& Chief Executive Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| | | (Rs. in lacs) |
| A. Cash Flows from Operating Activities | | |
| Loss after Exceptional Items and before tax | (3,211.41) | (2,216.40) |
| Adjustments for: | | |
| Depreciation and Amortisation Expense | 275.19 | 283.16 |
| Finance Costs | 1,413.85 | 1,351.91 |
| Interest Income | (51.64) | (55.82) |
| Provisions/Liabilities no longer required written back | (35.23) | (54.29) |
| (Gain)/Loss on sale of Property, Plant & Equipment (Net) | (0.65) | (5.32) |
| Provision for Doubtful Trade Receivables and Bad Debt written off | 8.07 | 0.10 |
| Net Unrealised Foreign Exchange Loss/(Gain) | (0.06) | 0.52 |
| Operating Loss before Working Capital Changes | (1,601.88) | (696.14) |
| Changes in Working Capital: | | |
| (Increase)/Decrease in Inventories | 504.81 | (819.76) |
| (Increase)/Decrease in Trade Receivables, Financial Assets and Other Assets | 873.00 | (79.50) |
| Increase/(Decrease) in Trade Payables, Financial Liabilities, Other Liabilities and Provisions | (278.44) | 119.98 |
| Cash Generated from Operations | (502.51) | (1,475.42) |
| Income Taxes paid | (3.08) | 5.09 |
| Net Cash Generated by Operating Activities [A] | (505.59) | (1,470.33) |
| B. Cash flows from Investing Activities | | |
| Capital Expenditure on Property, Plant and Equipment and Intangible Assets | (1.50) | (84.48) |
| Proceeds from sale of Property, Plant and Equipment | 1.94 | 7.21 |
| Proceeds from Earnest Money Deposit | 600.00 | |
| Interest Received | 51.64 | 55.82 |
| Bank Balances not considered as Cash and Cash Equivalents – Matured/ (Invested) | 21.70 | (20.96) |
| Net Cash Flow used in Investing Activities [B] | 673.78 | (42.41) |
| C. Cash Flow from Financing Activities | | |
| (Repayment of) / Proceeds from Long Term Borrowings | (274.77) | 2,017.87 |
| (Repayment of) / Proceeds from Short Term Borrowings | 1,320.28 | 668.36 |
| (Repayment of) / Proceeds from Borrowings (net) | 1,045.51 | 2,686.23 |
| Finance Cost | (1,218.00) | (1,193.01) |
| Net Cash Flow from Financing Activities [C] | (172.49) | 1,493.22 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C] | (4.30) | (19.52) |
| Cash and Cash Equivalents at the beginning of the year (Note 8) | 17.19 | 36.80 |
| Effect of Exchange differences on restatement of Foreign Currency Cash and Cash Equivalents | 0.02 | (0.09) |
| Cash and Cash Equivalents at the end of the year (Note 8) | 12.91 | 17.19 |

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 and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sidharth Birla
Chairman

Kartikeya Raval
Partner
New Delhi
May 24, 2018

Jatin Jain
Company Secretary

Satish Shah
Vice President
& Chief Financial Officer

C. Bhaskar
Managing Director
& Chief Executive Officer

Statement of Changes in Equity for the year ended March 31, 2018

(Rs. in lacs)

| Particulars | Other Equity | | | | | | | Total Equity |
|---|----------------------------|---|---|----------------------------------|--------------------|----------------------|--------------------------|-------------------|
| | Equity Share Capital | Share capital Suspense Account (Refer note 1b) | Security Premium Suspense (Refer note 1b) | Securities Premium Reserve | Capital Reserve | Retained Earnings | Total Other Equity | |
| Balance as at April 1, 2016 | - | 8,764.16 | 4,382.08 | - | 511.90 | (1,000.20) | 3,893.78 | 12,657.94 |
| Loss for the year | - | - | - | - | - | (2,159.87) | (2,159.87) | (2,159.87) |
| Other Comprehensive Income for the year, net of income tax | - | - | - | - | - | (56.53) | (56.53) | (56.53) |
| Premium on Shares issued during the year | - | - | (4,382.08) | 4,382.08 | - | - | - | - |
| Allotment of Equity Shares during the year (Refer Note 1b) | 8,764.16 | (8,764.16) | - | - | - | - | - | - |
| Balance as at March 31, 2017 | 8,764.16 | - | - | 4,382.08 | 511.90 | (3,216.60) | 1,677.38 | 10,441.54 |
| Loss for the year | - | - | - | - | - | (3,289.76) | (3,289.76) | (3,289.76) |
| Other Comprehensive Income for the year, net of income tax | - | - | - | - | - | 78.35 | 78.35 | 78.35 |
| Total Comprehensive Income for the year | - | - | - | - | - | (3,211.41) | (3,211.41) | (3,211.41) |
| Balance as at March 31, 2018 | 8,764.16 | - | - | 4,382.08 | 511.90 | (6,428.01) | (1,534.03) | 7,230.13 |

Accompanying notes form integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsKartikya Raval
Partner
New Delhi
May 24, 2018Jatin Jain
Company SecretarySatish Shah
Vice President
& Chief Financial Officer

For and on behalf of the Board

Sidharth Birla
ChairmanC. Bhaskar
Managing Director
& Chief Executive Officer

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.

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.

Upto the year ended March 31, 2017 the Company prepared its financial statements in accordance with the Generally Accepted Accounting Principles in India, including Accounting Standards read with Section 133 of the Companies Act, 2013 notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2016. Refer note 37 for the details of first time adoption exemptions availed by the Company.

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 the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from

the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts and claims. It excludes Goods and Services Tax, Value Added Tax/Sales Tax and Excise Duty.

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

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.

Assets costing less than Rs. 5,000/- individually is fully depreciated in the year of acquisition.

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 18, 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.

s) First-time adoption – mandatory exception, optional exemptions

Overall Principle

The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below;

Deemed cost for Property, Plant and Equipment and Intangible Assets

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognized as of 1st April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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

(Rs. in lacs)

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

| | | | | | | | | | |
|-----------------------------|-------|------|---|-------|------|------|---|------|------|
| B. INTANGIBLE ASSETS | | | | | | | | | |
| Software | 14.65 | 0.18 | - | 14.83 | 3.42 | 3.37 | - | 6.79 | 8.04 |

| | GROSS CARRYING AMOUNT | | | | DEPRECIATION & AMORTISATION | | | | NET BLOCK |
|---------------------------|-----------------------|--------------|-------------|----------------------|-----------------------------|---------------|-------------|----------------------|----------------------|
| | As at April 1, 2016 | Additions | Disposal | As at March 31, 2017 | As at April 1, 2016 | Additions | Disposal | As at March 31, 2017 | As at March 31, 2017 |
| A. TANGIBLE ASSETS | | | | | | | | | |
| Land | 14,986.18 | - | - | 14,986.18 | - | - | - | - | 14,986.18 |
| Building | 1,314.29 | - | - | 1,314.29 | - | 41.86 | - | 41.86 | 1,272.43 |
| Plant & Equipment | 1,471.23 | 54.57 | - | 1,525.80 | - | 221.33 | - | 221.33 | 1,304.47 |
| Furniture & Fixtures | 10.32 | 8.78 | - | 19.10 | - | 1.93 | - | 1.93 | 17.17 |
| Vehicles | 23.54 | 13.79 | 1.60 | 35.73 | - | 8.11 | 1.16 | 6.95 | 28.78 |
| Office Equipment | 18.07 | 7.34 | 4.44 | 20.97 | - | 6.51 | 2.99 | 3.52 | 17.45 |
| | 17,823.63 | 84.48 | 6.04 | 17,902.07 | - | 279.74 | 4.15 | 275.59 | 17,626.48 |

| | | | | | | | | | |
|-----------------------------|-------|---|---|-------|---|------|---|------|-------|
| B. INTANGIBLE ASSETS | | | | | | | | | |
| Software | 14.65 | - | - | 14.65 | - | 3.42 | - | 3.42 | 11.23 |

a. The Company has availed the deemed cost exemption in relation to the Property, Plant and Equipment on the date of transition i.e. April 1, 2016 and hence, the net carrying amount has been considered as the gross carrying amount as on that date. Refer table below for the gross value and the accumulated depreciation on April 1, 2016, March 31, 2017 and March 31, 2018 under Indian GAAP (IGAAP).

| Gross amount | Land | Building | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipment | Software |
|---------------------------------|------------------|-----------------|-------------------|----------------------|--------------|------------------|--------------|
| As at April 1, 2016 | 14,986.18 | 1,345.84 | 1,637.23 | 11.41 | 30.08 | 25.60 | 19.12 |
| Additions | - | - | 54.57 | 8.78 | 13.79 | 7.34 | - |
| Disposals | - | - | - | - | 1.60 | 4.44 | - |
| As at March 31, 2017 | 14,986.18 | 1,345.84 | 1,691.80 | 20.19 | 42.27 | 28.50 | 19.12 |
| Additions | - | - | - | - | - | 1.32 | 0.18 |
| Disposals | - | - | - | - | 9.30 | - | - |
| As at March 31, 2018 | 14,986.18 | 1,345.84 | 1,691.80 | 20.19 | 32.97 | 29.82 | 19.30 |
| Accumulated Depreciation | | | | | | | |
| As at April 1, 2016 | - | 31.55 | 166.00 | 1.09 | 6.54 | 7.53 | 4.47 |
| Additions | - | 41.86 | 221.33 | 1.93 | 8.11 | 6.51 | 3.42 |
| Disposals | - | - | - | - | 1.16 | 2.99 | - |
| As at March 31, 2017 | - | 73.41 | 387.33 | 3.02 | 13.49 | 11.05 | 7.89 |
| Additions | - | 41.86 | 217.60 | 2.00 | 6.98 | 3.38 | 3.37 |
| Disposals | - | - | - | - | 8.01 | - | - |
| As at March 31, 2018 | - | 115.27 | 604.93 | 5.02 | 12.46 | 14.43 | 11.26 |
| Net Block | | | | | | | |
| As at April 1, 2016 | 14,986.18 | 1,314.29 | 1,471.23 | 10.32 | 23.54 | 18.07 | 14.65 |
| As at March 31, 2017 | 14,986.18 | 1,272.43 | 1,304.47 | 17.17 | 28.78 | 17.45 | 11.23 |
| As at March 31, 2018 | 14,986.18 | 1,230.57 | 1,086.87 | 15.17 | 20.51 | 15.39 | 8.04 |

(Rs. in lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| 4. OTHER FINANCIAL ASSETS (Refer Note 2b) | | | |
| Non-Current | | | |
| Unsecured, considered good | | | |
| Security Deposits | 3.79 | 3.79 | 3.66 |
| Total | 3.79 | 3.79 | 3.66 |
| Current | | | |
| Unsecured, considered good | | | |
| Security Deposits | 14.30 | 14.30 | 11.93 |
| Interest accrued on loans and deposits | 3.69 | 5.29 | 3.99 |
| Total | 17.99 | 19.59 | 15.92 |
| 5. OTHER ASSETS | | | |
| Non-Current | | | |
| Advance to Showrooms | – | – | 14.82 |
| Advance to Employees | – | – | 7.65 |
| Total | – | – | 22.47 |
| Current | | | |
| Prepaid Expenses | 22.98 | 34.49 | 35.03 |
| Balances with Govt. Authorities | 61.34 | 38.91 | 79.45 |
| Advance to Suppliers | 24.97 | 51.69 | 53.12 |
| Others | 15.91 | 27.03 | 37.14 |
| Total | 125.20 | 152.12 | 204.74 |
| 6. INVENTORIES (Refer Note 13c & 13g) | | | |
| Inventories (lower of cost and net realisable value) | | | |
| Raw Materials | 197.89 | 438.86 | 366.48 |
| Work-in-Progress | 1,450.40 | 1,748.35 | 1,380.49 |
| Stock In Trade | 195.52 | 242.26 | 266.49 |
| Finished Goods | 1,681.61 | 1,565.40 | 1,147.04 |
| Stores, Spares and Packing Materials | 51.76 | 87.12 | 101.73 |
| Total | 3,577.18 | 4,081.99 | 3,262.23 |
| 7. TRADE RECEIVABLES (Refer Note 13g) | | | |
| a. Secured, considered good | – | 2.00 | 0.69 |
| b. Unsecured, considered good | 610.58 | 1,461.09 | 1,312.14 |
| c. Doubtful | 355.15 | 348.03 | 350.03 |
| Allowance for doubtful debts (expected credit loss allowance) | (355.15) | (348.03) | (350.03) |
| Total | 610.58 | 1,463.09 | 1,312.83 |
| Note: Refer Note 31 for information about credit risk and market risk of Trade Receivables | | | |
| Break-up of Trade Receivables | | | |
| Trade Receivables | 610.58 | 1,463.09 | 1,312.83 |
| Receivables from related parties | – | – | – |
| Total | 610.58 | 1,463.09 | 1,312.83 |
| 8. CASH AND CASH EQUIVALENTS | | | |
| Cash on Hand | 1.00 | 2.23 | 3.10 |
| Balances with Banks in Current Account | 11.91 | 14.96 | 33.70 |
| Total | 12.91 | 17.19 | 36.80 |

(Rs. in lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| 9. OTHER BALANCES WITH BANKS | | | |
| In Deposit Accounts (Earmarked Balance held as Margin Money) | 134.11 | 144.06 | 123.10 |
| In Fringe Benefit Tax Account | — | 11.75 | 11.75 |
| Total | 134.11 | 155.81 | 134.85 |
| 10. CURRENT TAX ASSETS (NET) | | | |
| Tax Refund Receivable | 22.71 | 19.63 | 24.72 |
| 11a. Equity Share Capital | | | |
| Authorised Share Capital | | | |
| 10,00,50,000 (as at March 31, 2017 and as at April 1, 2016: 10,00,50,000) Equity Shares of Rs. 10 each | 10,005.00 | 10,005.00 | 10,005.00 |
| 25,00,000 (as at March 31, 2017 and as at April, 2016: 25,00,000) Preference Shares of Rs. 100 each | 2,500.00 | 2,500.00 | 2,500.00 |
| | 12,505.00 | 12,505.00 | 12,505.00 |
| Issued, Subscribed & Fully Paid-up | | | |
| 8,76,41,621 (as at March 31, 2017: 8,76,41,621 and as April 1, 2016: Nil) 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. | | | |
| 11.2 Shares to be issued pursuant to Scheme of Amalgamation (refer note 1b) | | | |
| 8,76,41,621 Equity Shares of Rs. 10 each | — | — | 8,764.16 |
| 5,00,000 – 8% Non-Convertible Redeemable Preference Shares of Rs. 100 each* | — | — | 500.00 |
| *Non-Convertible Redeemable Preference Shares are classified as Financial Instruments and disclosed under Financial Liabilities. | | | |
| 11.3 Reconciliation of number of Shares | | | |
| Equity Shares | | | |
| Number of shares at the beginning of the year | 87,641,621.00 | — | — |
| Shares issued and allotted during the year pursuant to the Scheme (Refer Note No. 1b) | — | 87,641,621.00 | — |
| Balance at the end of year | 87,641,621.00 | 87,641,621.00 | — |
| 11.4 Shareholders holding more than 5% shares in the Company | | | |
| Name of the Shareholders | | | |
| Central India General Agents Ltd. | | | |
| No. of Shares | 1,65,14,000 | 1,65,14,000 | 1,65,14,000 |
| % of Shares held | 18.84% | 18.84% | 18.84% |
| ICICI Bank Ltd. | | | |
| No. of Shares | 81,37,062 | 87,63,381 | 87,63,381 |
| % of Shares held | 9.28 | 10.00% | 10.00% |
| Birla Holdings Ltd. | | | |
| No. of Shares | 72,50,000 | 72,50,000 | 72,50,000 |
| % of Shares held | 8.27% | 8.27% | 8.27% |
| iPro Capital Ltd. | | | |
| No. of Shares | 12,50,000 | 30,00,000 | 70,00,000 |
| % of Shares held | 1.43% | 3.42% | 7.99% |
| Sukriti Education Society | | | |
| No. of Shares | Nil | 48,09,881 | 48,09,881 |
| % of Shares held | Nil | 5.49% | 5.49% |
| Figures as at April 1, 2016 refers to the proportionate number of shares that have been allotted on April 29, 2016 under the Scheme. Percentage has been rounded to the nearest second decimal place. | | | |
| 11b Equity Share Capital Suspense Account (Refer note 1b) | | | |
| Balance at the beginning of the year | — | 8,764.16 | 8,764.16 |
| Allotment of equity shares during the year | — | (8,764.16) | — |
| Balance at the end of year | — | — | 8,764.16 |

| | | (Rs. in lacs) | | |
|--|-------------------------|-------------------------|------------------------|--|
| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 | |
| 12. Other Equity | | | | |
| Security Premium Suspense Account (Refer note 1b) | | | | |
| Balance at the beginning of the year | – | 4,382.08 | 4,382.08 | |
| Premium on shares issued during the year | – | (4,382.08) | – | |
| Balance at the end of year | – | – | 4,382.08 | |
| Capital Reserve | | | | |
| Balance at the beginning of the year | 511.90 | 511.90 | 511.90 | |
| Balance at the end of year | 511.90 | 511.90 | 511.90 | |
| Securities Premium Reserve | | | | |
| Balance at the beginning of the year | 4,382.08 | – | – | |
| Add: Premium on shares issued during the year | – | 4,382.08 | – | |
| Balance at the end of year | 4,382.08 | 4,382.08 | – | |
| Retained Earnings | | | | |
| Balance at the beginning of the year | (3,216.60) | (1,000.20) | (1,000.20) | |
| Add: Loss for the year | (3,289.76) | (2,159.87) | – | |
| Add: Other Comprehensive Income arising from remeasurement of defined benefit obligation | 78.35 | (56.53) | – | |
| Balance at the end of year | (6,428.01) | (3,216.60) | (1,000.20) | |
| Total | (1,534.03) | 1,677.38 | 3,893.78 | |
| 13. BORROWINGS | | | | |
| Non-Current | | | | |
| Secured – at amortised cost | | | | |
| Term Loans from Banks (Refer note 13c) | 1,250.00 | 1,250.00 | – | |
| Less: Current maturity of term loans | 834.00 | – | – | |
| | 416.00 | 1,250.00 | – | |
| Vehicle Loans (Refer note 13e) | 2.60 | 4.75 | 6.70 | |
| Less: Current maturity of vehicle loans | 2.39 | 2.15 | 1.95 | |
| | 0.21 | 2.60 | 4.75 | |
| Unsecured – at amortised cost | | | | |
| Deposits (Refer note 13f) | 2,204.00 | 1,664.00 | 914.00 | |
| Less: Current maturity of Deposits | – | – | – | |
| | 2,204.00 | 1,664.00 | 914.00 | |
| Liability of Non-Convertible Redeemable Preference Share (Refer note 13a, 13b, 31 & 37) | 291.92 | 270.30 | 250.28 | |
| Total | 2,912.13 | 3,186.90 | 1,169.03 | |
| Current | | | | |
| Secured – at amortised cost | | | | |
| Short Term Loan from Banks (Refer note 13c) | 5,500.98 | 5,014.94 | 3,846.78 | |
| Unsecured – at amortised cost | | | | |
| Deposits | 49.00 | 49.00 | 549.00 | |
| Total | 5,549.98 | 5,063.94 | 4,395.78 | |

Notes :

- 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. 1,250.00 lacs (As at March 31, 2017: Rs 1,250.00 Lacs, As at April 1, 2016: Rs. Nil), 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 pari passu 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.
- d. Loan from Housing Development Finance Corporation Limited total outstanding - Rs. Nil (As at March 31, 2017: Rs. Nil, As at April 1, 2016: Rs. Nil) together with the right of recompense, if any, on account of settlement is secured by mortgage on specified immovable properties.
- e. Loan from bank for purchase of vehicles total outstanding – Rs. 2.60 lacs (As at March 31, 2017: Rs. 4.75 Lacs, As at April 1, 2016: Rs. 6.70 lacs) are secured against the vehicles purchased out of those loans. The loan is repayable, in 25 equated monthly instalments, by April 2019.
- f. Unsecured Intercompany Deposits of Rs. 2,204.00 lacs (As at March 31, 2017: Rs. 1,664.00 Lacs, As at April 1, 2016: Rs. 914 lacs) are repayable after June, 2019. {Includes from related party – Rs. 530.00 lacs; (As at March 31, 2017: Rs. 430.00 Lacs, As at April 1, 2016: Rs. 430.00 lacs)}
- g. Secured loans are for working capital from consortium of banks, comprising of UCO Bank and State Bank of India, and are secured by first charge on inventories and book debts besides second charge on movable machinery and fixed assets at Jamnagar as well as on DIGJAM brand, all ranking pari passu, and pledge of part of the promoters' shareholding in the Company.

(Rs. in lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| 14. OTHER FINANCIAL LIABILITIES (Refer Note 2b) | | | |
| Non-Current | | | |
| Trade Deposits | 183.73 | 248.05 | 225.76 |
| Others | 43.91 | – | – |
| Total | 227.64 | 248.05 | 225.76 |
| Current | | | |
| Current maturities of Non-Current borrowings (Note 13) | 836.39 | 2.15 | 1.95 |
| Earnest Money Deposit | 600.00 | – | – |
| Interest accrued* | 412.77 | 216.92 | 58.02 |
| Total | 1,849.16 | 219.07 | 59.97 |
| *Includes to a related party – Rs. 93.51 lacs (Rs. 50.17 lacs as at March 31, 2017, Rs. 11.47 lacs as at April 1, 2016) | | | |
| 15. PROVISIONS | | | |
| Non-Current | | | |
| Provision for Employee Benefits | 471.79 | 461.76 | 354.82 |
| Total | 471.79 | 461.76 | 354.82 |
| Current | | | |
| Provision for Fringe Benefit Tax | – | 8.28 | 8.28 |
| Provision for Employee Benefits | 169.94 | 200.56 | 177.16 |
| Total | 169.94 | 208.84 | 185.44 |
| Note: The provision for Employees Benefits includes Gratuity and compensated absences. For other disclosures refer note 27. | | | |
| 16. TRADE PAYABLES | | | |
| Acceptances | 37.22 | 1,001.52 | 1,451.85 |
| Total outstanding dues of Micro and Small Enterprises (Note 16a) | – | – | – |
| Total outstanding dues of creditors other than Micro and Small Enterprises | 3,131.23 | 2,494.13 | 2,123.39 |
| Total | 3,168.45 | 3,495.65 | 3,575.24 |

Note : a. There are no dues to Micro and Small Enterprises as on March 31, 2018, March 31, 2017 and April 1, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditor.

b. Refer Note 31 for information about credit risk and market risk of Trade Payables.

| Particulars | (Rs. in lacs) | | |
|--|-------------------------|-------------------------|------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| 17. OTHER LIABILITIES | | | |
| CURRENT | | | |
| Statutory remittances (includes payable towards TDS, excise duty, service tax, sales tax and employee statutory obligations) | 144.30 | 83.97 | 65.72 |
| Advance received from customers | 143.68 | 141.20 | 166.80 |
| Total | 287.98 | 225.17 | 232.52 |

| Particulars | (Rs. in lacs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| 18. REVENUE FROM OPERATIONS | | |
| Sale of Products | 5,731.05 | 9,624.26 |
| Other Operating Income | 170.39 | 296.99 |
| Total | 5,901.44 | 9,921.25 |
| PARTICULARS OF SALE OF PRODUCTS | | |
| Cloth | 5,682.27 | 9,504.02 |
| Others | 48.78 | 120.24 |
| Total | 5,731.05 | 9,624.26 |

| | | |
|--|---------------|---------------|
| 19. OTHER INCOME | | |
| Interest Income comprises (At amortised cost) | | |
| From Banks | 10.04 | 12.36 |
| From Others | 41.60 | 43.46 |
| Provisions/liabilities no longer required written back | 35.23 | 54.29 |
| Gain on Sale of Property, Plant and Equipment (Net) | 0.65 | 5.32 |
| Miscellaneous Income | 15.15 | 1.69 |
| Total | 102.67 | 117.12 |

| | | |
|--|-----------------|-----------------|
| 20. COST OF MATERIALS CONSUMED | | |
| Inventories at the beginning of the year | 438.86 | 366.48 |
| Add: Purchases during the year | 2,201.59 | 3,844.90 |
| | 2,640.45 | 4,211.38 |
| Less: Sales | 57.66 | 41.41 |
| | 2,582.79 | 4,169.97 |
| Less: Inventories at the end of the year | 197.89 | 438.86 |
| Total | 2,384.90 | 3,731.11 |
| Details of Material Consumed | | |
| Wool and Synthetic Fibres | 2,276.91 | 3,460.47 |
| Yarn (bought out) | 47.32 | 153.75 |
| Others | 60.67 | 116.89 |

| | | |
|---------------------------------------|---------------|-----------------|
| 21. PURCHASE OF STOCK-IN-TRADE | | |
| Cloth | 559.89 | 1,434.20 |
| Others | 41.34 | 109.89 |
| Total | 601.23 | 1,544.09 |

(Rs. in lacs)

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| 22. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS | | |
| Inventories at the end of the year | | |
| Finished Goods | 1,681.61 | 1,565.40 |
| Work-in-progress | 1,450.40 | 1,748.35 |
| Stock-In-Trade | 195.52 | 242.26 |
| | 3,327.53 | 3,556.01 |
| Inventories at the beginning of the year | | |
| Finished Goods | 1,565.40 | 1,147.04 |
| Work-in-progress | 1,748.35 | 1,380.49 |
| Stock-In-Trade | 242.26 | 266.49 |
| | 3,556.01 | 2,794.02 |
| Net (Increase)/Decrease | 228.48 | (761.99) |
| 23. EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and Wages, Bonus, etc. | 1,911.51 | 2,023.99 |
| Contribution to Provident and Other Funds | 291.25 | 288.50 |
| Staff Welfare Expenses | 200.51 | 214.87 |
| Total | 2,403.27 | 2,527.36 |
| 24. FINANCE COSTS | | |
| Interest Expenses | | |
| Working Capital and Term Loan | 1,296.51 | 1,210.99 |
| Others | 21.62 | 20.02 |
| Other borrowing costs | 95.72 | 120.90 |
| Total | 1,413.85 | 1,351.91 |
| 25. DEPRECIATION AND AMORTIZATION EXPENSE | | |
| Depreciation on Property, Plant and Equipment | 271.82 | 279.74 |
| Amortization on Intangible Assets | 3.37 | 3.42 |
| Total | 275.19 | 283.16 |
| 26. OTHER EXPENSES | | |
| Consumption of Stores, Spares and Packing Materials | 212.06 | 432.91 |
| Power and Fuel | 822.57 | 1,135.16 |
| Processing Expenses | 99.44 | 275.38 |
| Rent* | 99.29 | 99.86 |
| Repairs Expenses | | |
| Repairs to Buildings | 10.96 | 46.20 |
| Repairs to Machinery | 38.21 | 141.54 |
| Repairs Others | 4.75 | 14.89 |
| Insurance expenses | 35.65 | 36.15 |
| Rates and Taxes | 17.65 | 18.25 |
| Travelling expenses | 58.03 | 152.28 |
| Brokerage, Rebate, Discount and Commission | 88.95 | 188.09 |
| Freight and Other Selling Expenses | 166.02 | 95.30 |
| Advertisement and Sales Promotion | 73.92 | 371.20 |
| Directors Sitting Fees | 11.74 | 12.20 |
| Legal and Professional | 79.96 | 151.94 |
| Payments to Auditors ** | 16.15 | 17.53 |
| Bad Debts written off | 0.35 | 0.10 |
| Provision for doubtful trade receivables | 7.72 | — |
| Net Loss on Foreign Currency transactions and translations | 18.58 | 7.14 |
| Assets Discarded | 0.09 | — |
| Other Expenses | 124.86 | 220.19 |
| Total | 1,986.95 | 3,416.31 |

* 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, 2018 | Year ended March 31, 2017 |
|---------------------------------|------------------------------|------------------------------|
| a. To Statutory Auditors | | |
| For Statutory Audit | 8.00 | 8.00 |
| For Other Services | 7.03 | 6.50 |
| For reimbursement of expenses | 1.12 | 1.83 |
| Total | 16.15 | 16.33 |

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, 2018 | As at March 31, 2017 |
| Obligations at the beginning of the year | 1,317.35 | 1,261.59 |
| Current service cost | 60.89 | 52.89 |
| Interest cost | 95.64 | 103.58 |
| Actuarial (gain) / loss – due to change in financial assumptions | (40.20) | 73.53 |
| Actuarial (gain) / loss- due to experience adjustments | (54.93) | (28.55) |
| Benefits paid | (172.20) | (145.69) |
| Present value of benefit obligation at the end of the year | 1,206.55 | 1,317.35 |
| Movement in the fair value of plan assets are as follows: | | |
| Plan assets at the beginning of the year, at fair value | 865.53 | 917.45 |
| Interest Income | 62.84 | 75.32 |
| Return on plan assets excluding interest income | (16.78) | (11.55) |
| Contributions from the employer | 4.98 | 30.00 |
| Benefits paid | (172.20) | (145.69) |
| Fair value of plan assets at the end of the year | 744.37 | 865.53 |

- 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, 2018 | As at March 31, 2017 |
| Present value of benefit obligation at the end of the year | (1,206.55) | (1,317.34) |
| Fair value of plan assets at the end of the year | 744.37 | 865.53 |
| Net Liability arising from defined benefit obligation | (462.18) | (451.81) |

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

| | | |
|---|----------------|---------------|
| Current service cost | 60.89 | 52.89 |
| Net interest expense | 32.80 | 28.25 |
| Components of defined benefit costs recognised in the Statement of Profit & Loss | 93.69 | 81.14 |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (gains) / losses on obligation for the period | (95.13) | 44.98 |
| Return on plan assets, excluding interest income | 16.78 | 11.55 |
| Components of defined benefit costs recognised in Other Comprehensive Income | (78.35) | 56.53 |
| Total | 15.34 | 137.67 |

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, 2018 as follows:

(Rs. in lacs)

| Particulars | Gratuity |
|----------------|----------|
| | |
| As at March 31 | |
| 2019 | 174.34 |
| 2020 | 96.97 |
| 2021 | 133.92 |
| 2022 | 104.40 |
| 2023 | 105.00 |
| Thereafter | 635.57 |

- 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, 2018 | As at March 31, 2017 |
| Delta effect of +1% change in the rate of Discounting | (65.68) | (77.17) |
| Delta effect of -1% change in the rate of Discounting | 73.70 | 87.23 |
| Delta effect of +1% change in the rate of salary increase | 74.30 | 87.64 |
| Delta effect of -1% change in the rate of salary increase | (67.34) | (78.73) |
| Delta effect of +1% change in the rate of employee turnover | 7.97 | 6.48 |
| Delta effect of -1% change in the rate of employee turnover | (8.82) | (7.22) |

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 expects to make a contribution of Rs. 10 lacs (as at March 31, 2017: Rs.4.98 lacs, as at April 1, 2016: Rs.30 lacs) to the defined benefit plans during the next financial year.

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

| Particulars | Gratuity | |
|---------------------------------|--|------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Discount Rate | 7.82% | 7.26% |
| Expected Return on Plan Assets | 7.82% | 7.26% |
| 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, 2018 based on actuarial valuation carried out by using Projected Unit Credit Method resulted in decrease in liability by Rs. 42.52 lacs (As at March 31, 2017: Rs. 22.65 lacs increase).

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

| Particulars | Gratuity | |
|--------------------------------|--|------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Discount Rate | 7.82% | 7.26% |
| Expected return on plan assets | — | — |
| Mortality Tables | Indian Assured Lives Mortality (2006-08) | |

28. Exceptional Items represent the one time Stamp Duty liability under Gujarat Stamp Act, 1958 pursuant to the Scheme.

29. Deferred Tax Assets (Net)

| Particulars | (Rs. in lacs) | | |
|--|-------------------------|-------------------------|------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| Deferred Tax Liabilities: | | | |
| In relation to Property, plant and equipment | 546.53 | 726.84 | 795.42 |
| Deferred Tax Assets [refer note 29(a)] | | | |
| In relation to Carried Forward Business Losses | (546.53) | (726.84) | (795.42) |
| 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.

30. The Company's operations continue to be affected by significant working capital constraints following the steep fall in consumer product sales during the year, the temporary destocking by trade during transition to GST and overall restricted liquidity in the market, which has significantly impacted performance and cash flows resulting in substantial loss for the year. During the year, the Company continued incur losses. It has incurred losses amounting to Rs. 3,211.41 lacs (2016-17: Rs. 2,216.40 lacs) for the year ended March 31, 2018, the Net Worth of Company has reduced to Rs. 7,230.13 lacs, and the Company's current liabilities exceeded its current assets by Rs. 6,524.83 lacs (2016-17: Rs. 3,303.25 lacs). These conditions indicate the existence of a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. The Company is exploring avenues for restructuring of its operations and is evaluating other options, including offers received for sale of surplus freehold land, subject to various approvals. Having regard to this, the financial statements have been prepared on going concern basis and do not include any adjustments relating to recorded amounts and the classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

31. 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, 2018 | March 31, 2017 | March 31, 2016 |
| Debt (note i) | 9,298.50 | 8,252.99 | 5,566.76 |
| Less: Cash and Bank Balances & Deposit Accounts | 147.02 | 161.25 | 159.90 |
| Net Debt | 9,151.48 | 8,091.74 | 5,406.86 |
| Total Equity | 7,230.13 | 10,441.54 | 12,657.94 |
| Net Debt to Equity Ratio | 126.57% | 77.50% | 42.72% |

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

Financial Assets

Measured at amortised cost

| | | | |
|------------------------------|---------------|-----------------|-----------------|
| a. Trade Receivables | 610.58 | 1,463.09 | 1,312.83 |
| b. Cash and Cash Equivalents | 12.91 | 17.19 | 36.80 |
| c. Other Balances with Banks | 134.11 | 155.81 | 134.85 |
| d. Financial Assets | 21.78 | 23.38 | 19.58 |
| Total | 779.38 | 1,659.47 | 1,504.06 |

Financial Liabilities

Measured at amortised cost

| | | | |
|--------------------------------|------------------|------------------|-----------------|
| a. Borrowings | 9,298.50 | 8,252.99 | 5,566.76 |
| b. Trade Payables | 3,168.45 | 3,495.65 | 3,575.24 |
| c. Other Financial Liabilities | 1,240.41 | 464.98 | 283.78 |
| Total | 13,707.36 | 12,213.62 | 9,425.78 |

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, 2018 | | | | |
| Redeemable Preference Shares (refer note 13) | 291.92 | — | 291.92 | — |
| As at March 31, 2017 | | | | |
| Redeemable Preference Shares (refer note 13) | 270.30 | — | 270.30 | — |
| As at April 1, 2016 | | | | |
| Redeemable Preference Shares (refer note 13) | 250.28 | — | 250.28 | — |

3. Financial Risk Management Objectives

The Company's financial liabilities comprise mainly of borrowings, trade payables and other financial liabilities. The Company 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, 2018 | As at March 31, 2017 | As at March 31, 2016 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| Liabilities (Foreign Currency) | | | |
| In US Dollars (USD) | 108011.13 | 90,779.00 | 90,490.00 |
| In Euro (EUR) | 87212.24 | 82,131.00 | 57,254.00 |
| In Great Britain Pound (GBP) | 44000.00 | 20000.00 | — |
| Assets (Foreign Currency) | | | |
| In US Dollars (USD) | 3073.37 | 4,58,667.00 | 200.00 |
| In Euro (EUR) | — | 17,409.00 | 8,558.00 |
| In Great Britain Pound (GBP) | — | 50.00 | 50.00 |
| Liabilities (INR) | | | (Rs. in lacs) |
| In US Dollars (USD) | 70.40 | 58.88 | 59.98 |
| In Euro (EUR) | 70.48 | 56.82 | 43.21 |
| In Great Britain Pound (GBP) | 40.58 | 16.20 | — |
| Assets (INR) | | | |
| In US Dollars (USD) | 2.00 | 297.40 | 0.13 |
| In Euro (EUR) | — | 12.35 | 6.45 |
| In Great Britain Pound (GBP) | — | 0.04 | 0.05 |

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 strengthen 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

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---------------------------------|-------------------------|-------------------------|
| Increase in exchange rate by 5% | (8.97) | 8.89 |
| Decrease in exchange rate by 5% | 8.97 | (8.89) |

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 profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | (Rs. in lacs) | |
|----------------------|-----------------------------------|-----------------------------|
| | Increase/Decrease in basis points | Effect on profit before tax |
| As at March 31, 2018 | 200 bps | 106.11 |
| As at March 31, 2017 | 200 bps | 94.62 |

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

B. MANAGEMENT OF CREDIT RISK

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

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

C. MANAGEMENT OF LIQUIDITY RISK

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

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

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

| Particulars | (Rs. In lacs) | | | | |
|------------------------------|------------------|------------------|-----------------|-------------------|------------------|
| | Carrying amount | Less than 1 year | 1 – 5 Years | More than 5 years | Total |
| As at March 31, 2018 | | | | | |
| Borrowings | 9,298.50 | 6,386.37 | 2,620.21 | 291.92 | 9,298.50 |
| Trade Payables | 3,168.45 | 3,168.45 | – | – | 3,168.45 |
| Financial Liabilities | 1,240.41 | 1,012.77 | 227.64 | – | 1,240.41 |
| Total | 13,707.36 | 10,567.59 | 2,847.85 | 291.92 | 13,707.36 |
| As at March 31, 2017 | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | 8,252.99 | 5,066.09 | 2,916.60 | 270.30 | 8,252.99 |
| Trade Payables | 3,495.65 | 3,495.65 | – | – | 3,495.65 |
| Financial Liabilities | 464.97 | 216.92 | 248.05 | – | 464.97 |
| Total | 12,213.61 | 8,778.66 | 3,164.65 | 270.30 | 12,213.61 |
| As at April 1, 2016 | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | 5,566.76 | 4,397.73 | 918.75 | 250.28 | 5,566.76 |
| Trade Payables | 3,575.24 | 3,575.24 | – | – | 3,575.24 |
| Financial Liabilities | 283.77 | 58.02 | 225.75 | – | 283.77 |
| Total | 9,425.77 | 8,030.99 | 1,144.50 | 250.28 | 9,425.77 |

32. Contingent Liabilities and Commitments

| | (Rs. in lacs) | | |
|-------------------------------------|----------------------|----------------------|---------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| Service Tax matters under appeal | 155.11 | 126.90 | 131.22 |
| Stamp Duty – Pursuant to the Scheme | 48.80 | 48.80 | – |

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

33. 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, 2018 | March 31, 2017 |
| Revenue | | |
| Within India | 3,873.88 | 6,562.25 |
| Outside India (excluding Deemed Exports) | 2,130.23 | 3,476.12 |
| Total | 6,004.11 | 10,038.37 |
| Carrying amount of Assets | | |
| Within India | 21,585.17 | 22,974.53 |
| Outside India | 282.03 | 576.39 |
| Total | 21,867.20 | 23,550.92 |
| Additions to Fixed Assets | | |
| Within India | 1.50 | 84.48 |
| Outside India | — | — |
| Total | 1.50 | 84.48 |

34. 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.

35. **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 Digvijaya Woollen Mills Limited Employees Gratuity Fund

4. Key Managerial Personnel/Directors

a) Non-Executive Independent Directors:

(i) Sri Bharat Anand;
(ii) Sri G. Momen (upto September 22, 2017)
(iii) Sri A.C. Mukherji (upto September 22, 2017)
(iv) Sri S. Ragothaman;
(v) Sri Kishor Shah

b) Non-Executive Non-Independent Directors:

(i) Sri Sidharth Birla;
(ii) Ms. Meenakshi Birla;
(iii) Sri C. L. Rathi (upto September 22, 2017)

c) Executive Director:

(i) Sri C. Bhaskar, Managing Director & CEO

d) (i) Sri Satish Shah, Vice President & CFO;

(ii) Sri Jatin Jain, Company Secretary

B. Transaction with Related Parties:

(Rs. in lacs)

| Related Party | Nature of transaction | Year ended | |
|--|---|----------------|----------------|
| | | March 31, 2018 | March 31, 2017 |
| Central India General Agents Ltd. | Aggregate of long term deposits taken from time to time | 100.00 | — |
| | Interest expenses (gross) on above Deposits | 48.15 | 43.00 |
| | Maximum outstanding balance (credit) during the year | 623.51 | 470.42 |
| | Non-convertible Redeemable Preference Shares | 291.92 | 270.30 |
| Digjam Officers' Superannuation Scheme | Contribution to post employment benefit fund | 25.29 | 23.89 |

| Related Party | Nature of transaction | Rs. in lacs) | |
|--|---|----------------|----------------|
| | | Year ended | |
| | | March 31, 2018 | March 31, 2017 |
| Shree Digvijaya Woollen Mills Limited Employees Gratuity Fund | Contribution to post employment benefit fund (with LIC) | 15.35 | 137.67 |
| Sri Bharat Anand | Sitting Fees | 0.80 | 1.80 |
| Sri G. Momen | Sitting Fees | 0.70 | 0.45 |
| Sri A.C. Mukherji | Sitting Fees | 1.00 | 1.50 |
| Sri S. Ragothaman | Sitting Fees | 2.15 | 1.70 |
| Sri Kishor Shah | Sitting Fees | 2.25 | – |
| Sri Sidharth Birla | Sitting Fees | 0.50 | 1.20 |
| Ms. Meenakshi Birla | Sitting Fees | 2.20 | 1.80 |
| Sri C. L. Rathi | Sitting Fees | 0.60 | 1.25 |
| Sri C. Bhaskar * | Remuneration | 37.34 | 35.62 |
| Sri Satish Shah | Remuneration | 20.82 | 23.12 |
| Sri Jatin Jain | Remuneration | 6.84 | 5.93 |

* The remuneration of Sri C. Bhaskar for the year ended March 31, 2018 includes Rs. 28.00 lacs for the period from April 1, 2017 to December 31, 2017 in accordance with the Special Resolution approved at the Annual General Meeting held on September 23, 2016 and Rs. 9.34 lacs for the period from January 1, 2018 to March 31, 2018 as approved by the Board of Directors of the Company in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 subject to approval of the Members at the forthcoming Annual General Meeting as provided in Section 196(4) of the Companies Act, 2013

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.

C. Balance outstanding at the end of the year:

| Related Party | Nature of transaction | (Rs. In lacs) | | |
|--|------------------------------|----------------|----------------|---------------|
| | | As at | As at | As at |
| | | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Central India General Agents Ltd. | Outstanding balance (credit) | 623.51 | 470.42 | 441.47 |
| Digjam Officers' Superannuation Scheme | Contribution outstanding | 25.29 | 17.46 | – |
| Shree Digvijaya Woollen Mills Limited Employees Gratuity Fund | Contribution outstanding | 462.18 | 451.81 | 344.14 |
| Sri C. Bhaskar | Payables | 22.05 | 9.65 | 2.30 |
| Sri Satish Shah | Payables | 10.77 | 4.75 | 1.03 |
| Sri Jatin Jain | Payables | 2.35 | 1.57 | 0.31 |

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

36. EARNINGS PER SHARE

| Particulars | (Rs. in lacs) | |
|--|----------------|----------------|
| | Year ended | Year ended |
| | March 31, 2018 | March 31, 2017 |
| Loss after tax | (3,289.76) | (2,159.86) |
| Loss pertaining to equity shareholders | (3,289.76) | (2,159.86) |
| Number of equity shares | 876.42 | 876.42 |
| Nominal value per share | 10 | 10 |
| Basic and diluted EPS | (3.75) | (2.46) |

37. First-time Ind AS adoption reconciliation

Effect of Ind AS adoption on the Balance Sheet as at March 31, 2017 and April 1, 2016

(Rs. in lacs)

| Particulars | Notes | As at March 31, 2017 (End of last period presented under previous GAAP) | | | As at April 1, 2016 (Date of transition) | | |
|--------------------------------------|-------|--|--------------------------------|-----------------------------|---|--------------------------------|-----------------------------|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS Balance Sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS Balance Sheet |
| | | | | | | | |
| ASSETS | | | | | | | |
| Non-Current Assets | | | | | | | |
| a. Property, Plant and Equipment | | 17,626.48 | — | 17,626.48 | 17,823.63 | — | 17,823.63 |
| b. Intangible Assets | | 11.23 | — | 11.23 | 14.65 | — | 14.65 |
| c. Financial Assets | | | | | | | |
| (i) Others | | 3.79 | — | 3.79 | 3.66 | — | 3.66 |
| d. Other Non-Current Assets | | — | — | — | 22.47 | — | 22.47 |
| Total Non-Current Assets | | 17,641.50 | — | 17,641.50 | 17,864.41 | — | 17,864.41 |
| Current Assets | | | | | | | |
| a. Inventories | | 4,081.99 | — | 4,081.99 | 3,262.23 | — | 3,262.23 |
| b. Financial Assets | | | | | | | |
| (i) Trade Receivables | | 1,463.09 | — | 1,463.09 | 1,312.83 | — | 1,312.83 |
| (ii) Cash and Cash Equivalents | | 17.19 | — | 17.19 | 36.80 | — | 48.55 |
| (iii) Other Balances with Banks | | 155.81 | — | 155.81 | 134.85 | — | 123.10 |
| (iv) Other Financial Assets | | 19.59 | — | 19.59 | 15.92 | — | 15.92 |
| c. Current Tax Assets (Nil) | | 19.63 | — | 19.63 | 24.72 | — | 24.72 |
| d. Other Current Assets | | 152.12 | — | 152.12 | 204.74 | — | 204.74 |
| Total Current Assets | | 5,909.42 | — | 5,909.42 | 4,992.09 | — | 4,992.09 |
| Total Assets | | 23,550.92 | — | 23,550.92 | 22,856.50 | — | 22,856.50 |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| a. Equity Share Capital | | 9,264.16 | (500.00) | 8,764.16 | — | — | — |
| b. Equity Share Capital Suspense | c | — | — | — | 9,264.16 | (500.00) | 8,764.16 |
| c. Other Equity | c | 1,447.68 | 229.70 | 1,677.38 | 3,644.06 | 249.72 | 3,893.78 |
| Total Equity | | 10,711.84 | (270.30) | 10,441.54 | 12,908.22 | (250.28) | 12,657.94 |
| Liabilities | | | | | | | |
| Non-Current liabilities | | | | | | | |
| a. Financial Liabilities | | | | | | | |
| (i) Borrowings | c | 2,916.60 | 270.30 | 3,186.90 | 918.75 | 250.28 | 1,169.03 |
| (ii) Other Financial Liabilities | | 248.05 | — | 248.05 | 225.76 | — | 225.76 |
| b. Provisions | | 461.76 | — | 461.76 | 354.82 | — | 354.82 |
| Total Non-Current Liabilities | | 3,626.41 | 270.30 | 3,896.71 | 1,499.33 | 250.28 | 1,749.61 |
| Current Liabilities | | | | | | | |
| a. Financial liabilities | | | | | | | |
| (i) Borrowings | | 5,063.94 | — | 5,063.94 | 4,395.78 | — | 4,395.78 |
| (ii) Trade Payables | | 3,495.65 | — | 3,495.65 | 3,575.24 | — | 3,575.24 |
| (iii) Other Financial Liabilities | | 219.07 | — | 219.07 | 59.97 | — | 59.97 |
| b. Provisions | | 208.84 | — | 208.84 | 185.44 | — | 185.44 |
| c. Other Current liabilities | | 225.17 | — | 225.17 | 232.52 | — | 232.52 |
| Total Current liabilities | | 9,212.67 | — | 9,212.67 | 8,448.95 | — | 8,448.95 |
| Total Liabilities | | 12,839.08 | — | 13,109.38 | 9,948.28 | — | 10,198.56 |
| Total Equity and Liabilities | | 23,550.92 | — | 23,550.92 | 22,856.50 | — | 22,856.50 |

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2017

(Rs. in lacs)

| Particulars | Notes | As at March 31, 2017 (End of last period presented under previous GAAP) | | |
|-------------------------|-------|--|--------------------------------|-----------------------------|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS Balance Sheet |
| | | | | |
| Revenue from Operations | | 9,921.25 | — | 9,921.25 |
| Other Income | | 117.12 | — | 117.12 |
| Total Income | | 10,038.37 | — | 10,038.37 |

(Rs. in lacs)

| Particulars | Notes | As at March 31, 2017 | | |
|---|-------|--|--------------------------------|-----------------------------|
| | | (End of last period presented under previous GAAP) | | |
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS Balance Sheet |
| Expenses | | | | |
| Cost of Materials Consumed | | 3,731.11 | — | 3,731.11 |
| Purchase of Stock-in-Trade | | 1,544.09 | — | 1,544.09 |
| Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | | (761.99) | — | (761.99) |
| Employee Benefits Expense | b | 2,583.89 | (56.53) | 2,527.36 |
| Finance Costs | c | 1,331.89 | 20.02 | 1,351.91 |
| Depreciation and Amortization Expense | | 283.16 | — | 283.16 |
| Other Expenses | | 3,416.31 | — | 3,416.31 |
| Total Expenses | | 12,128.46 | (36.51) | 12,091.95 |
| Loss Before Exceptional Items and Tax for the year | | (2,090.09) | 36.51 | (2,053.58) |
| Exceptional Items | | (106.29) | — | (106.29) |
| Loss before Tax for the year | | (2,196.38) | 36.51 | (2,159.87) |
| Tax Expense | | | | |
| a) Current Tax | | — | — | — |
| b) Deferred Tax | | — | — | — |
| Net Loss after tax for the year | | (2,196.38) | 36.51 | (2,159.87) |
| Other Comprehensive Income | | | | |
| A. i. Item that will not be reclassified to profit or loss | | — | (56.53) | (56.53) |
| Remeasurements of the defined benefit plans | | — | (56.53) | (56.53) |
| B. ii. Income tax relating to items that will not be reclassified to profit or loss | | — | — | — |
| | | — | (56.53) | (56.53) |
| Total Other Comprehensive Income | | | | |
| Total Comprehensive Income for the period | | (2,196.38) | (20.02) | (2,216.40) |

Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

| Particulars | (Rs. in lacs) | |
|--|---------------|---------------------------|
| | | Year ended March 31, 2017 |
| Net (Loss) as per previous Indian GAAP | | (2,196) |
| Add / (Less) : Adjustments in Statement of Profit & loss | | |
| Fair value adjustment of liabilities as per Ind AS | | (20) |
| Effect of actuarial gain/(loss) on employee defined benefit plans recognised in Other Comprehensive Income (net of tax Rs Nil) | | 57 |
| Net (Loss) before Other Comprehensive Income as per Ind AS | | (2,159) |
| Add / (Less) : Adjustments in Other Comprehensive Income | | |
| Actuarial loss on defined benefit plan transferred from Statement of Profit & Loss | | (57) |
| Other Comprehensive Income (net of Tax Rs. Nil) | | (57) |
| Total Comprehensive Income as per Ind AS | | (2,216) |

Reconciliation of Equity as at April 1, 2016 and as at March 31, 2017

| Particulars | (Rs. in lacs) | |
|---|----------------------|---------------------|
| | As at March 31, 2017 | As at April 1, 2016 |
| Total Equity under previous GAAP | 10,711.84 | 12,908.22 |
| Effect of Fair Value of Financial Liabilities | 270.30 | 250.28 |
| Total Equity as per IND AS | 10,441.54 | 12,657.94 |

Notes on Reconciliation

- a. Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in other comprehensive income.
- b. Under previous GAAP, actuarial gains and losses were recognized in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of profit or loss. The actuarial loss for the year ended March 31, 2017 was Rs. 56.53 lacs and the tax affect thereon Rs. Nil. This change does not affect total equity and loss before tax.
- c. Under previous GAAP, Non-Convertible Redeemable Preference Shares has been classified as part of share capital. Under Ind AS classification has been done as Financial Liabilities (Part of Non-current borrowings). On transition to Ind AS, these borrowings have been measured at fair value and this resulted in an increase in carrying amount of equity component through Financial Instrument under other equity by Rs. 229.70 lacs as at March 31, 2017 (Rs. 249.72 lacs as at March 31, 2016) and the corresponding deemed interest expense has also been recognised as finance cost amounting to Rs. 20.02 lacs for the year ended March 31, 2017 (Rs. 14.18 lacs as at March 31, 2016).

38. Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new Standard is effective for accounting periods beginning on or after April 1, 2018. The Company is evaluating the disclosure requirements of the amendments and its effect on the financial statements.

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

For and on behalf of the Board

Sidharth Birla
Chairman

New Delhi
May 24, 2018

Jatin Jain
Company Secretary

Satish Shah
*Vice President
& Chief Financial Officer*

C. Bhaskar
*Managing Director
& Chief Executive Officer*

FORM : MGT - 11

PROXY FORM

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

DIGJAM LIMITED

CIN: L17123GJ2015PLC083569; Regd. Office: Aerodrome Road, Jamnagar 361 006 (Gujarat)
Tel.: 91-288-2712972/3; Fax: 91-288-2712991; e-mail: cosec@digjam.co.in; website: www.digjam.co.in

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Third** Annual General Meeting of the Company to be held on **Friday, September 28, 2018** at **9.00 a.m.** at Ashirwad Club Resort, Near Jamnagar - Khambhaliya By-Pass Road, Jamnagar - 361 006, Gujarat, and at any adjournment thereof in respect of such resolutions as are indicated below:

| | | | | |
|-----------------|---|---|---|---|
| Resolution Nos. | 1 | 2 | 3 | 4 |
|-----------------|---|---|---|---|

Signed this day of 2018

.....
Signature of Shareholder

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

.....
Signature of Proxy holder(s)

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

CUT HERE

ATTENDANCE SLIP

(To be presented at the entrance)

3RD ANNUAL GENERAL MEETING ON FRIDAY, SEPTEMBER 28, 2018 AT 9.00 A.M. OF

DIGJAM LIMITED

CIN: L17123GJ2015PLC083569; at Ashirwad Club Resort, Near Jamnagar - Khambhaliya By-Pass Road, Jamnagar - 361 006 (Gujarat)
Tel.: 91-288-2712972/3; Fax: 91-288-2712991; e-mail: cosec@digjam.co.in; website: www.digjam.co.in

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

Name of the Member Signature

Name of the Proxy holder Signature

If undelivered, please return to :

DIGJAM LIMITED
Aerodrome Road,
Jamnagar 361 006 (Gujarat)
INDIA