

# DIGJAM LIMITED

DIGJAM

**Secretarial Department:**

Aerodrome Road,  
Jamnagar – 361 006, Gujarat, India

Tel.: +91-288-2712972 - 73  
e-mail: cosec@digjam.co.in

September 1, 2022

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

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

Code No. 539979

Symbol "DIGJAMMLTD"

**Subject: Annual Report for the Financial Year 2021-2022 including Notice of the Seventh (7th) Annual General Meeting ("AGM") of Digjam Limited**

Dear Sir/ Madam,

Pursuant to regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of Seventh (7<sup>th</sup>) Annual General Meeting ("AGM") for the Financial Year ended March 31, 2022 which is sent to the members through electronic means as per the circulars from Ministry of Corporate Affairs and Securities and Exchange Board of India.

Important details with regard to AGM are as under:

Sr. No.	Particulars	Details
1.	AGM details	Day: Saturday Date: September 24, 2022 Time: 11:00 a.m. (IST) Through Video Conference / Other Audio-Visual Means
2.	Cut-off date to determine list of members entitled to receive Notice of AGM and Annual Report	Friday, August 26, 2022
3.	Cut-off date to determine list of members entitled for e-voting	Saturday, September 24, 2022
4.	Remote e-voting start time, day and date	9.00 a.m. (IST), Wednesday, September 21, 2022
5.	Remote e-voting end time, day and date	5.00 p.m. (IST), Friday, September 23, 2022


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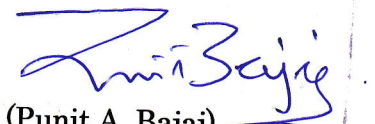
e-mail: cosec@digjam.co.in

The above documents are also being made available and can be accessed/downloaded from the Company's website [www.digjam.co.in](http://www.digjam.co.in) and the website of Central Depository Services (India) Limited ("CDSL"), the e-voting agency appointed by the Company at [www.evotingindia.com](http://www.evotingindia.com).

This is for your information and record please.

Thanking you,

Yours faithfully,  
For DIGJAM Limited

  
(Punit A. Bajaj)  
Company Secretary



Encl: as above

# DIGJAM LIMITED



ANNUAL REPORT  
2021-2022



## **Sri Bharat Jayantilal Patel**

1953-2021

An investor with an inspirational ideology and an industrialist with equal vision and empathy, you have transformed the lives of many. You were an outstanding leader with an unmatched business acumen and your presence and guidance will be remembered as we continue to take your legacy forward.

## BOARD OF DIRECTORS AND CORPORATE INFORMATION

### BOARD OF DIRECTORS

Sri Hardik Bharat Patel (DIN: 00590663)  
(Chairman and Non-Executive Director)

Sri Ajay Agarwal (DIN: 00649182)  
(Non-Executive Non-Independent Director)  
(w.e.f May 26, 2022)

Sri D.G. Rajan (DIN: 00303060)  
(Independent Director)

Ms. Sudha Bhushan (DIN: 01749008)  
(Independent Director )

Sri P. Swaminathan (DIN: 00901560)  
(Independent Director )

Sri Ajay Kumar Agarwal (DIN: 03508224)  
(Whole-time Director w.e.f April 1, 2022)

### CHIEF FINANCIAL OFFICER

Sri Ajay Agarwal (upto May 31, 2022)  
Sri Satish Shah (w.e.f August 6, 2022)

### COMPANY SECRETARY

Sri Punit A. Bajaj

### SENIOR EXECUTIVES

Sri R. K Tiwari  
(Vice-President Works)

Sri Sanjeev Joshi  
(Excutive Vice-President Sales and Marketing)

### REGISTERED OFFICE & MILLS

Aerodrome Road,  
Jamnagar 361 006, Gujarat  
Tel No.: 0288-2712972  
e-mail: cosec@digjam.co.in  
website: www.digjam.co.in

### STATUTORY AUDITORS

M/s. Nayan Parikh & Co.  
Chartered Accountants

### COST AUDITORS

M/s. N.D Birla & Co.  
Cost Accountants

### SECRETARIAL AUDITORS

Viral Shanghavi and Associates  
Practicing Company Secretary

### INTERNAL AUDITORS

M/s. G. M. Kapadia & Co.  
Chartered Accountants

### CORPORATE IDENTITY NUMBER

L17123GJ2015PLC083569

### ISIN FOR EQUITY SHARES

INE731U01028

### BANKERS

UCO Bank  
State Bank of India

### REGISTRARS AND SHARE TRANSFER AGENTS

MCS Share Transfer Agent Ltd.  
383, Lake Gardens, 1st Floor,  
Kolkata 700 045  
Tel: (033) 4072 4051 – 52 – 53  
e-mail: mcssta@rediffmail.com  
website: www.mcsregistrars.com/

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## DIGJAM LIMITED

CIN: L17123GJ2015PLC083569

**Registered Office:** Aerodrome Road, Jamnagar – 361 006,  
Gujarat, India.

**E-mail:** [cosec@digjam.co.in](mailto:cosec@digjam.co.in); **Telephone:** +91 (0288) 2712972-73

**Website:** [www.digjam.co.in](http://www.digjam.co.in)

### NOTICE OF THE 7<sup>th</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Seventh Annual General Meeting of the Members of the Company will be held on Saturday, September 24, 2022 at 11.00 a.m. through Video Conferencing (VC)/Other Audio-Visual Means (OAVM), to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors ('the Board') and auditors thereon.
2. To appoint a director in place of Sri Ajay Agarwal (DIN: 00649182), who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint the Statutory Auditors and to fix their remuneration and to consider and, if thought fit, to pass with or without modification(s), the following Resolution as an

#### Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and pursuant to the recommendations of the Audit Committee and Board of Directors of the Company, M/s. Nayan Parikh & Co., Chartered Accountants (Firm Registration No. 107023W), be and are hereby re-appointed as the Statutory Auditors of the Company, for the second term of 5 (five) consecutive years, who shall hold office from conclusion of Seventh Annual General Meeting till conclusion of Twelfth Annual General Meeting to be held in the year 2027 on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take such steps as may be necessary to give effect to this resolution."

#### SPECIAL BUSINESS:

4. **To Approve Sale / disposal of Surplus land of the Company**

To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions of the Companies Act, 2013 ('Act') and Rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (as amended from time to time) and subject to the necessary approvals, consents, permissions, no-objection letter and/or sanctions from the appropriate authorities / banks to the extent applicable, consent of the Members of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred hereunder) to sell, assignment, transfer, conveyance or otherwise dispose of its surplus land admeasuring 65,584.50 Sq. Mtrs. (approximately) located at Aerodrome Road, Jamnagar – 361 006, Gujarat, India, to any prospective buyer/s excluding a related party within the meaning of Section 188 of the Act in one or more tranches and either as a whole or in part on as is where is condition for consideration in cash not less than ₹ 60 crores (Rupees Sixty Crores only), and subject to such terms and conditions as mutually agreed upon by the Company with the prospective buyer/s for the surplus land particularly relating to advance amount, period within which entire consideration shall be paid by the purchaser, delayed payment charges in case of delay in remittance of payment including but not limited to the forfeiture of the advance amount etc. as may be stipulated by the Board in this regard and appropriate in the interest of the Company.

**RESOLVED FURTHER THAT** the Company do utilize the sale proceeds of the aforesaid surplus land for working capital requirements, capex and to reduce a substantial part of its debt of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to finalise the amount of consideration to be received and to do and perform all such acts, deeds, matters and things, as may be necessary, and to execute, modify, substitute, deliver and perform all such agreements, undertakings, contracts, deeds and other documents on behalf of the Company, file applications and make representation in respect thereof and seek approval from relevant authorities, including Government/ Semi Government / Quasi Government authorities, Banks, regulatory and administrative authorities, statutory bodies etc. in this regard as may be applicable and deal with any matters, take necessary steps in this matter as the Board may in its absolute discretion deem necessary, desirable and expedient to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do and perform all such acts, deeds, matters and things as it may, in their absolute discretion, deem fit, necessary, proper or desirable, including finalizing, varying and settling the terms and conditions of such sale and to enter

into agreements, execute any undertaking, indemnity, contracts, deeds or sign any other document on behalf of the Company and to represent the Company and appear before the authorities and also do all such acts, things, deeds and matters as may be deemed necessary for giving effect to this resolution.”

**5. To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2023**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of section 148 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Companies (Audit and Auditors) Rules, 2014 {including any statutory amendments(s), modification(s) or re-enactment(s) thereof, for the time being in force}, the remuneration payable to M/s N.D. Birla & Co., Cost Accountants, Ahmedabad (Firm Registration No. 000028), appointed by the Board of Directors of the Company, as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023, amounting to ₹ 75,000/- (Rupees Seventy-Five Thousand only) plus applicable taxes thereon and re-imburement of out-of-pocket expenses, as recommended by the Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified, confirmed and approved.

**FURTHER RESOLVED THAT** any of the directors of the Company and Sri Punit Bajaj, Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary in this regard for and on behalf of the Company, including but not limited to, filing of necessary forms, returns and submissions under the Act to give effect to this resolution.”

The Register of Members of the Company will remain closed from September 18, 2022 to September 24, 2022 (both days inclusive).

Place: Jamnagar  
Date: August 29, 2022  
**Registered Office:**  
Aerodrome Road,  
Jamnagar 361 006  
(Gujarat)  
CIN:  
L17123GJ2015PLC083569  
[cosec@digjam.co.in](mailto:cosec@digjam.co.in)  
[www.digjam.co.in](http://www.digjam.co.in)

By Order of the Board  
of Directors  
For **DIGJAM Limited**

**Punit Bajaj**  
Company Secretary  
Membership No.:  
ACS - 58392

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) and pursuant to relevant Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“the Listing Regulations”), in respect of the businesses under Item Nos. 3, 4 and 5 of the Notice is annexed hereto. The Board of Directors (“the Board”) have considered and decided to include Item Nos. 3, 4 and 5 given above in the 7th Annual General Meeting (“AGM”), as they are unavoidable in nature.

- In terms of Section 152 of the Act, Sri Ajay Agarwal (DIN: 00649182) retires by rotation at this meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. The Relevant details of the Director proposed to be re-appointed, as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings (“SS-2”) is annexed to this notice.
- In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021 and May 5, 2022 (“MCA Circulars for General Meetings”) and SEBI vide its circulars dated May 12, 2020, January 15, 2021 and May 13, 2022 (“SEBI Circulars for General Meetings”), permitted the holding of the General Meetings through VC / OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Act, the listing regulations, MCA Circulars for General Meetings and SEBI Circulars for General Meetings, the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM will be the registered office of the Company at **Aerodrome Road, Jamnagar – 361 006, Gujarat, India**. Attendance of the Members participating in the AGM through VC / OAVM facility shall be counted for the purpose of reckoning the quorum for the AGM as per section 103 of the Act.
- Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/ her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to MCA circulars on AGM through VC/OAVM, the physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Attendance Slip, Route Map and Proxy Form are not annexed to this Notice.
- Institutional / Corporate members (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy (PDF / JPG format) of its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to Mr. Viral Sanghavi, Proprietor of Viral Sanghavi & Associates, Practicing Company Secretaries, the Scrutinizer appointed by the Company, by e-mail on his registered e-mail address to [cs.viralsanghavi@gmail.com](mailto:cs.viralsanghavi@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- Members holding shares in physical mode are requested to intimate MCS Share Transfer Agent Limited, the Registrar and Transfer Agent of the Company (“the RTA”) at 383, Lake Gardens, 1st Floor, Kolkata 700 045, changes, if any, in their names, registered address along with pin code number, e-mail address, telephone / mobile number, Permanent Account Number (“PAN”), mandates, nominations, power of attorneys, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. and relevant evidences. Members holding shares in electronic mode shall update such details with their respective Depository Participant (“DP”).
- In compliance with the aforesaid Circulars, Notice of the

AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / RTA / Depositories. The Notice can also be accessed from the websites of the Company i.e. [www.digjam.co.in](http://www.digjam.co.in) as well as from the website of Stock Exchanges where Company is listed i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of Central Depository Services (India) Limited ('CDSL') (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

8. The Register of members and share transfer books of the Company will remain closed from Sunday, September 18, 2022 to Saturday, September 24, 2022 (both days inclusive) for the purpose of AGM.
9. As per the provisions of section 72 of the Act, the facility of making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to the DP in case the shares are held by them in electronic mode and to the Company / RTA, in case the shares are held in physical mode.
10. Members holding shares in physical mode, in identical order of names, in more than 1 (one) folios are requested to send to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in 1 (one) folio. A consolidated share certificate will be issued to such members after making requisite changes.  
In case of joint holders, the members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
11. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
12. In terms of circulars issued by The Securities and Exchange Board of India ('SEBI'), it is now mandatory to furnish a copy of Permanent Account Number Card (PAN Card) 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 RTA of the Company.
13. As per Regulation 40 of the listing regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April 2019. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's RTA, M/s. MCS Share Transfer Agent Limited for assistance in this regard. In view of the above, members are

advised to dematerialize shares held by them in physical form.

#### 14. Mandatory furnishing of KYC details and nominations by holders of physical securities:

SEBI vide its circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 has prescribed certain mandatory provisions with regard to 'Common and Simplified Norms for processing investor's request by RTAs and norms for furnishing PAN, KYC details and Nomination', where the shares are held in physical mode. Said SEBI circular prescribes following norms, in case the shares are held in physical mode:

- i. Common and simplified norms for processing any service request from the holder, pertaining to the captioned items, by the RTAs.
- ii. Electronic interface for processing investor's queries, complaints and service request.
- iii. Mandatory furnishing of PAN, KYC details and Nomination by holders of physical securities.
- iv. Freezing of folios without valid PAN, KYC details and Nomination and
- v. Compulsory linking of PAN and Aadhaar by all holders of physical securities.

#### Members of the Company holding shares in physical mode shall provide the following documents / details to the RTA of the Company:

- i. PAN.
- ii. Nomination (for all eligible folios) in Form No. SH-13 or submit declaration to 'Opt-Out' in Form No. ISR-3.  
Note: Any cancellation or change in nomination shall be provided in Form No. SH-14.
- iii. Contact details including postal address with pin code, mobile number, e-mail address.
- iv. Bank account details including bank name and branch, bank account number, IFSC.
- v. Specimen signature.

Please provide the above documents / details to the RTA of the Company along with other basic details like name of the member, folio number, certificate number and distinctive numbers.

As per the said SEBI circular, the Company has uploaded the following documents (along with the SEBI circular) on the website of the Company:

- i. Form No. ISR-1-request for registering PAN, KYC details or changes / updation thereof.
- ii. Form No. ISR-2-confirmation of signature of securities holder by the Banker.
- iii. Form No. ISR-3-declaration form for opting-out of nomination by holders of physical securities in listed companies.
- iv. Form No. SH-13-nomination form.
- v. Form No. SH-14-cancellation or variation of nomination.

Further, the contact details of the Company and RTA are also available on the website of the Company.

#### 15. Issue of shares in Demat mode only:



SEBI vide its notification dated January 24, 2022 amended certain provisions of the Listing Regulations, inter-alia, pertaining to issue of shares in demat mode only. Further, SEBI vide its circular No. SEBI/HO/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 issued operational guidelines for demat of securities received for processing investor's service request.

Dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate. It also substantially reduce the risk of fraud. Therefore, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.

For more details, please visit our website at <https://www.digjam.co.in>.

16. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically. The e-mail address can be registered with the DP in case the shares are held in electronic mode and with the RTA in case the shares are held in physical mode.
17. Members desiring any relevant information on the Audited Financial Statements or any matter to be placed at the AGM are requested to write to the Company at least 10 (ten) days in advance of the date of AGM through e-mail on [cosec@digjam.co.in](mailto:cosec@digjam.co.in). The same will be replied by the Company suitably.
18. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred to in this Notice will be available for inspection in electronic mode.

The copies of the documents will also be available for electronic inspection during normal business hours on working days from the date of circulation of the Notice upto the date of AGM. For any communication, members may also send requests to the Company's investor e-mail id [investors@digjam.co.in](mailto:investors@digjam.co.in) or [cosec@digjam.co.in](mailto:cosec@digjam.co.in).

#### 19. E-voting (voting through electronic means):

- i. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with The Companies (Management and Administration) Rules, 2014, standard 8 of the Secretarial Standard on General Meetings, regulation 44 of the Listing Regulations and pursuant to the MCA Circulars for General Meetings and the SEBI Circulars for General Meetings, the Company is pleased to offer the facility of voting through electronic means, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited ('CDSL') to facilitate the members to cast their votes from a place other than venue of the AGM ('remote e-voting'). The facility for voting shall be made available during the AGM through electronic voting and the

members participating in the AGM who have not cast their votes by remote e-voting shall be able to exercise their right during the AGM. The facility of casting votes by a member using remote e-voting as well as venue e-voting system on the date of the AGM will be provided by CDSL.

In terms of provisions of section 107 of the Act, as the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the AGM.

- ii. In view of the massive outbreak of the COVID-19 pandemic, social distancing is still a norm to be followed and pursuant to the MCA Circulars for General Meetings and the SEBI Circulars for General Meetings, physical attendance of the members at the AGM venue is not required and AGM can be held through VC / OAVM.
- iii. The members can join the AGM through VC / OAVM mode 15 (fifteen) minutes before the scheduled time of the AGM and within 15 (fifteen) minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will be in addition to large members (members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- iv. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.
- v. A person whose name is recorded in the Register of Members / List of Beneficial Owners maintained by the Depositories as on Saturday, September 17, 2022, being the cut-off date shall be entitled to avail the facility of remote e-voting or e-voting during the AGM. Persons who are not members as on the cut-off date, but have received this Notice, should treat receipt of this Notice for information purpose only.
- vi. The members who have cast their votes by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their votes again.
- vii. The members whose names appear in the Register of Members / List of Beneficial Owners as on Saturday, September 17, 2022 are entitled to vote on the resolutions set forth in the Notice. Eligible members who have acquired shares after sending the Notice electronically and holding shares as on the cut-off date may approach the Company for seeking assistance for issuance of the User Id and Password for exercising their right to vote by electronic means.
- viii. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.
- ix. The Company has appointed Mr. Viral Sanghavi, Proprietor of Viral Sanghavi & Associates, Practicing Company Secretaries (Membership No. FCS 10331: COP No. 9035), to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.

**20. Process for those shareholders whose email ids are not registered:**

- i. Members holding shares in physical mode - please provide necessary details like Folio No., Name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN), Aadhaar (self-attested scanned copy of Aadhaar) by e-mail to Company/RTA.
- ii. Members holding shares in demat mode please update your e-mail id and mobile number with your respective DP.
- iii. Individual members holding shares in demat mode - please update your e-mail id and mobile number with your respective DP which is mandatory for e-voting and joining the AGM through VC / OAVM through Depository.

**21. Instructions for members for remote voting, e-voting during AGM and joining the AGM through VC / OAVM are under:**

- (i) The remote e-voting period commences at 9:00 a.m. (IST) on Wednesday, September 21, 2022 and ends at 5:00 p.m. (IST) on Friday, September 23, 2022. During this period members of the Company, holding shares either in physical mode or in demat mode, as on the cut-off date i.e. Saturday, September 17, 2022, may cast their votes by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/ CMD/ CIR/P/2020/242 dated December 9, 2020, under Regulation 44 of the Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in

respect of all shareholders’ resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to the abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for individual shareholders holding securities in Demat mode CDSL/ NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System 'Myeasi'.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/ LINKINTIME, so that the user can visit the e-Voting service providers’ website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at : <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

<p>Individual Shareholders holding securities in demat mode with NSDL Depository</p>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the 'Beneficial Owner' icon under 'Login' which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on 'Access to e-Voting' under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select 'Register Online for IDeAS 'Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.**

Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33</p>
<p>Individual Shareholders holding securities in Demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
2. Click on 'Shareholders' module.
3. Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

6. If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- (ii) After entering these details appropriately, click on 'SUBMIT' tab.
- (iii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (iv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (v) Click on the EVSN for DIGJAM LIMITED on which you choose to vote.
- (vi) 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.
- (vii) Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire Resolution details.
- (viii) 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.
- (ix) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take a print of the votes cast by clicking on 'Click here to print' option on the Voting page.

(xi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xiii) **Additional Facility for Non - Individual Shareholders and Custodians - For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the 'Corporates' module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cosec@digjam.co.in](mailto:cosec@digjam.co.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM and e-voting from the e-voting system, you may refer the Frequently Asked Questions ('FAQs') and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

A member can opt for only one mode of voting i.e. either through remote e-voting or during the AGM. If a member cast votes by both modes, then voting done through remote e-voting shall prevail.



The Company has appointed Mr. Viral Sanghavi, Proprietor of Viral Sanghavi & Associates, Practising Company Secretaries (Membership No. FCS 10331: COP No. 9035), to act as the Scrutinizer for conducting the e-voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the resolutions at the AGM shall be announced by the Chairman or any other person authorised by him immediately after the results are declared.

The results declared along with the Scrutinizer's Report, will be posted on the website of the Company [www.digjam.co.in](http://www.digjam.co.in) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com) and will be displayed on the Notice Board of the Company at its registered office immediately after the declaration of the results by the Chairman or any other person authorised by him and communicated to the Stock Exchanges.

## 22. Instructions for members attending the AGM through VC/OAVM & e-voting during AGM are as under:

- The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 (seven) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cosec@digjam.co.in](mailto:cosec@digjam.co.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 (seven) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cosec@digjam.co.in](mailto:cosec@digjam.co.in). These queries will be replied to by the company suitably by email.
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### Contact Details:

<b>Company</b>	Mr. Punit A. Bajaj Company Secretary and Compliance Officer DIGJAM Limited Registered Office: Aerodrome Road, Jamnagar – 361 006, Gujarat, India. CIN: L17123GJ2015PLC083569 E-mail: <a href="mailto:cosec@digjam.co.in">cosec@digjam.co.in</a>
<b>Registrar and Transfer Agent</b>	MCS Share Transfer Agent Limited 383 Lake Gardens, First floor, Kolkata, India. Contact Person: Mr. Subhash Bhattachary E-mail: <a href="mailto:mcssta@rediffmail.com">mcssta@rediffmail.com</a>
<b>e-Voting Agency</b>	Central Depository Services (India) Limited E-mail: <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> Phone: 022- 22723333 / 8588
<b>Scrutinizer</b>	Mr. Viral Sanghavi Practising Company Secretary E-mail: <a href="mailto:cs.viralsanghavi@gmail.com">cs.viralsanghavi@gmail.com</a>

### ANNEXURE TO THE NOTICE

**EXPLANATORY STATEMENT** pursuant to Section 102 of the Companies Act, 2013 ('the Act') read with Regulation 36 of SEBI (Listing obligations and Disclosure Requirement) Regulations, 2015 :

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

**Sri Ajay Agarwal (DIN: 00649182)**, aged 58 years, is a qualified Fellow member of the Chartered Accountant Institute with more than 30 years of rich experience with various Indian corporates and has held leadership position for steering the operations in the field of Textile, speciality chemicals and metallurgy businesses.

He is credited with setting up a Greenfield Pharma project in overseas location. He has been instrumental in raising funds from strategic investors in his past positions and has adopted a holistic approach to steer the stressed business into a 'turnaround' story including 'Reid & Taylor' India operations.

Sri Ajay Agarwal does not hold any Equity Share in the Company. Except for Sri Ajay Agarwal 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: Re-appointment of M/s. Nayan Parikh & Co., Chartered Accountants (Firm Registration No. 107023W) as Statutory Auditor of the Company:**

M/s. Nayan Parikh & Co., Chartered Accountants (Firm Registration No. 107023W) ('NPCO'), were appointed as the Statutory Auditors of the Company for a period of 1 (one) year from the conclusion of Sixth Annual General Meeting ('AGM') till the conclusion of Seventh AGM. Their term shall expire after the ensuing AGM.

The Audit Committee and the Board at their respective meetings, both held on August 6, 2022 recommended the re-appointment

of NPCO as the Statutory Auditors of the Company for a further period of 5 (five) consecutive years from the conclusion of Seventh AGM till the conclusion of Twelfth AGM in year 2027, with an authority to the Audit Committee and the Board to decide the remuneration payable to them. Re-appointment of NPCO is subject to approval of members at the ensuing AGM. Necessary agenda item, resolution and statutory details are provided in the Notice of AGM.

NPCO have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The details, terms and conditions of appointment (including remuneration) of the Auditor proposed to be appointed, pursuant to Regulation 36 of SEBI (Listing obligations and Disclosure Requirement) Regulations, 2015, as amended, are as follows

Name of the Auditors	M/s. Nayan Parikh & Co., Chartered Accountants
Brief Profile	M/s. Nayan Parikh & Co. (FRN 107023W) ('NPCO') is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. It was established as a sole proprietary concern the Firm today has 8 partners. It has its office at No. 9, 2nd Floor, Jain Chambers, 577 SV Road, Bandra (West), Mumbai 400050, India. NPCO has valid Peer Review certificate. NPCO provides services in the fields of audit and assurance, tax and regulatory, transaction advisory and consulting keeping in mind the regulatory and commercial environment within which the Firm's clients operate.
Credentials	M/s. Nayan Parikh & Co. (FRN 107023W) ('NPCO') is a firm of Chartered Accountants. A brief profile is stated above
Basis of recommendation for appointment	The Board, on the recommendations of the Audit Committee is seeking approval of the members of the Company for re-appointing M/s. Nayan Parikh & Co., as the statutory auditors of the Company with effect from the conclusion of the 7th AGM of the Company till the conclusion of 12th AGM, for a period of five year.
Terms of appointment	M/s. Nayan Parikh & Co., are proposed to be reappointed as statutory auditors of the Company with effect from the conclusion of the 7th AGM of the Company till the conclusion of 12th AGM of the Company, for a period of five year on such terms as may be mutually determined by the Board of Directors of the Company in consultation with the Auditors.
Proposed fee payable	Based on the recommendation of Audit Committee, the Board has fixed a remuneration of ₹ 10 Lakh (Rupees Ten Lakh only) for conducting the audit for the Financial Year ending March 31, 2023 excluding applicable taxes and reimbursement of out of pocket expenses on actuals. The Board, in consultation with the Audit Committee, may alter and vary the terms and conditions of re-appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.
Material changes in the fee payable to the auditor from that paid to the outgoing auditor	There is no material change in the proposed fees payable to the Auditors as compared to fees paid to Statutory Auditors for the financial year 2021-22.
Rationale for such change in remuneration	Not Applicable

M/s. Nayan Parikh & Co., Chartered Accountants, have given their consent for appointment as the Auditors of the Company along with a certificate, pursuant to Section 139 (1) and 141 of the Act, and Rule 3 of the Companies (Audit and Auditors) Rules, 2014, as amended, stating that they are not disqualified to act as auditors and that their proposed appointment satisfies the terms and conditions prescribed under the Act.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item

No.3 of the Notice for the approval of members of the Company.

**Item No. 4: To Approve Sale / disposal of Surplus land of the Company :**

The Company has in the last two years after approval of the Resolution Plan by Hon'ble National Company Law Tribunal, Ahmedabad Bench has re-gained substantial part of its products demand in the markets by timely delivery of its wide range of products to the Customers. This has resulted into higher investment to the working capital requirements of the Company, coming at a modest interest cost, impacting the earnings of the Company.

The Board of Directors has therefore identified / declared 65,584.50 Sq. Mtrs. (approximately) as surplus land from the existing outlay of the mills premises / manufacturing unit admeasuring 1,34,520.67 Sq. Mtrs. located at Aerodrome Road, Jamnagar – 361 006, Gujarat. The Board has carefully evaluated that the surplus declared area / land is not required for our manufacturing process of the Company and the current cash flows of the Company are stretched and sustenance of the present debt levels is difficult. It is therefore, desirable and inevitable at this juncture that the Company monetize its surplus land and infuse the funds for working capital requirements, Capex and reduce a substantial part of its debt. The Company also believes considering the nature of business and other macro-economic factors, a lower quantum of debt would be in the best interest of all stakeholders.

Accordingly, as per the recommendation of the Audit Committee, the Board of Directors of the Company, at its meeting held on August 29, 2022, has resolved, subject to the approval of Members and other requisite approval to sell, assignment, transfer, conveyance or otherwise dispose of its surplus land admeasuring 65,584.50 Sq. Mtrs. (approximately) located at Aerodrome Road, Jamnagar – 361 006, Gujarat, India, to any prospective buyer/s excluding a related party within the meaning of Section 188 of the of the Companies Act, 2013 (the “Act”) in one or more tranches and either as a whole or in part in as is where is condition for consideration in cash not less than ₹ 60 crores (Rupees Sixty Crores only) vide an appropriate sale agreement as recommended by financial / legal advisors.

In terms of the provisions of Section 180(1)(a) of the Act, consent of the Members would be required by way of a special resolution to sale / dispose the said surplus land to any prospective buyer/s excluding a related party within the meaning of Section 188 of the Act.

#### ANNEXURE TO THE NOTICE DATED AUGUST 29, 2022

Details of Directors in accordance with SEBI (Listing obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)

Name	Sri Ajay Agarwal
Date of Birth/ Age	June 15, 1964 / 58 Years
Profile	Provided in the Explanatory Statement
Nature of her expertise in specific functional areas	Leadership and Management Strategy, Marketing, Logistics, Import & Exports, Commercial including Public Relations, Business Development.
Date of first appointment on the Board	November 25, 2020
Qualification	A Fellow member of the Institute of Chartered Accountants of India
Experience	More than 30 Years
Terms and conditions of appointment	Re-appointment in terms of Section 152 (6) of the Companies Act, 2013
Details of remuneration sought to be paid	Nil
Last drawn remuneration, if applicable	Not Applicable
Shareholding in the company held either himself or on a beneficial basis for any other persons	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Nil
The number of meetings of the Board attended during the Year	4 (2021-22)
Directorship held in other companies as on date	Krihaan Texchem Private Limited and Leggiuno India Private Limited
Membership/Chairmanship of Committees of other Companies as on date	Nil

None of the Directors, Key Managerial Personnel of the Company and their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

The Board accordingly recommends the Special Resolutions set out at Item Nos. 4 of the accompanying Notice for the approval of the Members.

#### Item No. 5: Appointment of M/s. N. D. Birla & Co., Cost Accountants, Ahmedabad (Firm Registration No. 000028), as the Cost Accountant of the Company:

The Board of Directors 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 2021-22 at a remuneration of ₹ 75,000/- (Rupees Seventy-Five Thousand only) besides applicable taxes and reimbursement of out-of-pocket expenses. In terms of the provisions of Section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, the Members are required to ratify the remuneration payable to the Cost Auditors and accordingly, the consent of the Members of the Company is solicited for the remuneration as set out in the Resolution in Item no. 5 which is accordingly commended for approval.

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

Place: Jamnagar  
Date: August 29, 2022

**Registered Office:**  
Aerodrome Road,  
Jamnagar 361 006  
(Gujarat)  
CIN:  
L17123GJ2015PLC083569  
[cosec@digjam.co.in](mailto:cosec@digjam.co.in)  
[www.digjam.co.in](http://www.digjam.co.in)

By Order of the Board  
of Directors  
For **DIGJAM Limited**

**Punit Bajaj**  
Company Secretary  
Membership No.:  
ACS - 58392

## DIRECTORS' REPORT

### To the Members,

Your Directors' are pleased to present the 7th Annual Report of the Company, along with the financial statements for the Financial Year ended March 31, 2022 in compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations").

### 1. FINANCIAL HIGHLIGHTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ("the Act"), read with rule 7 of The Companies (Accounts) Rules, 2014 ('Accounts Rules').

The financial performance of the Company, for the Financial Year ended on March 31, 2022 is summarized below:

(₹ in Lakhs)

	March 31, 2022	March 31, 2021
Revenue from operations and Other Income	3,603.69	611.47
Operating Profit / (Loss) before Interest, Depreciation and Taxes	540.33	(1246.42)
less: Finance Costs	197.79	23.66
less: Depreciation	224.84	242.47
(Loss)/Profit for the year before Exceptional Items and Tax	117.70	(1512.55)
less: Exceptional Items	-	2406.42
(Loss)/Profit Before Tax	117.70	893.87
less: Taxation	-	-
(Loss)/Profit After Tax	117.70	893.87
Other Comprehensive Income	31.74	-
Balance brought forward	149.44	893.87
leaving a Balance of which is carried forward	1,995.16	1845.72

### 2. RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

During the Period under Review, the revenue from operations and other income was ₹ 3,603.69 lakh as compared to the last year's revenue of ₹ 611.47 lakh. The net profit after tax (after exceptional item and other comprehensive income) of the Company for the

year under review is ₹ 149.44 lakh as compared to the last year's net profit of ₹ 893.87 lakh for the previous year. The net profit for the previous year includes an exceptional item of ₹ 2406.42 lakh on account of write off/ Impairment / Extinguishment of Current and Non-Current Assets and due to Extinguishment / Write – Back of Non-Current Liabilities provided in earlier years, more particularly described in Note No. 27. of the Financial Statements.

More details on the financial statements of the Company along with various financial ratios are available in the Management Discussion & Analysis Report forming part of this report.

### 3. DIVIDEND

The Board of Directors of your company, after considering holistically the relevant circumstances, has decided that it would be prudent, not to recommend any Dividend for the financial year ended March 31, 2022.

### 4. TRANSFER TO RESERVES

The Directors' do not propose to transfer any amounts to the general reserves of the Company, instead have recommended to retain the entire of profits for the financial year ended March 31, 2022 in the profit and loss account.

### 5. IMPACT OF COVID-19

In order to support people, battle the challenges posed by the pandemic, the Company launched several initiatives on multiple fronts by Stringent measures have been put in to safeguard employees. Thermal scanning is done to check body temperature at all entry points. Hand sanitizers are placed at vantage points all across the Office and Factory. Disposable masks have been made available. As a part of the protocols in most of the areas inside the plant and factory area and all across the offices, employees need to wear masks wherever required.

The Company has continued to operate and provide services to its customers, without any significant disruptions during COVID-19 crisis. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and accordingly, at present the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

### 6. DEPOSITS

During the year under review, your Company has not accepted/ renewed any public deposits within the meaning of Sections 73 to 76A of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### 7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the company has not given any loans and any guarantees, made any investment and provided any security (ies) covered under the provisions of section 186 of the Companies Act, 2013.



## 8. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiary, joint venture or associate company.

## 9. CHANGE IN SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2022 stood at ₹ 2000 Lakhs. There was no change in the paid-up share capital during the year. The Company have outstanding paid-up preference share capital of ₹ 2700 Lakhs as on March 31, 2022.

During the year under review, the Company has neither issued any shares with differential voting rights nor granted any stock options or sweat equity or warrants.

As on March 31, 2022, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

There is no instance where the Company failed to implement any corporate action within the specified time limit.

## 10. DIRECTORS & KEY MANAGERIAL PERSONNEL

### a. Demise of Sri Bharat Patel, Chairman

Sri Bharat Patel, Chairman of the Company from 2020 to 2021 breathed his last on May 29, 2021 at Mumbai. Sri Bharat Patel was appointed on the Board of the company in 2020 and was a visionary and a major guiding force in reviving the company which was in severe distress due to on-going CIRP process. Under his Mentorship and Visionary leadership, he accepted challenge to revive many well-known Textile Brands during his long career with a vision to build one of the most trusted Textile Brands in the Country. The Company immensely benefitted from his vision and leadership during his tenure. The Board and the management are committed in carrying forward the vision of Sri Bharat Patel in elevating the company to new heights.

The Board and all the employees pay their homage from their heart for his contributions to the company.

### b. Composition of the Board

Composition of Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Non-Independent Director and Non-Executive Independent Directors including Women Director in accordance with the provisions of Companies Act, 2013 and Regulation 17 of Listing Regulations. All the Directors have rich experience and specialized knowledge in sectors covering law, finance, accountancy and other relevant areas.

As on March 31, 2022, the Board consisted of six directors comprising of three Non-Executive Independent Directors including a woman director, namely:

Sr. No.	Name of Director	Designation
1.	Sri Hardik Patel (DIN: 005906663)	Non-Executive, Non-Independent Director and Chairman
2.	Sri Ajay Kumar Agarwal (DIN: 03508224)	Non-Executive, Non-Independent Director
3.	Sri D. G. Rajan (DIN: 00303060)	Non-Executive, Independent Director
4.	Ms. Sudha Bhushan (DIN: 01749008)	Non-Executive, Independent Director
5.	Sri Panchapakesan Swaminathan (DIN: 00901560)	Non-Executive, Independent Director
6.	Sri Ajay Agarwal (DIN: 00649182)	Whole Time Director

The profile of all the Directors can be accessed on the Company's website at [www.digjam.co.in](http://www.digjam.co.in).

None of the Directors of the Company have incurred any disqualification under Section 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014. All the Directors have confirmed that they are not debarred from accessing the capital market as well as from holding the office of Director pursuant to any order of Securities and Exchange Board of India or Ministry of Corporate Affairs or any other such regulatory authority. In the view of the Board, all the directors possess the requisite skills, expertise, integrity, competence, as well as experience considered to be vital for business growth.

The composition of Board of Directors and detailed analysis of various skills, qualifications and attributes as required and available with the Board has been presented in the Corporate Governance Report.

### c. Changes in the Directors during the year under review:

Pursuant to recommendations of the Nomination and Remuneration Committee the details of changes in the Directorships approved by the Board during the financial year 2021-22 is given below:

Sri Panchapakesan Swaminathan (DIN: 00901560), has been appointed as Non-Executive Independent Director of the Company for a consecutive term of five years w.e.f. 24th June, 2021 and their appointment was regularized and approved in the 6<sup>th</sup> Annual General Meeting held on 20th September, 2021. In the opinion of the Board, Sri Panchapakesan Swaminathan is a person of integrity and possesses relevant experience and expertise.

Sri Ajay Kumar Agarwal (DIN: 03508224) has been appointed / redesignated, as Whole-time Director, designated as 'Executive Director' of the Company for a period of 3 (Three) years from April 1, 2022 to March 31, 2025, liable to retire by rotation, by

the Board of Directors at their Meeting held on February 14, 2022. Further, the said appointment was approved by the Members of the Company by way of Postal Ballot on June 30, 2022.

After closer of the Financial Year, The Board of Directors at their meeting held on May 25, 2022 approved the re-designation of Sri Ajay Agarwal (DIN: 00649182) from Whole Time Director to Non-Executive Director of the Company w.e.f. May 26, 2022, is liable to retire by rotation.

**d. Retirement by Rotation:**

Pursuant to the provisions of Section 152(6) (d) of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Sri Ajay Agarwal (DIN: 00649182) will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Information regarding the directors seeking re-appointment as required by Regulation 36 of the Listing Regulations and Secretarial Standard-2 has been given in the notice convening the ensuing Annual General Meeting.

**e. Key Managerial Personnel**

During year under review, Sri Ajay Agarwal (DIN: 00649182) was appointed as Chief Financial Officer of the Company with effect from June 24, 2021. However, after the closer of the financial year Sri Ajay Agarwal (DIN: 00649182) has ceased to be Chief Financial Officer w.e.f. May 31, 2022.

Sri Punit Bajaj has been appointed as Company Secretary and Compliance Officer and appointed as key managerial personnel of the Company with effect from June 24, 2021.

As on 31st March, 2022, Your Company has following key managerial personnel as on date of this report:

Sri Ajay Agarwal, Chief Financial Officer;

Sri Punit Bajaj, Company Secretary and Compliance Officer.

**11. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received the necessary declaration from each independent director who are part of the Board confirming that he/she meets the criteria of independence as laid out in Section 149(6) of the Companies Act, 2013 read with the schedules, rules made thereunder and Regulation 16(1) (b) of the Listing Regulations.

None of the independent directors are aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The board of directors have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the same and in their opinion the

Independent Directors fulfill the conditions specified in the Act and Listing Regulations and are independent of the management.

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act along with the Code of Conduct for Directors and Senior Management Personnel formulated by the Company as per Listing Regulations.

**12. POLICY ON DIRECTORS' APPOINTMENT AND POLICY ON REMUNERATION**

Pursuant to Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the Policy on appointment of Board Members including criteria for determining qualifications, positive attributes, independence of a Director and the Policy on remuneration of Directors, KMP and other employees is annexed to this Report as 'Annexure-A' and is also available on the weblink <http://digjam.co.in/files/policy/Policy%20on%20Remuneration%20to%20Exec%20Director%20%26%20Sr%20Management.pdf>.

**13. PARTICULARS OF REMUNERATION OF DIRECTORS / KMP / EMPLOYEES**

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time in respect of Directors/employees of the Company is attached as 'Annexure- B' to this report.

The information required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time-to-time forms part of this Board Report. However, in terms of Section 136 of the Act, the annual report is being sent to the shareholders excluding the said statement. The said information is readily available for inspection by the shareholders at the Company's registered office during the business hours on all working days up to the date of ensuing Annual General Meeting and shall also be provided to any shareholder of the Company, who sends a written request to the Company Secretary and Compliance Officer at [investors@digjam.co.in](mailto:investors@digjam.co.in).

**14. NUMBER OF MEETINGS OF THE BOARD**

During the Financial Year 2021-22, four (4) Board Meetings were held. The meetings were held in hybrid mode i.e., both physically and virtually in accordance with the applicable provisions of the Act. The details relating to Board Meetings and attendance of Directors in each board meeting held during the FY-2021-22 has been separately provided in the Corporate Governance Report.

The maximum time gap between any two Board Meetings was not more than 120 days as required under Regulation 17 of the Listing Regulations, Section 173 of the Act and Secretarial Standard on Meetings of the Board of Directors.

**15. COMMITTEES OF THE BOARD**

The constitution of the Board Committees is in acquiescence of provisions of the Act and the relevant

rules made thereunder, Listing Regulations and the Articles of Association of the Company. The Board has constituted Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee to deal with specific areas/activities that need a closer review and to have an appropriate structure for discharging its responsibilities.

The composition, terms of reference, attendance of directors at the meetings of all the above Committees has been disclosed in the Corporate Governance Report.

There has been no instance where the Board has not accepted any of the recommendations of the Audit Committee.

## 16. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, Regulation 17(10) and other applicable provisions of the Listing Regulations and in consonance with Guidance Note on Board Evaluation issued by the SEBI, the Board of Directors of the Company have formulated a Board Evaluation Policy which lays down the manner of evaluation of the Board as a whole, its committees and the individual Directors.

The Board on the recommendation of the Nomination and Remuneration Committee carried out an annual performance evaluation of the Board as a whole and directors individually. The Board also carried evaluation of the performance of its various Committees for the year under consideration. The performance evaluation of the Directors was carried out by the entire Board, other than the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors expressed their satisfaction over the evaluation process.

The Company has put in place a policy containing, inter-alia, the criteria for performance evaluation of the Board, its committees and individual Directors (including independent directors) is annexed to this Report as 'Annexure- C'.

## 17. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Directors of the Company confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed and no material departures have been made from the same;
- b. such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- c. the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies

Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. the internal financial controls were in place and that such internal financial controls were adequate and were operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 18. BUSINESS RISK MANAGEMENT

The Company has built a comprehensive risk management framework that seeks to identify all kinds of anticipated risks associated with the business and to take remedial actions to minimize any kind of adverse impact on the Company. The main identified risks at the Company are Commercial risks, financial risks, operational risks and legal & regulatory risks. Your Company has established a comprehensive risk management system to ensure that risk to the Company's continued existence as a going concern and to its development are identified and addressed on timely basis. Risk Management strategy as approved by the board of Directors is implemented by the Company management.

The Company is not required to constitute the Risk Management Committee, as the provision of Regulation 21 of the Listing Regulations is not applicable to the Company.

The Company has also formulated and implemented a Risk Management Policy in accordance with Listing Regulations, to identify and monitor business risk and assist in measures to control and mitigate such risks. The Policy is available on the Website of the Company at [www.digjam.co.in](http://www.digjam.co.in). The other details in this regard are provided in the Corporate Governance Report, which forms part of this Annual Report.

## 19. AUDITORS AND THEIR REPORTS

### Statutory Auditor

M/s. Nayan Parikh & Co., Chartered Accountants (Firm Registration No. 107023W) ("NPCO"), were appointed as the Statutory Auditors of the Company for a period of 1 (one) year from the conclusion of Sixth Annual General Meeting ('AGM') till the conclusion of Seventh AGM. Their term shall expire after the ensuing AGM.

The Audit Committee and the Board at their respective meetings, both held on August 6, 2022 recommended the re-appointment of NPCO as the Statutory Auditors of the Company for a further period of 5 (five) consecutive years from the conclusion of Seventh AGM till the conclusion of Twelfth AGM in year 2027, with an authority to the Audit Committee and the Board to decide the remuneration payable to them. Re-appointment of NPCO is subject to approval of members at the ensuing AGM. Necessary agenda item, resolution and statutory details are provided in the Notice of AGM.



NPCO have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report and the observations and comments, appearing in the report, are self-explanatory and do not call for any further explanation / clarification by the Board as provided under section 134(3)(f) of the Act. The Statutory Auditors' Report on the financial statements of the Company for the Financial Year ended March 31, 2022, forms part of this Annual Report and does not contain any qualification, reservation or adverse remark.

#### **Cost Auditor**

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, 2022 and the remuneration payable to them was approved by the Members at their Sixth Annual General Meeting. Further, the Board of Directors on the recommendation of Audit Committee has re-appointed M/s N.D. Birla & Co., Cost Accountants (Firm Registration No. 000027) as Cost Auditor, to conduct audit of the cost accounting records of the Company for the financial year ending on March 31, 2023. As required under Section 148 of the Companies Act, 2013, a resolution regarding ratification of the remuneration payable to M/s N.D. Birla & Co., Cost Accountants, forms part of the Notice convening the Seventh Annual General Meeting of the Company.

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(5) of the Companies (Accounts) Rules, 2014, it is confirmed that the Company has made and maintained the cost records as specified by the Central Government under sub-Section (1) of Section 148 of the Companies Act, 2013.

#### **Secretarial Auditor**

CS Viral Sanghavi (Proprietor: Viral Sanghavi & Associates), Practising Company Secretary (FCS: 10331, CP: 9035), was appointed as Secretarial Auditor, to conduct the audit of secretarial records of the Company for the financial year ended on March 31, 2022 pursuant to Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by him in the prescribed form MR- 3 is annexed to this Report as 'Annexure- D'.

The observations and comments given by the Secretarial Auditors in his report are self-explanatory and hence, the same to be treated as explanation provided under Section 134 of the Act.

#### **Internal Auditors**

M/s. G. M. Kapadia & Co., Chartered Accountants (Firm Registration No. 104767W), were appointed as the Internal Auditors of the Company for the FY-2021-22 in the Board Meeting held on June 24, 2021 in accordance with the provisions of Section 138 of the Act read with the Companies (Accounts) Rules, 2014.

## **20. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

The Statutory Auditor, Cost Auditor and Secretarial Auditor of your Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

## **21. INTERNAL FINANCIAL CONTROLS**

According to Section 134(5) (e) of the Act, the term Internal Financial Control ('IFC') means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and early detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls and the Board is responsible for ensuring that IFC are laid down in the Company and that such controls are adequate and operating effectively.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors.

Necessary certification by the Statutory Auditors in relation to Internal Financial Control u/s 143(3)(i) of the Act forms part of the Audit Report.

## **22. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year of the Company to which the financial statements relate and date of this Report.

## **23. CORPORATE SOCIAL RESPONSIBILITY:**

As per General Circular No. 14 /2021 date 25th August, 2021, where the amount required to be spent by a company on Corporate Social Responsibility ('CSR') does not exceed Fifty Lakhs rupees, the requirement for constitution of the CSR Committee is not mandatory and the functions of the CSR Committee in such cases, shall be discharged by the Board of Directors of the company. Therefore, company did not Comprise CSR Committee. The Board of Directors of the company monitoring the CSR initiatives of the Company. The Board had adopted a CSR Policy.

The CSR Policy of the Company inter alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Act. The Policy on CSR as approved by the Board of Directors in accordance with the requirements of the Act is available on the



Company's website at [www.digjam.co.in](http://www.digjam.co.in) and is also annexed herewith and marked as 'Annexure- E'.

Pursuant to Section 135 of the Act read with CSR Policy of the Company, the Company is required to spend two percent of the average net profit of the Company for three immediately preceding financial years. As the average net profit of the Company during previous three financial years was negative, the Company was not required to spend any amount for the CSR purpose during the year under review.

Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is annexed herewith and marked as 'Annexure- F'.

#### 24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is annexed to this Report as 'Annexure- G'.

#### 25. ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the Financial Year ended March 31, 2022 is available on the website of the Company at [www.digjam.co.in](http://www.digjam.co.in).

#### 26. SECRETARIAL STANDARDS

In terms of Section 118(10) of the Act, the Company is complying with the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by Central Government with respect to Meetings of the Board of Directors and General Meetings.

#### 27. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as set out by the Securities and Exchange Board of India ("SEBI"). Your Company has also implemented several best governance practices.

Separate reports on Corporate Governance Compliance and Management Discussion and Analysis as stipulated under Regulation 34 read with Schedule V of the Listing Regulations forms part of the Annual Report 2021-22 along with the requisite certificate issued by Secretarial Auditors of your Company regarding compliance of the conditions of Corporate Governance.

#### 28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has formulated a policy on related party transactions which is also available on Company's website at <https://digjam.co.in/files/policy/Policy%20on%20Related%20Party%20Transactions.pdf>. All Related Party Transaction that were entered by the

Company during the financial year with related parties were in its ordinary course of business and on an arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations.

All related party transactions were placed before the Audit Committee/Board for approval. Prior approval of the Audit Committee was obtained for the transactions which are foreseen and are in repetitive in nature.

None of the material transactions with related parties fall under the scope of Section 188(1) of the Act. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company for FY 2022 and hence does not form part of this report. However, all the transactions with related parties, which were in the ordinary course of business and on an arm's length basis, have been disclosed in Note No. 35 of the Financial Statements.

Pursuant to the Listing Regulations and the applicable provisions of the Act, the Notice of Postal Ballot for seeking approval of the shareholders on material related party transaction was sent to the members on May 28, 2022. The material related party transaction for which the approval of members has been sought through aforesaid postal ballot is as follows:

#### Special Resolutions:

- a) To approve Material Related Party Transaction(s) with Krihaan Texchem Private Limited entered into during FY 2021-22

#### 29. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has adopted a Vigil Mechanism/Whistle Blower Policy in terms of the provisions of Companies Act, 2013 and the Listing Regulations, to provide a formal mechanism to the Directors and employees of the Company to report their genuine concerns and grievances about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics. The policy provides adequate safeguards against victimization of Directors and employees who avail such mechanism and also provides for direct access to the Vigilance Officer and the Chairman of Audit Committee. The Audit Committee of the Board is entrusted with the responsibility to oversee the vigil mechanism. During the year, no personnel was denied access to the Chairman of the Audit Committee. The Vigil Mechanism/Whistle Blower Policy is annexed to this Report as 'Annexure- H' and is available on the website of the Company at <http://digjam.co.in/files/Whistle%20Blower%20Policy%20v2.pdf>.

#### 30. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The aim of the policy is to provide

protection to women employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where women employees feel secure. All women employees (permanent, contractual, temporary, trainees) are covered under the said policy.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to redress complaints received on sexual harassment.

No complaint was pending at the beginning of the year and none was received during the year.

### **31. GENERAL**

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions or events occurred on these items during the year under review:

- a. There was no change in the nature of business of the Company during the financial year ended March 31, 2022.
- b. Receipt of any remuneration or commission from any of its subsidiary companies by the Whole-time Directors of the Company.
- c. During the financial year under review no disclosure or reporting is required with respect to issue of equity shares with differential rights as to dividend, voting or otherwise, issue of Sweat equity shares and Buyback of shares.
- d. The financial statements of the Company were not revised.
- e. There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.
- f. There are no significant material changes and commitments affecting the financial position of the

Company, which have occurred between the end of the Financial Year upto the date of this Annual Report. Further, there are no other significant development during the year which can be considered as Material.

- g. No proceedings are filed by the Company or pending against the Company under the Insolvency and Bankruptcy Code, 2016 till the date of this report.
- h. There was no instance of one-time settlement with any Bank or Financial Institution.

### **32. INDUSTRIAL RELATIONS:**

Industrial relations have been cordial at the manufacturing unit of the Company.

### **33. ACKNOWLEDGEMENTS**

The Directors express their appreciation for the sincere cooperation and assistance of Central and State Government authorities, bankers, customers, suppliers and business associates. Your Directors also wish to place on record their deep sense of appreciation for the committed services by your Company's employees. Your Directors acknowledge with gratitude, the encouragement and support extended by our valued Members.

**For and on behalf of the Board of Directors**

**Hardik Patel**

Chairman

DIN: 00590663

Place: Mumbai

Date: August 6, 2022

## DIRECTORS' REPORT

### Annexure-A

## 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 Nomination and Remuneration Committee ('NRC') 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 NRC 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 Nomination and Remuneration Committee:

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

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

The NRC 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-B

### Statement of Disclosure of Managerial Remuneration Under Section 197(12) of the Companies Act, 2013 Read with Rule 5(1) Of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The ratio of remuneration of each director to the median remuneration of employees of the Company for the financial year 2021-22 and percentage increase in remuneration of each Directors, Chief Financial Officer and Company Secretary during the financial year 2021-22 are as under.

Name of Director/KMP	Designation	Remuneration of Directors/ KMP for FY 2021-22 (₹ in Lakh)	Ratio of remuneration of each Director to the Median remuneration of employees	Percentage increase in Remuneration
Sri Hardik Patel (DIN: 00590663)	Non-Executive, Non-Independent Director and Chairman	Nil	N.A.	N.A.
Sri Ajay Kumar Agarwal (DIN: 03508224)	Non-Executive, Non-Independent Director	Nil	N.A.	N.A.
Sri D. G. Rajan (DIN: 00303060)	Non-Executive, Independent Director	1.55	0.81	N.A.
Ms. Sudha Bhushan (DIN: 01749008)	Non-Executive, Independent Director	1.75	0.91	N.A.
Sri P. Swaminathan (DIN: 00901560)	Non-Executive, Independent Director	0.80	0.42	N.A.
Sri Ajay Agarwal (DIN: 00649182)	Whole Time Director	Nil	N.A.	N.A.
<b>Key Managerial Personnel</b>				
Sri Ajay Agarwal	Chief Financial Officer	Nil	N.A.	N.A.
Sri Punit A. Bajaj	Company Secretary	6.00	N.A.	N.A.

Note:

- Non-Executive Independent Directors were paid remuneration in the form of sitting fees only for attending the Board and Committee meetings and therefore the percentage increase in their remuneration is Not Applicable.
  - Sri P. Swaminathan, was appointed as Independent Directors w.e.f. June 24, 2021.
  - Sri Hardik Patel (DIN: 00590663) and Ajay Kumar Agarwal (DIN: 03508224) are the non-executive directors on the Board and they do not receive any remuneration, sitting fees or commission from the Company. during the financial year 2021-22.
  - Sri Ajay Agarwal (DIN: 00649182) is whole-time director and chief financial officer on the Board and he do not receive any remuneration, sitting fees or commission from the Company during the financial year 2021-22 and therefore the percentage increase in their remuneration is Not Applicable.
  - Sri Punit A. Bajaj was appointed as Company Secretary w.e.f. June 24, 2021 therefore the percentage increase in their remuneration is Not Applicable.
- The percentage increase in the median remuneration of employees in the financial year: 32.14%
  - The number of permanent employees on the rolls of Company: 480 (as on March 31, 2022)
  - Average percentile increases 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 36.68% and (0.00%) for Managerial Personnel.
  - 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**  
**Hardik Patel**  
 Chairman  
 DIN: 00590663

Place: Mumbai  
 Date: August 6, 2022



## DIRECTORS' REPORT

### Annexure-C

#### CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD

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

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

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

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

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

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

## Annexure-D

### Form - MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DIGJAM Limited** having CIN: L17123GJ2015PLC083569 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **[Applicable only to the extent of Foreign Direct Investment and Overseas Direct Investment]**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **[Not applicable as the Company does not have any Employee Stock Option Scheme and Employee Stock Purchase Scheme]**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable as the Company does not have any listed debt securities]**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **[Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.]**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **[Not Applicable as there was no reportable event during the period under review];**

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

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the Companies Act, 2013.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015");

## DIRECTORS' REPORT

I hereby report that during the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that during the year under review: -

- 1) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, 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, except as mentioned below
  - *The previous Company Secretary of the Company, resigned on 30<sup>th</sup> November, 2020 and hence, the company was supposed to fill up the casual vacancy within 6 months, ie on or before 30<sup>th</sup> May 2021, as per Sec 203(4). The Company has made the appointment of Company Secretary on 24<sup>th</sup> June, 2021, ie with the delay of 24 days.*
  - *The Board of the Company was re-constituted on 22<sup>nd</sup> November, 2020, after the implementation of the Resolution Plan. As per Sec 203(4), the Company was required to appoint CFO within 6 months of such re-constitution of Board, ie on or before 22<sup>nd</sup> May 2021. But the Company has appointed CFO on 24<sup>th</sup> June, 2021, ie with delay of 33 days.*
- 2) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda were also sent to all Directors 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.
- 3) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that based on review of compliance mechanism established by the Company, I am of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor

and ensure compliance with applicable laws, rules, regulations and guidelines: -

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

I further report that during the audit period, there were no instances of:

- i. Public / Rights /debentures / sweat equity etc.;
- ii. Issue of equity shares under Employee Stock Option Scheme;
- iii. Redemption / Buy-back of securities;
- iv. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013 which would have major bearing on the Company's affairs;
- v. Merger / amalgamation / reconstruction etc.;
- vi. Foreign Technical Collaborations.

For, **Viral Sanghavi & Associates**  
 Company Secretaries  
**CS Viral Sanghavi**  
 Proprietor  
 M. No. FCS 10331, CP 9035  
 On 6<sup>th</sup> August, 2022 at Jamnagar  
 UDIN: F010331D000752160

Disclaimer: This Report is limited to the Statutory Compliances on laws / regulations / guidelines etc. enlisted in this report which have been complied by the Company during the review period. Those due dates were extended by Regulators from time to time due to COVID-19 pandemic and the Company has made compliances within the extended period are considered as compliance in this report. I am not commenting on the Statutory Compliances whose due dates are extended or exemption granted by Regulators due to COVID-19 or still there is time to comply with such compliances.

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

## ANNEXURE A TO SECRETARIAL AUDITORS' REPORT

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

Our Secretarial Review Report of even date, for the financial year ended March 31, 2022 is to be read along with this letter.

### Management's Responsibility

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

### Auditor's Responsibility

1. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
2. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate, Specific and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

### Disclaimer

1. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
2. I have not carried out the physical verification of any records due to prevailing conditions of COVID 2019 in the country. I have relied on the records as made available by the Company through digital mode as well as I have also relied on the Management representation made by the Company.

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

M. No. FCS 10331, CP 9035  
On 6<sup>th</sup> August, 2022 at Jamnagar  
UDIN: F010331D000752160



## DIRECTORS' REPORT

### Annexure-E

#### 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 / Board of Directors ('the Board'), including through financial contribution to them.

The Committee / Board 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 at least 2% average net profits of the Company made during the three immediately preceding Financial Years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 ("the Act") in the sector as mentioned in schedule VII of the Act. 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-F

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES

**1. Brief outline on CSR Policy of the Company:**

The CSR Policy of the Company inter alia includes CSR activities to be undertaken by the Company in line with Schedule-VII of the Companies Act, 2013 (“the Act”) read with the Rules made thereunder.

**2. Composition of Corporate Social Responsibility & Governance (“CSR&G”) Committee:**

as per the General Circular No. 14 /2021 date 25th August, 2021 Where the amount required to be spent by a company on CSR does not exceed Fifty Lakhs rupees, the requirement for constitution of the CSR Committee is not mandatory and the functions of the CSR Committee, in such cases, shall be discharged by the Board of Directors of the company. Therefore, company did not comprise CSR Committee

**3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:** [www.digjam.co.in](http://www.digjam.co.in)

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:** Not Applicable.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** NIL

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			

**6. Average net profit of the Company as per section 135(5):** Not Applicable as the average net profit of the Company during previous three financial years was negative.

- 7.**
- Two percent of average net profit of the company as per section 135(5): Not Applicable
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil
  - Amount required to be set off for the financial year, if any: Nil
  - Total CSR obligation for the financial year 7a+7b-7c): Nil

**8. a.** CSR amount spent or unspent for the financial year: Nil

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Not Applicable					

**b.** Details of CSR amount spent against ongoing projects for the financial year: Nil

**c.** Details of CSR amount spent against other than ongoing projects for the financial year: Nil

**d.** Amount spent in Administrative Overheads: Nil

**e.** Amount spent on Impact Assessment, if applicable: Nil

**f.** Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

**g.** Excess amount for set off, if any: Nil

**9. a.** Details of Unspent CSR amount for the preceding three financial years: Nil

**b.** Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** Not Applicable (Asset-wise details).

**a.** Date of creation or acquisition of the capital asset(s): Not Applicable

**b.** Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

**c.** Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable

**d.** Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** The Company’s average net profit of last three consecutive years is negative and hence the Company is not required to spend any amount on CSR activities.

<b>For and on behalf of the Board of Directors</b>	
<b>Hardik Patel</b>	<b>Ajay Kumar Agarwal</b>
Chairman	Executive Director
DIN: 00590663	DIN: 03508224
Mumbai	Jamnagar
August 6, 2022	August 6, 2022

## DIRECTORS' REPORT

### Annexure-G

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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 recognised standards.
  - 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. Doing expenditure on Research and Development on normal practice.

##### C. Foreign Exchange Earnings and Outgo

(₹ in Lakhs)

	<u>Year ended</u> <u>March 31, 2022</u>	<u>Year ended</u> <u>March 31, 2021</u>
Total foreign exchange earned	-	-
Total foreign exchange used	12.59	61.40

For and on behalf of the Board

**Hardik Patel**

Chairman

DIN: 00590663

Mumbai  
August 6, 2022

## Annexure-H

## 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



## DIRECTORS' REPORT

any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

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

### 6. Procedure

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

### 7. Investigation

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

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

### 8. Protection

- a. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported

a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Whistle Blowers are cautioned that their identity may become known for reasons outside the control of Audit Committee (e.g. during investigations carried out by Investigators).

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

#### **9. Investigators**

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.

- c. Investigations will be launched only after a preliminary review which establishes that:
  - i. the alleged act constitutes an improper or unethical activity or conduct, and
  - ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

#### **10. Decision**

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

#### **11. Reporting**

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

#### **12. Retention of documents**

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

#### **13. Amendment**

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

## MANAGEMENTS' DISCUSSION &amp; ANALYSIS REPORT

We submit herewith our Managements' Discussion & Analysis Report for the year ended March 31, 2022. 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.

**ECONOMIC OVERVIEW****GLOBAL ECONOMIC OVERVIEW**

The global economy recovered strongly in 2021 after decline in 2020 due to the pandemic. Global real GDP is estimated to have grown at 6.1% in 2021 compared to a decline of -3.1% in 2020. Emerging market GDP growth has overshadowed the growth witnessed before the Covid era and the growth has come roaring back for the advanced economies of the USA and Europe. Despite a recovery in output and trade, there has been few disruptions which have caused economic uncertainties in the short run in 2022. The pandemic is still not over and there is a renewed surge in COVID-19 cases in advanced economies. Moreover, the ongoing geopolitical conflict between Ukraine and Russia is also having a significant impact on global GDP growth prospects in 2022. Further the supply side disruptions and rising energy prices have resulted in higher inflation across countries.

The global economy is predicted to be weaker in 2022 than originally anticipated. The risk of new disruptive COVID variants has the potential to prolong the pandemic while also causing fresh economic impacts. Furthermore, supply chain disruptions, energy price volatility, and localized wage pressures all contribute to a high level of uncertainty about inflation and policy directions. Risks to the financial stability of debt-ridden emerging markets and developing nations' capital flows, currencies, and fiscal positions may emerge as mature economies raise policy rates. As a result of the economic uncertainties the world GDP is expected to grow at a slower rate of 3.6% in 2022 compared to 2021, as per IMF (International Monetary Fund).

The world trade recovered in 2021 with a significant growth of 10.1% in merchandise trade. While supply side issues including port backlogs caused strain in global trade, the major risk in trade comes from the resurgence of the Covid pandemic and disruptions caused by the Russia-Ukraine conflict. Assuming the situation resolves, supply chain constraints are expected to ease, and global trade is expected to grow at moderate level in 2022.

**INDIAN ECONOMIC OVERVIEW**

After experiencing a difficult period due to the COVID-19 pandemic, strong macro indicators suggest a rebound, primarily on account of favourable fiscal and monetary policies. Emphasis on improving healthcare has also aided the crisis response. The Indian economy expanded by 8.7% in FY2021-22, rebounding from a 6.6% contraction in FY2020-21, reiterating the country's status as one of the fastest-growing major economies in the world.

Structural reforms like the National Infrastructure Pipeline and National Monetization Plan have been implemented by the Government to boost infrastructure development. It

has paved the path for further development and continues to encourage projects across sectors, including reforms for improving labour laws. V-shaped economic recovery is due to mega vaccination drive, robust recovery in the services sector and growth in consumption and investment coupled with resurgence in high frequency indicators such as power demand, rail freight, GST collection etc. Almost all emerging economies are reeling under these external shocks but India's underlying economic fundamentals are strong and despite the short-term headwinds, the impact on the long-term outlook will be marginal.

The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push toward self-reliance) and increased infrastructure spending will start kicking in from 2023, leading to a stronger multiplier effect on jobs and income, higher productivity, and more efficiency—all leading to accelerated economic growth. Also, several spillover effects of geopolitical conflicts could enhance India's status as a preferred alternate investment destination. RBI estimates the GDP growth rate for FY 2022-23 at 7.2%.

The annual inflation rate in India edged down to 7.04% in May of 2022 from an 8-year high of 7.79% in the previous month. Inflation is expected to remain high for the next few quarters of FY 2022-23 due to higher commodity and fuel prices and negative terms of trade. The RBI has already taken measures to contain inflation by tightening the policy rates. The next few quarters will be critical for India's economy as the Government and the RBI work at balancing the stress on inflation, currency and fiscal deficit.

**TEXTILES****Global Textile Industry**

The COVID-19 pandemic had challenged the textile industry drastically which is now on a recovery stage. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market growth over the forecast period.

The textile industry is an ever-growing market, with key competitors being China, the European Union, the United States, and India. China is the world's leading producer and exporter of both raw textiles and garments. After The United States and the European Union, India is the third largest textile manufacturing industry and is responsible for more than 6% of the total textile production, globally. The rapid industrialization in the developed and developing countries and the evolving technology are helping the textile industry to have modern installations which are capable of high-efficient fabric production. Market size value in 2022 at USD 1,032.1 Billion with Revenue forecast in 2030 at USD 1,420.3 Billion.

**Indian Textile Industry**

India is the world's second-largest producer of textiles and garments. It is also the fifth-largest exporter of textiles spanning apparel, home and technical products. The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to

exports. The sector employs around 40 Million workers. The size of India's textile market stood at US\$ 223 Billion in 2021, growing at a CAGR of 10.23% over 2016. Indian textile players have undertaken various initiatives to boost textile sales viz. investment to expand production capacity, using technology to optimise the value chain, leveraging strategic partnerships and strengthen sustainable textiles business. Textile industry has been steadily recovering post pandemic amid increased raw material prices and container shortages.

Under Union Budget 2022-23, the total allocation for the textile sector was Rs. 12,382 crore. Moreover, Rs. 10,683 crore Production-linked Incentive scheme is expected to be a major boost for the textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel and MMF fabrics.

## 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 seven decades. The woollen worsted industry in the country comprises of a few mills in the organized sector and a number of units in the unorganized sector. Company's commitment to quality and customer orientation reflects in its strong widely recognized and valuable brand - **DIGJAM**. The mill had a proven track record of design and manufacture of high-quality fabrics. The Company is proactive in its marketing efforts by enhancing its brand visibility, strengthening marketing organization and closer interaction with and expansion of its channel partners.

## OPERATIONS

The company recorded a revenue of Rs. Rs. 3,603.69 Lakh as against Rs. 611.47 Lakhs in previous financial year. The net profit after tax (after exceptional item and other comprehensive income) of the Company for the year under review is Rs. 149.44 Lakh as against Profit of Rs. 893.87 Lakh for the previous year. The net profit for the previous year includes an exceptional item of Rs. 2406.42 Lakh on account of write off/ Impairment / Extinguishment of Current and Non-Current Assets and due to Extinguishment / Write – Back of Non-Current Liabilities provided in earlier years, more particularly described in Note No. 27. of the Financial Statements.

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 to general liquidity constraints in the market and partial impact of COVID-19. The prices of wool have surged further during the year setting new highs, mainly due to shortage of raw materials and several supply chain disruptions due to on-going COVID-19 Pandemic have worsened the situation globally, resulting in higher raw material cost.

Pursuant to Hon'ble NCLT, Ahmedabad Bench order dated May 27, 2020 ("NCLT Order"), the Adjudicating Authority approved the resolution plan ("Approved Resolution Plan") submitted by Finquest Financial Solutions Private Limited ("FFSPL") ("Resolution Applicants") for the Company under Section 31 of the Code. The Reconstituted Board of the Company took over control over the operation w.e.f. November 22, 2020 and new management was put in place. The new management of the Company is gaining confidence of the various stakeholders viz. vendors, suppliers, lenders and customers etc.

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

## KEY RATIOS

Particulars	FY 21-22	FY 20-21	Reason for Variance *
Current Ratio (times)	1.56	0.84	
Debt Equity Ratio (times)	1.64	1.44	
Debt Service Coverage Ratio (times)	0.19	0.46	
Return on Equity Ratio (%)	0.03	0.36	
Inventory Turnover Ratio (times)	2.22	0.37	
Trade Receivables Turnover Ratio (times)	4.96	3.39	
Trade payables Turnover Ratio (times)	2.74	0.23	
Net Capital Turnover Ratio (times)	(2.10)	(0.67)	
Net Profit Ratio (%)	0.02	0.31	
Return on Capital Employed Ratio (%)	(0.01)	(0.16)	

\* Pursuant to Order dated May 27, 2020 The Honorable NCLT has approved the Resolution Plan, whereby the Operations of the Company were carried out partially during the previous financial year impacting the scale of operations. Accordingly the Ratio's of the previous year are not comparable.



## 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.

## RISKS AND CONCERNS

The broader trends in the economy are expected to have a direct impact on your Company's growth prospects as well. Inflation is expected to remain elevated for the foreseeable future, driven by war-induced commodity price increases and broadening price pressures. In addition, the anticipated increase in interest rates by Central Banks in the coming year are also expected to lower growth and exert pressure on economies particularly those in emerging markets.

In these circumstances, the ability to successfully navigate cost pressures would have a significant bearing on the overall performance of your Company. Diminishing purchasing power and demand due to the economic circumstances could result in fundamental shifts in consumer behaviours and adversely impact the market for textiles and apparel. Migration to value-for-money options could also lead to reduced growth and profitability for your Company.

## OTHER MATTERS

Pursuant to its order dated May 27, 2020 NCLT Order, the Adjudicating Authority approved the resolution plan submitted by Finquest Financial Solutions Private Limited. We look forward to a further implementation of the Plan to utilize the Company's intrinsic strengths. Internal

control systems are regarded as being adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance with all relevant regulations and laws. We record our appreciation of all our sincere employees, gratefulness to our Shareholders, lenders and banks and other stakeholders, concerned Government and other authorities and our channel partners for their continued support and to customers for their reposing faith and confidence in us.

## CAUTIONARY STATEMENT

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

## For and on behalf of the Board of Directors

**Hardik Patel**  
Chairman  
DIN: 00590663  
Mumbai  
August 6, 2022

**Ajay Kumar Agarwal**  
Executive Director  
DIN: 03508224  
Jamnagar  
August 6, 2022

## CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that good Corporate Governance is an important component in enhancing stakeholders' value and it emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. Adherence to transparency, accountability, fairness and ethical standards are an integral part of the Company's function. The Company place strong emphasis on Corporate Governance and believes in adopting and adhering to the best practices and is committed to do things in the right way. Digjam firmly believes that Corporate Governance is critical to success of its business and its governance practices are reflected in its strategy, plan, culture, policies and relationship with stakeholders.

The Company is committed in its responsibility towards the community and environment in which it operates, towards its employees and business partners and towards society in general. The Company has in place, processes and systems whereby the Company complies with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and has comprehensively adopted practices mandated in the Listing Regulations.

## BOARD OF DIRECTORS

The Company recognizes the importance of a diverse board in its success. The Board is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of the stakeholders. Accordingly, to oversee the same, competent, experienced and eminent personalities from diverse spheres, possessing varied skills, qualifications, expertise and experience have been selected as members of the Board.

## a. COMPOSITION OF BOARD OF DIRECTORS

The Board of your Company has an optimum combination of Executive and Non-Executive Directors in compliance with the requirements of SEBI Listing Regulations, and the Companies Act, 2013 as amended from time to time. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with the statutory as well as business requirements. As on March 31, 2022, the Board consists of six (6) Directors comprising three (3) Independent Directors including a woman director, one (1) Whole Time Director and two (2) Non-Executive Directors. The Company believes that the Independent Directors bring with them the rich experience, knowledge and practices followed in other companies resulting in imbibing the best practices followed in the industry. Except Sri D. G. Rajan none of the Independent Directors are more than 75 years of age. The day-to-day management of affairs of the Company is managed by the Senior Management which includes Whole-Time Director and functional heads, who function under overall supervision and

guidance of Board. Board plays the primary role as the trustees to safeguard and enhance stakeholders' value through their effective decisions and supervision. The profile of the Directors can be accessed on the Company's website at [www.digjam.co.in](http://www.digjam.co.in).

The Board's composition is in accordance with the provisions of Section 149 of the Companies Act, 2013 (hereinafter referred to as 'Act') and Regulation 17 of Listing Regulations.

## b. Profile of Directors

A brief profile of each of the Directors as on March 31, 2022 is as below:

- i. Sri Hardik Patel, Chairman of the Board (Non-Executive, Non-Independent Director)

Sri Hardik Patel (DIN: 00590663), aged 40 years, is Non-Executive, Non-Independent Director-Chairman of the Company and related to Promoter. Sri Hardik B. Patel has a Master's Degree in Business Administration from Crummer Graduate School of Business, Florida, USA. He is the founder and Promoter of FINQUEST and has worked with pre-eminent investment banks and asset advisory firms such as Merrill Lynch, PCE Investment Bankers and Fidelity Investments in the USA. Sri Patel specializes in developing bespoke client specific solutions including creating prudent asset allocation techniques and building model portfolios.

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

- ii. Sri Ajay Kumar Agarwal, (Non-Executive, Non-Independent Director)

Sri Ajay Kumar Agarwal (DIN: 03508224), aged 64 years, is Non-Executive, Non-Independent Director of the Company. Sri Ajay Kumar Agarwal is a Delhi University Post-Graduate, is having expertise in operations of textile and other industry, administration, general management and Government liasoning. Sri Agarwal is having an experience of over 40 years in manufacturing industry. He is associated with the Company since last 27 years in various senior positions including as Chief Operating Officer.

Sri Ajay Kumar Agarwal is not on the Board of any Company except DIGJAM Limited.

- iii. Sri Duraiswamy Gunaseela Rajan, (Non-Executive, Independent Director)

Sri D. G. Rajan (DIN: 00303060), aged 81 years, is Non-Executive, Independent Director of the Company. Sri D. G. Rajan is a Fellow Member of the

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

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

- iv. Ms. Sudha Bhushan, (Non-Executive, Independent Director)

Ms. Sudha Bhushan (DIN: 01749008), aged 43 years, is Non-Executive, Independent Director of the Company. Ms. Sudha Bhushan is a qualified Chartered Accountant, Company Secretary, an Insolvency Resolution Professional and a Registered Valuer. She is Co-Founder of Taxpert Professionals, a multifaced consulting company and also advisor to Bank of Baroda, NRI and International operations. She is on the board of Aurionpro Solutions Limited, Matix Fertilisers and Chemicals Limited and Choice International Limited.

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

- v. Sri Panchapakesan Swaminathan, (Non-Executive, Independent Director)

Sri P. Swaminathan (DIN: 00901560), aged 57 years, is Non-Executive, Independent Director of the Company. Sri P. Swaminathan is a Chartered and Cost Accountant with 23 years of experience. Prior to setting up his own financial consultancy services, he had worked with Ernst & Young, Allsec Financials Ltd and his last employment was with Allsec Technologies Limited as Chief Financial Officer. He successfully handled the seed funding, private equity and finally the IPO of the company.

Sri P. Swaminathan is not on the Board of any Company except DIGJAM Limited.

- vi. Sri Ajay Agarwal, (Whole Time Director)

Sri Ajay Agarwal (DIN: 00649182), aged 58 years, is Whole Time Director of the Company. Sri Ajay Agarwal is a qualified Fellow member of the Chartered Accountant Institute with more than 30 years of rich experience with various Indian corporates and has held leadership position for steering the operations in the field of Textile, speciality chemicals and metallurgy businesses.

He is credited with setting up a Greenfield Pharma project in overseas location. He has been instrumental in raising funds from strategic investors in his past positions and has adopted a holistic approach to steer the stressed business into a “turnaround” story including “Reid & Taylor” India operations.

Sri Ajay Agarwal is on the Board of Krihaan Texchem Private Limited.

### c. Board Procedure

The Board meets at regular intervals to discuss and decide on Company / Business Policy and Strategy apart from other Board business. The Board Meetings (including Committee Meetings) of the Company are scheduled in advance to facilitate the Directors to plan their schedule and to ensure meaningful participation in the meetings.

However, in case of a special and urgent business need, the Board's approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent Board Meeting.

The detailed agenda as approved with the relevant attachments are circulated amongst the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Where it is not practicable to circulate any document in advance or if the agenda is of confidential nature, the same is tabled at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up in compliance with the requirements of the Secretarial Standard on Meeting of the Board of Directors. Senior Management Personnel are invited to the Board/Committee Meeting(s) to provide additional inputs for the items being discussed by the Board/Committees thereof as and when necessary.

Further, presentations are made on business operations as well as on various matters which the Board wants to be apprised of.

The Company Secretary is responsible for convening of the Board and Committee Meetings and preparation of respective Agenda and recording of minutes of the meetings. 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.

The draft Minutes of the proceedings of the Meetings of the Board/Committee(s) are circulated to all the Members of the Board/Committee for their perusal within the stipulated time prescribed by Secretarial Standard on Meeting of the Board of Directors. Comments, if any, received from the Directors are incorporated in the Minutes in consultation with the Chairman/Chairperson. The signed Minutes are circulated to all the Members of the Board or the Committee within the stipulated time prescribed by Secretarial Standard on Meeting of the Board of Directors.

**d. Information Provided to The Board**

The Board of Directors of the Company has complete access to any information within the Company. At the Meetings, the Board is provided with all the relevant information on important matters affecting the working of the Company as well as all other relevant details that require deliberation by the Members of the Board.

**e. Post-Meeting Follow-Up**

The important decisions taken at the Board/Committee Meetings are communicated to the departments concerned promptly.

**f. Meeting of the Board of Directors**

The Board met 4 (four) times during the Financial Year 2021-22 on June 24, 2021, August 13, 2021, November 13, 2021 and February 14, 2022. The Board Meetings were held in compliance with the various provisions of the Act/ Listing Regulations and the interval between two meetings was well within the maximum period mentioned under Section 173 of the Act and the Listing Regulations. Board Meetings are generally held at the registered office of the Company either through video conference or through physical presence. The necessary quorum was present for all the meetings.

The details of attendance of each Director at the Board Meetings held during the year and the last Annual General Meeting (“AGM”) along with the number of Companies and Committees where he/she is a Director, Member, Chairman/ Chairperson and the relationship between the Directors inter-se, as on March 31, 2022, are given below:

Name of Director	Category	No. of Board meetings held during the	No. of Board meetings attended	Whether attended last AGM	No. of Directorship in other listed and unlisted public Companies	No. of (Chairmanship)* / Membership of committee position(s) held in other public companies	Shares held as on March 31, 2022
Sri Hardik B. Patel	Non-Executive, Non-independent and Chairman	4	4	Yes	2	-	-
Sri Ajay Kumar Agarwal	Non-Executive, non-Independent		3	Yes	-	-	3
Sri D. G. Rajan	Non- Executive, Independent		4	Yes	6	6(5)	-
Ms. Sudha Bhushan	Non- Executive, Independent		4	Yes	3	1	-
Sri P. Swaminathan	Non- Executive, Independent		4	Yes	-	-	-
Sri Ajay Agarwal	Whole Time Director		4	Yes	-	-	-

\* Figures in ( ) indicate the number of Board Committees of which a Director is a Chairman.

- i. Number of Directorships in other Listed companies pertains to company is whose securities are listed on the stock exchanges.
- ii. The Committees considered for the purpose are those prescribed under Regulation 26 of the Listing Regulations viz. Audit Committee and Stakeholders’ Relationship Committee of public limited companies (excluding Digjam Limited).
- iii. Directorships in other Public companies and Committee Memberships details are based on

the disclosures received from the Directors, as on March 31, 2022.

- iv. Directorship in other companies excludes Private Limited Companies, Foreign Companies and Section 8 of the Act.
- v. The number of Directorship(s) and Committee Membership(s) / Chairmanship(s) of all Directors is / are within the respective limits prescribed under the Act and the Listing Regulations.
- vi. All the Independent Directors fulfil the criteria of being independent as mentioned under Regulation 16(1) (b) of Listing Regulations read with Section



149(6) of the Act. The Company has issued formal letters of appointment to Independent Directors in the manner as provided in the Act. The terms and conditions of appointment of Independent Directors including their roles, responsibilities and duties are available on the Company's website at [www.digjam.co.in](http://www.digjam.co.in).

vii. There is no relationship between directors inter-se.

The following table gives the names of the listed companies where the Directors of the Company are Directors and the category of their respective directorships:

Sr. No.	Name of the Director of the Company	Name of the listed companies in which the Director of the Company is a Director.	Category of Directorship in the listed companies.
1.	Sri Hardik B. Patel	Rubfila International Limited	Non-Executive - Non Independent Director-Chairperson related to Promoter
2.	Sri Ajay Kumar Agarwal	-	-
3.	Sri D. G. Rajan	Balaji Telefilms Limited	Non-Executive and Independent Director
		IFGL Refractories Limited	Non-Executive and Independent Director
		Rubfila International Limited	Non-Executive and Independent Director
4.	Ms. Sudha Bhushan	Choice International Limited	Non-Executive and Independent Director
		Aurionpro Solutions Limited	Non-Executive and Independent Director
5.	Sri P. Swaminathan	-	-
6.	Sri Ajay Agarwal	-	-

#### g. Separate Meeting of Independent Directors

As stipulated by Section 149(8) read with Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held during the year, without the attendance of Non-Independent Directors and Members of the Management, to review the performance of the Chairman, Non-Independent Directors, various Committees of the Board and the Board as a whole. The Independent Directors also reviews the quality, content and timeliness of the flow of information from the Management to the Board and its Committees which is necessary to perform reasonably and discharge their duties.

#### h. Familiarisation Programme for Independent Directors

Independent Directors are given a formal letter of appointment which, inter alia, explains their role, function, duties and responsibilities. The Company has drawn up a Familiarization Programme for Independent Directors with a view to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of industry in which the company operates, business model of the Company etc. (weblink:<https://digjam.co.in/files/policy/Familirization%20Programme%20for%20Independent%20Directors.pdf>). The Nomination and Remuneration 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.

#### i. Confirmation of Independent Directors

In the opinion of the Board, Independent Directors of the Company, fulfil the conditions specified in the Listing Regulations and are independent of the Management.

#### j. Evaluation Of Board's Performance

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Individual Directors (including Independent Director). Further, the Committees of the Board had carried out self-evaluation of its performance and the outcome was submitted to the Chairman of the Nomination and Remuneration Committee for his review.

The Nomination and Remuneration Committee have defined the evaluation criteria for the Board, its Committees and Directors. The said criteria provides certain parameters like attendance, acquaintance with business, communication inter-se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers etc., which is in compliance with applicable laws, regulations and guidelines.

The performance evaluation of the Independent Directors were carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors who also reviewed the performance of the Board as a whole.

The Directors were satisfied with the evaluation results, which reflected the overall functioning of the Board and its Committees. The details of the Policy on evaluation of Board's performance is available on the Company's website at [www.digjam.co.in](http://www.digjam.co.in)

#### k. Succession Planning

The Company has a mechanism in place for ensuring orderly succession for appointments to the Board and Senior Management.

#### l. Core Skills, Expertise, Competencies and Attributes Of The Directors

The Directors of the Company bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision-making process. The Board of the Company comprises of qualified members who possess the required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees. The Board of Directors have based on the recommendations of the Nomination & Remuneration Committee, identified the following core skills, expertise and competencies for effective functioning of the Board which are currently available with all the Directors of the Company.

Sr. No.	Broad Parameters	Name of Directors (√) the appropriate column					
		Sri Hardik B. Patel	Sri Ajay Kumar Agarwal	Sri D. G. Rajan	Sri Sudha Bhushan	Sri P. Swaminathan	Sri Ajay Agarwal
1.	Experience of laws, rules, regulation policies applicable to the organization/ industry/ sector and level/ status of compliances thereof by the organization.	√	√	√	√	√	√
2.	Experience of the best corporate governance practices, relevant governance codes.	√	√	√	√	√	√
3.	Experience of business ethics, ethical policies, codes and practices of the organization.	√	√	√	√	√	√
4.	Understanding of the structures and systems which enable the organization to effectively identify, asses and manage risks and crisis.	√	√	√	√	√	√
5.	Experience in overseeing large and complex Supply Chain.	√	√	√	√	√	√
6.	Leadership experience of running large enterprise.	√	√	√	√	√	√
7.	Finance and Accounting experience.	√	√	√	√	√	√

#### m. Code of Conduct

The Company has adopted a Code of Conduct for the Directors and Senior Management of the Company. The same is available on the Company's website and can be accessed through the link: <https://digjam.co.in/files/Code%20of%20Conduct%20for%20Directors%20%26%20Senior%20Executives.pdf> The Members of the Board and Senior Management of the Company have submitted their affirmation on compliance with the Code for the Financial Year. The declaration by the Whole-time Director to that effect forms part of this Report.

#### n. Appointment of Independent Directors

Sri Panchapakesan Swaminathan (DIN: 00901560),

has been appointed as Non-Executive, Independent Director of the Company for a consecutive term of five years w.e.f. 24th June, 2021 and their appointment was regularized and approved in the 6th Annual General Meeting held on 20th September, 2021. In the opinion of the Board, Sri Panchapakesan Swaminathan is a person of integrity and possesses relevant experience and expertise. Further, none of the Independent Directors have tendered their resignation during the financial year 2021-22.

#### o. Change in Chairman of the Company

During the Financial Year under review, the demise of Sri Bharat Patel, Non-executive Director and Chairman of the Company breathed his last on May 29, 2021 at Mumbai. Their upon the demise of Sri Bharat

Patel, the Board of Directors at their meeting held on June 24, 2021 designated Sri Hardik B. Patel as Chairman of the Company.

**p. Change in Executive and Non-Executive Directors**

Sri Ajay Kumar Agarwal (DIN: 03508224) has been appointed / redesignated, as Whole-time Director, designated as 'Executive Director' of the Company for a period of 3 (Three) years from April 1, 2022 to March 31, 2025, liable to retire by rotation, by the Board of Directors at their Meeting held on February 14, 2022. Further, the said appointment was approved by the Members of the Company by way of Postal Ballot on June 30, 2022.

After closer of the Financial Year, The Board of Directors at their meeting held on May 25, 2022 approved the re-designation of Sri Ajay Agarwal (DIN: 00649182) from Whole Time Director to Non-Executive Director of the Company w.e.f. May 26, 2022, is liable to retire by rotation.

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 of Annual General meeting for appointment or re-appointment of the directors.

**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 Whole Time Director, subject to general supervision, control and direction of the Board. Sri Ajay Agarwal (DIN: 00649182) who was appointed by the reconstituted Board with effect from November 25, 2020 as the Whole Time Director of the Company holds the qualifications of Chartered Accountant and has about 30 years of corporate and industrial experience. The day-to-day working of the plant at Jamnagar is looked after by experienced officers. The Chief Financial Officer/ General Manager (Accounts and Finance) 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.

**COMMITTEES OF THE BOARD**

Establishing Committees is one way of managing the work of the Board, thereby strengthening the Board's governance role. These Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities. The Board has constituted a set of Committees with specific terms of reference/scope, to focus effectively on the issues and ensure expedient resolution of diverse matters. These Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the Meetings of all Committees are placed before the Board for discussions/ noting. The Board Committees can request special invitees to join the meeting, as appropriate

As at March 31, 2022, the Company has the following Committees:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders Relationship Committee

## Audit Committee

The Audit Committee as on March 31, 2022 comprises of Ms. Sudha Bhushan (Chairperson of Committee), Sri D. G. Rajan, Sri Hardik Patel and Sri P. Swaminathan (w.e.f. February 14, 2022). As on 31st March, 2022, the composition of the Audit Committee conforms to the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations. All the members of the Committee are financially literate and experienced and bring in the specialized knowledge and proficiency in the fields of accounting, audit, finance, taxation, compliance, strategy and management.

The Company Secretary and Compliance Officer of the Company, acts as the Secretary to the Committee. Minutes of all the meetings of the Audit Committee are circulated to all the members of the Board and are also placed in the next scheduled meeting of the Board, for discussion and review thereof.

During the financial year 2021-22, the Audit Committee met five (5) time on June 7, 2021, June 24, 2021, August 13, 2021, November 13, 2021 and February 14, 2022 during the year and the gap between none of the meetings exceeded 120 days. The meetings were scheduled in advance. Ms. Sudha Bhushan, Sri D. G. Rajan and Sri Hardik Patel attended all meetings held during the year ended March 31, 2022. Chairperson of the Audit Committee attended the Sixth Annual General Meeting held on September 20, 2021.

All the recommendations made by the Audit Committee during the year under review were duly accepted by the Board.

## Terms of Reference

The Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Act and Listing Regulations. The terms of reference of Audit Committee, as approved by the Board, include the following:

- √ to oversee the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- √ to recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- √ to approve payment to statutory auditors for any other services rendered by the statutory auditors;
- √ to review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - o matters required to be included in the director's responsibility statement to be included in the board's report in terms of Companies Act, 2013, as amended;
  - o changes, if any, in accounting policies and practices and reasons for the same;
  - o major accounting entries involving estimates based on the exercise of judgment by management;
  - o significant adjustments made in the financial statements arising out of audit findings;
  - o compliance with listing and other legal requirements relating to financial statements;
  - o disclosure of any related party transactions;
  - o modified opinion(s) in the draft audit report;
- √ to review with the management, the quarterly financial statements before submission to the board for approval;
- √ to examine the financial statement and auditor's report thereon;
- √ to monitor the end use of funds raised through public offers and related matters;
- √ to review with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- √ to review and monitor the auditor's independence and performance, and effectiveness of audit process;
- √ to approve or subsequently modify the transactions with related parties;
- √ to scrutinize inter-corporate loans and investments;
- √ to undertake valuation of undertakings or assets of the Company, wherever it is necessary;
- √ to evaluate internal financial controls and risk management systems;
- √ to review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- √ to review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- √ to discuss with internal auditors any significant findings and follow up there on;
- √ to review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;



- √ to discuss with statutory auditors and internal auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- √ to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- √ to review the functioning of the whistle blower mechanism;
- √ to approve appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- √ to carry out any other function as may be required / mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws;
- √ to consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the company and its shareholders;
- √ to review the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans /advances /investments;

In addition to the above the Audit Committee mandatorily review's the following:

- Management Discussion and analysis of financial conditions and results of operations
  - Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management
  - Management letters/letters of internal control weaknesses issued by the Statutory Auditors
  - Internal audit reports relating to internal control weaknesses
  - Appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the audit committee
  - Statement of deviations as and when becomes applicable
- a. Quarterly statement of deviation(s), submitted to stock exchanges(s) in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
  - b. Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on March 31, 2022, comprises of Sri D. G. Rajan (as Chairman of the Committee) (Independent Director), Sri Hardik B. Patel (Member)(Non-Executive Director) and Ms. Sudha Bhushan (Member) (Independent Director). Sri Bharat Patel ceased to be Member of the Committee w.e.f. May 29, 2021 due to sad demise. As on March 31, 2022, the composition of the Nomination and Remuneration Committee conforms to the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations. The Company Secretary and Compliance Officer, acts as Secretary to the Committee.

The Nomination and Remuneration Committee inter-alia oversees the Company's nomination process including succession planning for the senior management and the Board and recommend a policy for their remuneration.

The Nomination and Remuneration Committee met twice during the year on on June 24, 2021 and February 14, 2022 during the year. Sri D. G. Rajan, Sri Hardik B. Patel and Ms. Sudha Bhushan attended all meetings held during the year ended March 31, 2022. The meetings were scheduled in advance.

### Terms of Reference

The terms of reference of the Nomination & Remuneration Committee are in line with the guidelines set out in the Act and Listing Regulations and inter-alia includes the following:

- √ to formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee, while formulating the said policy, should ensure that:

- i. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance;
  - iv. objectives appropriate to the working of the Company and its goals;
- √ to formulate criteria for evaluation of performance of independent directors and the board of directors;
  - √ to devise a policy on diversity of board of directors;
  - √ to identify persons who are qualified to become

directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its board report;

- √ to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- √ to recommend to the Board, all remuneration in whatever form, payable to senior management;
- √ to carry out any other function as may be required/ mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws;
- √ to perform such other functions as may be necessary or appropriate for the performance of its duties.

## Performance Evaluation

The Nomination and Remuneration Committee has laid down the process, format, attributes and criteria for performance evaluation of the Board of the Company, its committees and the individual Board Members including Independent Directors and the Chairman of the Company. Accordingly, evaluation was carried out during the financial year 2021-22.

An indicative list of factors on which evaluation was carried out includes:

- i. Professional qualification, expertise & experience
- ii. Level of integrity & confidentiality
- iii. Availability for meetings and preparedness
- iv. Understanding the vision, mission of the company and strategic and business plans, financial reporting risks and related internal controls and providing critical oversight on the same
- v. Monitoring the compliances with corporate governance regulations and guidelines
- vi. Openness to ideas and ability to challenge the practices and throwing up new ideas
- vii. Knowledge of the Company's key activities, financial condition and key developments
- viii. Contribution to strategic planning process and value addition to the Company

- ix. Amount of time spent on discussions on strategic and general issues
- x. Review of the actual result of the Company vis-à-vis the plan/policies devised earlier and suggests corrective measures
- xi. Frequency of the meetings and effective and proactive measures taken to perform functions
- xii. Adherence to ethical standards & code of conduct
- xiii. Bringing independent judgment during board deliberations on strategy, performance, risk management

## Nomination and Remuneration Policy

The Nomination and Remuneration Committee is fully empowered to determine/approve and revise, subject to necessary approvals, the remuneration of managerial personnel after taking into account the financial position of the Company, trends in the industry, qualifications, experience, past performance and past remuneration, etc. The Non-Executive, Non-Independent Directors are not paid any amount as sitting fees for attending Board and Committee meetings.

As required by Section 178(3) of the Act and Regulation 19 of the Listing Regulations the Company has adopted Nomination and Remuneration Policy. The Policy is available on the Company's website and can be accessed through the link: <https://digjam.co.in/files/policy/Policy%20on%20Remuneration%20to%20Exec%20Directors%20%26%20Sr%20Management.pdf> and is also annexed and marked as Annexure-A to the Directors' Report.

## Remuneration to Directors

### a. Remuneration of Executive Directors

The appointment and remuneration of Executive Directors are governed by the Articles of Association of the Company and the resolutions passed by the shareholders of the Company. The revision in remuneration, if any is recommended by the Nomination and Remuneration Committee to the Board for its consideration by taking into account their individual performance and as well performance of the Company in a given year.

The Company as on March 31, 2022, have Sri Ajay Agarwal (DIN: 00649182) as Whole Time Director and he draws nil remuneration from the Company. Further, as on March 31, 2022, the Company has no stock option plans and hence such instrument does not form part of the remuneration package payable to any Directors. The Company did not advance any loans to any of the Directors during the year under review.

### b. Remuneration paid to Non-Executive Directors

The Non-Executive Independent Directors are paid remuneration by way of sitting fees. Each of the Non-Executive Independent Directors are paid sitting fees for attending both board and committee meetings. The Board at its meeting held on August

13, 2021 revised the amount of sitting fees as paid to the Non-Executive Independent Directors of the Company, of Rs.25,000 for every Board Meeting, Rs. 15,000 for every Audit Committee meeting, Rs.5,000 for Stakeholders Relationship Committee meeting, Rs. 5,000 for Remuneration & Nominations Committee and Rs. 5,000 for separate meeting of Independent Directors.

The Non-Executive, Non- Independent Directors are not paid any amount as sitting fees for attending Board and Committee meetings.

The Non-Executive Directors are not entitled to any stock options and no commission is paid to any of the Non-Executive Director.

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fee and out-of pocket expenses, if any, to them for attending the Board and Committee meetings.

Details of remuneration paid to Non-Executive Independent Directors during the year 2021-22 are given below:

(₹ in Lakh)

Name	Sitting Fee
Sri D. G. Rajan	1.55
Ms. Sudha Bhushan	1.75
Sri Panchapakesan Swaminathan	0.80

### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee as on March 31, 2022 comprises of Ms. Sudha Bhushan (Chairperson), Sri Ajay Kumar Agarwal and Sri Ajay Agarwal. As on March 31, 2022, the composition of the Stakeholders' Relationship Committee conforms to the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations.

Mr. Punit A. Bajaj, Company Secretary, is designated as the Compliance Officer. The Company has a designated e-mail id: investors@digjam.co.in for the purpose of registering complaints by shareholders/ investors/ security holders electronically. This e-mail id is displayed on the Company's website at www.digjam.co.in.

The Committee met five (5) time on June 7, 2021, June 24, 2021, August 13, 2021, November 13, 2021 and February 14, 2022 during the year. The meetings were scheduled in advance. Ms. Sudha Bhushan, Sri Ajay Kumar Agarwal and Sri Ajay Agarwal attended all meetings held during the year ended March 31, 2022.

### Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee are wide enough to cover the role specified for the said Committee under Section 178 of the Act and Regulation 20 of the Listing Regulations. The Committee, inter-alia, is primarily responsible for considering and resolving grievances of security holders of the Company. The additional terms of reference of the Committee are as follows:

- √ Oversee and review all matters connected with transfer of Company's securities.
- √ Approve issue of duplicate shares / debentures certificates.
- √ Oversee the performance of the Company's Registrars and Transfer Agents.
- √ Monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading.
- √ Consider, resolve and monitor various aspects of interest of shareholders, debenture holders and other security holders including the redressal of investors' / shareholders' / security holders' grievances related to transfer / transmission of securities, non-receipt of annual reports, non-receipt of declared dividend, approve issue of duplicate shares / debentures certificates, general meetings and so on.
- √ Review measures taken for effective exercise of voting rights by shareholders.
- √ Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and recommend methods to upgrade the service standards adopted by the Company.
- √ Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the security shareholders of the Company.
- √ Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

### DISCLOSURES

#### a. Related Party Transactions:

- ❖ All transactions entered into with Related Parties as defined under section 2(76) of the Act and regulation 2(1)(zb) read with regulation 23 of the Listing Regulations during the Financial Year ended March 31, 2022 were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with related parties during the Financial Year ended March 31, 2022 which were in conflict of interest of the Company. Suitable disclosures, as required by the Ind AS 24, have been made in the notes to the Financial Statements.
- ❖ During the year ended March 31, 2022, the Company has purchased Raw Material from Krihaan Texchem Private Limited (related parties), from time to time. During March 2022, the quantum of such raw material purchased

from related concern crossed the materiality threshold of 10% of the consolidated turnover of the Company. In terms of the Company's Policy on Disclosure on Material Events/Information, such purchase of raw material being material related party transactions require shareholder approval by way of a Special Resolution. The postal ballot for the same has been sent to shareholders.

- ❖ Periodical disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large will be reviewed by the Audit Committee and the Board.
- ❖ In terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have adopted a policy to determine Related party Transactions. The policy is placed on the website of the Company at link <http://digjam.co.in/files/policy/Policy%20on%20Related%20Party%20Transactions.pdf>.

#### **b. Prohibition of Insider Trading**

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a 'Code to Regulate, Monitor and Report Trading in Securities of the Company by Directors, Promoters, Designated Persons and Specified Connected Persons of the Company and Material Subsidiaries of the Company' and 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' to ensure prohibition of Insider Trading in the Organisation. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information.

Under this Code, Designated Persons are prohibited from dealing in the shares of the Company during the closure of Trading Window. They are required to obtain compliance approval when trading in securities beyond a specified limit. They are prohibited from executing a contra trade for a period of six months. They are also required to make relevant periodic disclosures as defined in the Code.

Mr. Punit A. Bajaj, Company Secretary has been designated as the Compliance Officer for monitoring compliances with this Code.

#### **c. Details of Whistle Blower Policy**

The Company has adopted a Vigil Mechanism/ Whistle Blower Policy in terms of the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to provide a formal mechanism to the directors and employees of the Company

to report their genuine concerns and grievances about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics. The policy provides adequate safeguards against victimization of directors and employees who avail such mechanism and also provides for direct access to the Vigilance Officer and the Chairperson of Audit Committee. The Audit Committee of the Board is entrusted with the responsibility to oversee the vigil mechanism. During the year, no personnel was denied access to the Chairperson of the Audit Committee. The Vigil Mechanism/Whistle Blower Policy is available on the website of the Company at <http://digjam.co.in/files/Whistle%20Blower%20Policy%20v2.pdf> and the same is also annexed to the Directors report.

#### **d. Management:**

##### **I. Management Discussion and Analysis Report:**

Management Discussion and Analysis Report is given in a separate section and forms part of this Annual Report.

##### **II. Disclosure of material financial and commercial transactions:**

As per the disclosures received from Senior Management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the Financial Year ended March 31, 2022.

##### **e. Disclosure regarding re-appointment of Directors:**

The particulars about the brief resume and other information of the Director seeking re-appointment as required to be disclosed under this section as per regulation 36(3) of the Listing Regulations are provided as an annexure to the notice convening the 7th AGM.

##### **f. Compliance by the Company:**

The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of SEBI. Further, during last 3 (three) years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, except imposition of fines by the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') in relation to levy of fine for various Non-compliance/delay in filings under Regulations 13, 31, 33 and 34 of SEBI (LODR) Regulations, 2015 during Corporate Insolvency Resolution Process ('CIRP') period details as follows:

- i. Penalty of Rs. 1,33,000/- and Rs. 42,000/- imposed by the NSE and BSE each for delay in submission of Investor Grievances Statement



for the quarters ended September 30, 2019 and December 31, 2019 under Regulation 13 of the Listing Regulations;

- ii. Penalty of Rs. 3,04,000/- and Rs. 1,22,000/- respectively imposed by the NSE and BSE each for delay in submission of Shareholding Pattern for the quarter ended September 30, 2019 and December 31, 2019 under Regulation 31(1)(b) of the Listing Regulations;
- iii. Penalty of Rs. 12,50,000/-, 11,90,000/-, 7,35,000/- and 2,65,000/- respectively imposed by the NSE and BSE each for delay in submission of Financial Results for the year ended March 31, 2019, for the Quarter ended June 30, 2019, for the Half year ended September 30, 2019 and for the Quarter ended December 31, 2019 under Regulation 33 of the Listing Regulations and
- iv. Penalty of Rs. 1,40,000/- imposed by the NSE for delay in submission of submission of Annual Report for year ended March 31, 2019 under Regulation 34 of the Listing Regulations.

The Company has made application/ Representation for waiver of fine before both the Stock Exchanges i.e. NSE and BSE that the Company went through difficult financial times before and during CIRP period obviously due to paucity of funds, otherwise

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares Outstanding*
I	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the Financial Year i.e. April 1, 2021.	12,417	11,035
II	Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	01	01
III	Number of shareholders to whom shares were transferred from suspense account during the year.	01	01
IV	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the Financial Year March 31, 2022.	12,416	11,034

\* The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**i. Credit Rating:**

The Credit Analysis & Research Limited (CARE) had revised the Company's credit rating in July, 2017 to CARE (Single D) for Long Term Bank Facilities for INR 40.50 Crores and for Short Term Bank Facilities for INR ₹ 54.00 Crores. During the previous year, credit rating agency has withdrawn the ratings assigned to the Company for Bank Facilities due to the Resolution Plan approved by the Adjudicating Authority vide its Order dated May 27, 2020. The Company has not obtained any credit rating during the Financial Year ended on March 31, 2022 for any debt instruments or fixed deposit programme.

the Company was always punctual in completing all compliances within the due dates and the fine pertains to the CIRP period wherein there was a moratorium for initiation of any proceedings/order for levy of fine by any judicial or quasi-judicial body including any other authority. However, the aforesaid fines were waived by NSE vide letter dated September 01, 2021. Further, During the year under review, the company has not paid any penalty to Stock exchanges.

**g. CEO/CFO Certification:**

The Whole Time Director and the Chief Financial Officer ('CFO') of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report. The Whole Time Director and CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

**h. Unclaimed shares lying in the Suspense Account.**

In terms of Regulation 39 of the Listing Regulations, Members of the Company are requested to note the following details in respect of equity shares lying in suspense account:

**j. Utilization of funds raised through preferential allotment:**

The Company had allotted 180 lakh equity shares at ₹ 10/- per share (face value of ₹ 10 per share) aggregating to ₹ 1800 Lakh and 27 Lakh – 7% Non-convertible Cumulative Redeemable Preference Shares of ₹ 100 (Rupees One Hundred only) each aggregating to ₹ 2700 Lakh for cash to Finquest Financial Solutions Private Limited on March 19, 2021 in accordance with a Resolution Plan approved by the National Company Law Tribunal, Ahmedabad Bench, pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. The said funds raised by the Company, have been utilised in the manner as provided in Resolution Plan.

During the year under review, the Company has not raised any funds through preferential allotment or qualified institutional placement as specified in the Listing Regulations.

**k. Certificate from a Practicing Company Secretary:**

The Company has obtained a certificate from CS Viral B Sanghavi, Company Secretary in practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority. The said certificate is enclosed to this Corporate Governance Report.

**l. Fees paid to the Statutory Auditors:**

During Financial Year 2021-22, total fees of ₹ 9.38 Lakh was paid to M/s. Nayan Parikh & Co., the Statutory Auditors of the Company, for all the services rendered to the Company (excluding out of pocket expenses, for more details please refer Note 35 to the Financial Statements in the Annual Report).

**m. Recommendation of the Committees:**

Recommendations of the Committees are submitted to the Board for approval and the Board has, after due deliberations, accepted all the recommendations.

**n. Disclosure in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, managerial staff and workmen, trainees, contract) are covered under this Policy. There were no complaints of sexual harassment of women at workplace received by the Company during Financial Year 2021-22.

**o. Details of Shareholders' Complaints**

The number of complaints received and resolved to the satisfaction of investors during the Financial Year and their break-up is as under:

Complaints pending as on 1st April, 2021	--
Complaints received during the Financial Year	10
Complaints resolved during the Financial Year	10
Complaints pending as on 31st March, 2022	--

The Company has about 45,000 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. No cases of physical share transfers and for dematerialization or re-materialization were pending on March 31, 2022.

- p.** In preparing the annual financial statements of the Company, the treatment as prescribed in the Accounting Standards has been followed.
- q.** The Board has approved the policy to determine materiality of an event or information and the same is available on the website of the Company at the link <https://digjam.co.in/files/Policy%20for%20determination%20of%20material%20events.pdf>. The details of the KMP authorized to determine materiality of an event or information and who is authorized to inform an event or information to the stock exchanges is also uploaded on the website of the Company at [https://digjam.co.in/files/Intimation\\_to\\_SEs\\_revised\\_Materiality\\_of\\_an\\_Event.pdf](https://digjam.co.in/files/Intimation_to_SEs_revised_Materiality_of_an_Event.pdf).

**MEANS OF COMMUNICATION**

The Company has 42,659 (Forty-Two Thousand Six Hundred Fifty-Nine) members as on March 31, 2022. The main channel of communication to the members is through Annual Report, which includes, inter alia, the Board's Report, Management Discussion and Analysis Report, Corporate Governance Report and Audited Financial Statements.

Annual General Meeting is a platform for face-to-face communication with the members. The Chairman, the Whole Time Director and other KMP respond to the specific queries of the members.

The Company recognizes communication as a key element of the overall Corporate Governance framework, and therefore emphasizes on prompt, continuous, efficient and relevant communication to all stakeholders.

- a. Financial Results and Newspaper Publications:** The quarterly and annual financial results are filed with stock exchanges and displayed on stock exchanges websites. The results are also made available on Company's website at [www.digjam.co.in](http://www.digjam.co.in). The results are published usually in Financial Express, all editions (including Ahmedabad, in Gujarati).
- b. Annual Report:** Annual Report containing audited financial statements together with Board's Report, Auditors' Report and other reports/information are circulated to members entitled thereto and is also made available on the Company Website at [www.digjam.co.in](http://www.digjam.co.in).
- c. Website:** In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives comprehensive information about the Company,

information on various announcements made by the Company, annual report, financial results, policies of the company, shareholding pattern, corporate governance report, etc. and other corporate communications made to the stock exchanges are also available on the website of the Company at [www.digjam.co.in](http://www.digjam.co.in).

- d. The Company has also designated the e-mail ID [investors@digjam.co.in](mailto:investors@digjam.co.in) exclusively for investor servicing.

#### GENERAL BODY MEETINGS/POSTAL BALLOT:

- a. The particulars of last three Annual General Meetings of the Company are given below:

AGM	Day, Date & Time	Nature of Special Resolutions Passed	Venue
4th AGM	Friday, August 7, 2020 at 10:00a.m.	Appointment of Sri Duraiswamy Gunaseela Rajan as an Independent Director, who was appointed in the casual vacancy caused due to resignation of Sri A.R. Sreekanth and holds office till the said Director would have continue to hold office.	Held through Video Conferencing/ Other Audio-Visual Means and deemed address for all the meetings was at Company's Registered Office at Aerodrome Road, Jamnagar – 361006, Gujarat.
5th AGM	Saturday, September 26, 2020 at 5:00 p.m.	--	
6th AGM	Monday, September 20, 2021 at 11:00 a.m.	--	

#### b. Details of Extraordinary General Meeting (“EGM”)

No Extraordinary General Meeting of the Members was held during FY 2021 -22.

#### c. Postal Ballot during the FY 2021 -22

During the year, no Special Resolution was passed through Postal Ballot.

#### d. Special Resolutions proposed to be conducted through Postal Ballot: -

Sr. No.	Subject matter of the resolution passed	Date of the Notice	Date of dispatch to Shareholders	Period of voting as stated in the Postal Ballot Notice
1.	To approve Material Related Party Transaction(s) with Krihaan Texchem Private Limited entered into during FY 2021-22	May 28, 2022	May 28, 2022	From 09:00 AM on Wednesday, June 1, 2022 up to 05:00 PM on Thursday, June 30, 2022

#### GENERAL SHAREHOLDER INFORMATION

- a. CIN of the Company: L17123GJ2015PLC083569
- b. Details of Annual General Meeting: Saturday, September 24, 2022, 11.00 A.M (IST) through Video Conferencing/Other Audio-Visual Means facility.
- c. Financial year: The financial year of the Company is from 1st April to 31st March.
- d. Dividend: The Board has not recommended any Dividend for 2021-22.
- e. Cut-off Date: Saturday, September 17, 2022 (For determining eligibility of shareholders who will be entitled to vote electronically on the resolutions mentioned in the Notice convening the AGM either through remote e-Voting or voting at the AGM)
- f. Date of Book Closure: From Sunday, September 18, 2022 to Saturday, September 24, 2022 (Both Days Inclusive).
- g. Tentative calendar of the Board Meetings for consideration of quarterly results for the Financial Year 2022-23:
- i. For the quarter ended June 30, 2022: On or before August 14, 2022

- ii. For the quarter and half year ended 30th September, 2022: On or before November 14, 2022
- iii. For the quarter ended December 31, 2022: On or before February 14, 2023
- iv. For the quarter and year ended March 31, 2023: On or before May 30, 2023

#### h. Listing on Stock Exchanges and Stock Codes

The Company's Equity Shares are listed and traded on the following Stock Exchanges:

Name	Address	Stock Code / Trading Symbol
BSE Limited (“BSE”)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	539979
National Stock Exchange of India Limited (“NSE”)	Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	DIGJAMLMTD

The Company has paid listing fees for the Financial Year 2021-22 to the Stock Exchanges. The ISIN of Company's Equity Shares (Face Value of ₹ 10/- each) is INE731U01028.

## i. Re-Commencement of Trading of Equity Shares on Stock Exchanges

The trading in the equity shares of the Company was suspended on both the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited from March 4, 2020 due to restructuring of capital of the Company pursuant to the implementation of Resolution Plan duly approved by the Hon'ble National Company Law

Tribunal, Ahmedabad Bench vide its order dated May 27, 2020 under Section 31 of Insolvency and Bankruptcy Code, 2016.

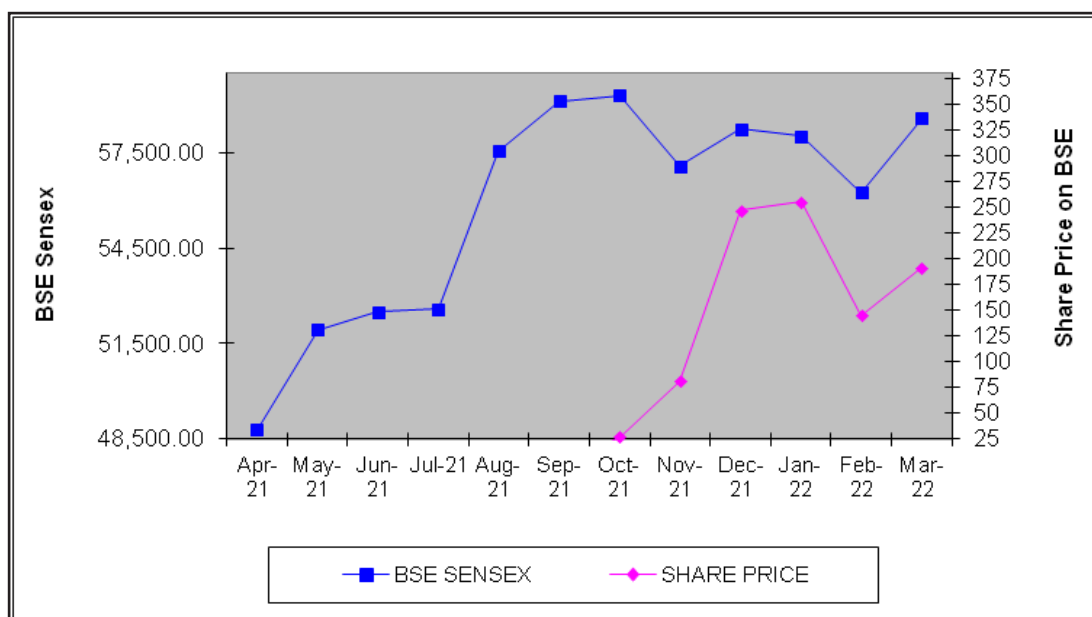
After Reduction of Share Capital as per the Approved resolution Plan, the Trading of Equity shares of the Company Re-commenced from Month of October, 2021 on both the Stock Exchanges.

## j. Stock price and BSE Sensex data / NSE data:

### Monthly High and Low Market Price Data of Equity Shares [April 2021 to March 2022]

	B S E		N S E	
	High ₹	Low ₹	High ₹	Low ₹
<b>Year 2021</b>				
April	0.00	0.00	0.00	0.00
May	0.00	0.00	0.00	0.00
June	0.00	0.00	0.00	0.00
July	0.00	0.00	0.00	0.00
August	0.00	0.00	0.00	0.00
September	0.00	0.00	0.00	0.00
October	26.70	17.27	26.50	16.45
November	80.85	29.40	80.15	29.15
December	247.45	84.85	245.35	84.15
<b>Year 2022</b>				
January	365.30	255.45	362.30	254.55
February	266.00	140.25	256.00	141.20
March	219.00	139.75	217.35	140.30
<b>During the Year</b>	<b>200.89</b>	<b>111.16</b>	<b>197.94</b>	<b>110.96</b>

## k. Equity performance compared to BSE Sensex during April 1, 2021 to March 31, 2022



w.e.f. October, 2021



1. 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, 2022:

Distribution of Equity Shareholding					
Shareholding (Nos.)	range	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500		42,238	5.48	10,94,870	99.01
501 – 1000		276	1.00	2,01,279	0.65
1,001 - 2,000		92	0.65	1,30,324	0.22
2,001 - 5,000		40	0.62	1,23,807	0.10
5,001 - 10,000		5	0.16	31,667	0.01
10,001 and above		8	92.09	1,84,18,053	0.01
<b>Total</b>		<b>42,659</b>	<b>100.00</b>	<b>2,00,00,000</b>	<b>100.00</b>

This statement is on the basis of the Shareholding pattern as on March 31, 2022 submitted to the Stock Exchanges.

m. Categories of members as at March 31, 2022:

Pattern of Equity Shareholding as on March 31, 2022					
	Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
<b>Promoter Holding</b>					
1.	Promoters				
	Indian Promoters	1	0.00	1,80,00,000	90.00
	Foreign Promoters	--	--	--	--
2.	Person acting in concert	--	--		--
	<b>Sub Total</b>	<b>1</b>	<b>0.00</b>	<b>1,80,00,000</b>	<b>90.00</b>
<b>Non-Promoters Holding</b>					
1.	<b>Institution</b>				
	Mutual Funds	2	0.01	23	0.00
	Banks, FIIs, Insurance Companies	15	0.04	2,89,687	1.45
	FIIs	--	--	--	--
	<b>Sub Total</b>	<b>17</b>	<b>0.05</b>	<b>2,89,710</b>	<b>1.45</b>
2.	<b>Non-Institutions</b>				
	Indian Bodies Corporate	358	0.84	1,11,223	0.57
	Individuals holding nominal capital up to ₹ 1.00 Lakh	41,721	97.81	15,19,567	7.60
	Individuals holding nominal capital more than ₹ 1.00 Lakh	1	0.00	53,500	0.24
	Non-residents-Individuals	555	1.30	14,614	0.07
	Other (Clearing Members, NRIs, HUF, Trust, Overseas Corporate Bodies, Foreign Corporate Bodies and EPFA)	4	0.00	11386	0.07
	<b>Sub Total</b>	<b>42,639</b>	<b>99.95</b>	<b>17,10,290</b>	<b>8.55</b>
	<b>Total</b>	<b>42,659</b>	<b>100.00</b>	<b>2,00,00,000</b>	<b>100.00</b>

This statement is on the basis of the Shareholding pattern as on March 31, 2022 submitted to the Stock Exchanges.

Aggregate of non-promoter shareholding: 10.00 %

Please note that pursuant to allotment of Equity Shares to newly defined Promoters as per the Resolution Plan approved by Hon'ble National Company Law Tribunal ('NCLT'), Ahmedabad Bench under section 31 of Insolvency and Bankruptcy Code, 2016 for revival of the Company, the shareholding of Promoters constitutes to more than 75% of total shareholding of the Company.

However, pursuant to Regulation 30 of SEBI Listing Regulations read with SEBI Notification SEBI/LAD-NRO/GN/2021/02- dated January 08, 2021, we hereby undertake to make necessary arrangements after completion of the Lock-in period on the shares allotted to newly defined Promoters as per the approved Resolution Plan and shall take all required steps to comply with the minimum public shareholding requirements as per Rule 19 (2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957, Regulation 31 of SEBI (ICDR) Regulations, 2018 and Regulations 38 of SEBI Listing Regulations (as amended from time to time).

**n. Top Equity equity members of the Company as at March 31, 2022:**

Sr. No.	Name of Shareholders	Number of Equity Shares held	Percentage of Holding
1.	Finquest Financial Solutions Private Limited	1,80,00,000	90.00%
2.	ICICI Bank LTD	2,44,251	1.22%
3.	Soniya Lunawat	53,500	0.27%
4.	Gujarat State Financial Services Ltd	41,079	0.21%
5.	Life Insurance Corporation of India	37,502	0.19%
	<b>Total</b>	<b>1,83,76,332</b>	<b>91.89%</b>

**o. Registrar and Share Transfer Agent:**

MCS Share Transfer Agent Limited is the RTA of the Company.

For lodgement of any documents or any grievances / complaints, members may contact the Company's RTA at the following address:

MCS Share Transfer Agent Limited  
(Unit: Digjam Limited)  
383, Lake Gardens, 1st Floor,  
Kolkata 700 045  
Tel: (033) 4072 4051 – 52 – 53  
Email: mcssta@rediffmail.com

**p. Share transfer system:**

A Share Transfer Committee has been constituted to approve the transfers, transmission, issue of duplicate shares, etc. The Company's RTA has adequate infrastructure to process the above matters.

As per the requirements of regulation 40(9) of the Listing Regulations, a Company Secretary in practice has certified due compliance of share transfer formalities on yearly basis.

Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2022/8 dated 25th January, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the Company's website at [www.digjam.co.in](http://www.digjam.co.in) and on the website of the Company's RTA and can be accessed through the

link: <https://www.mcsregistrars.com/downloads.php>. It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI vide its notification dated 24th January, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

**q. Reconciliation of Share Capital Audit:**

A practicing Company Secretary carried out audit in respect of each of the quarters in the Financial Year ended March 31, 2022, to reconcile the total admitted capital with the Depositories and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical mode and the total number of dematerialized shares held with depositories.

**r. Dematerialization of shares and liquidity:**

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialized mode. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2022, 1,99,78,792 Equity Shares representing 99.9% of the total Equity Shares were held in dematerialized form and 21,208 Equity Shares representing 0.11% were held in physical form. ISIN number for dematerialization of the equity shares of the Company is INE731U01028.

**s. Location of the company's manufacturing plants:**

The details of the locations of the manufacturing plants of the Company are mentioned on the inside cover page of the Annual Report.

**t. Address for correspondence:**

Members' correspondence should be addressed to the RTA at the address mentioned above.

Members may also contact the Company Secretary, at the Registered Office of the Company for any assistance.

Mr. Punit A. Bajaj, Company Secretary and Compliance Officer

Telephone: 0288-2712972;

E-mail: [investors@digjam.co.in](mailto:investors@digjam.co.in);

[cosec@digjam.co.in](mailto:cosec@digjam.co.in)

Members holding shares in the electronic mode should address all their correspondence to their respective depository participants.

**u. Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity:**

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

**v. Commodity price risk or foreign exchange risk and hedging activities:**

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 proactive 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.

**w. Compliance status of Corporate Governance requirements as prescribed in the Listing Regulations:**

The compliance status of corporate governance requirements as prescribed under regulation 17 to 27 and 46(2)(b) to (i) of the Listing Regulations is provided in below table:

Regulation	Details of regulation	Complied (Yes / No / N.A)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders' / Investors' Relationship Committee	Yes
21	Risk Management Committee	N.A.
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the listed company	N.A.
24A	Secretarial Audit Report and Secretarial Compliance Report	Yes
25	Obligations of Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other corporate governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**NON-MANDATORY (DISCRETIONARY) REQUIREMENTS UNDER REGULATION 27 OF THE LISTING REGULATIONS**

The status of compliance with the non-mandatory requirements of the Listing Regulations is provided below:

❖ **Modified opinion(s) in audit report**

The Company is in the regime of unmodified opinions on financial statements.

❖ **Separate posts of Chairperson and the Managing Director / Whole Time Director or the Chief Executive Officer**

Chairman of the Board, Sri Hardik B. Patel, is a Non-Executive, Non-Independent Director. The Company has appointed Sri Ajay Agarwal as Whole Time Director and Key Managerial Person in terms of Section 196 and 203 of the Act. Sri Hardik B. Patel and Sri Ajay Agarwal are not related to each other as per the definition of the term "relative" under the Act.

❖ **Reporting of Internal Auditor**

In accordance with the provisions of Section 138 of the Act, the Company has appointed Internal Auditors who report to the Audit Committee.

Quarterly internal audit reports are submitted to the Audit Committee and the Committee reviews the same and suggests necessary actions, if any.

**MATERIAL SUBSIDIARY**

The details of the Policy on determining material subsidiary of the Company is available on the Company's website and can be accessed through the link: <http://digjam.co.in/files/Policy%20for%20Material%20Subsidiaries.pdf>.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

The Company has obtained a Certificate from its Secretarial Auditors confirming compliance with the provisions relating to Corporate Governance laid down in Listing Regulations. This Certificate is annexed to the Corporate Governance Report for the Financial Year 2021-22.

**MANDATORY/NON-MANDATORY DISCLOSURE**

- The Board of Directors confirm that during the year they have accepted all mandatory recommendations received from its committees.
- The Company has complied with all the mandatory requirements as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations, to the extent applicable to the Company. The audit reports on the financial

statements of the Company do not contain any modified opinion and internal auditors report to the Audit Committee.

- c. During Financial Year 2021-22, the Company have not given any Loans and advances in the nature of loans to firms/companies in which directors are interested.
- d. The Company publishes its criteria of making payment of sitting fee/remuneration to its Non-Executive Directors in this Annual Report.
- e. A new appointee on the Board discloses his shareholding including as a beneficial owner in the Company prior to his appointment. These details are also disclosed in the notice to the general meeting called for the appointment of Directors.

f. The quarterly / half yearly results are not sent to the members. However, the same are published in the newspapers and are also posted on the Company's website.

g. The Company's financial statements for the Financial Year ended on March 31, 2022 do not contain any audit qualification.

h. The internal auditors report to the Audit Committee and they make quarterly presentations on their reports.

i. The auditors' report on financial statements of the Company are with unmodified opinion.

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.



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

Pursuant to Regulation 34(3) read with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Ajay Agarwal, Whole Time Director of DIGJAM Limited (“Company”), hereby declare that all members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Company’s Code of Conduct for Board of Directors and Senior Management for the year ended March 31, 2022.

**For DIGJAM Limited**  
**Ajay Agarwal**  
Whole Time Director  
DIN: 00649182

Mumbai  
May 16, 2022

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**COMPLIANCE CERTIFICATE**

The Board of Directors  
DIGJAM Limited  
Aerodrome Road,  
Jamnagar 361 006

Dear Sirs/Madam:

- I. In connection with the above and in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015, we hereby certify that:
- a. we have reviewed the Balance Sheet as at March 31, 2022, Statement of Profit and Loss and Cash Flow Statement, including Notes thereto, for the financial year ended on that date (hereinafter referred to as “the financial statements”) of DIGJAM Limited (“the Company”), and that to the best of our knowledge and belief:
    - i. the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
    - ii. the financial statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  - b. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company’s Code of Conduct.
  - c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken to rectify these deficiencies.
  - d. We have indicated to the auditors and the Audit Committee:
    - i. significant changes in internal control over financial reporting during the year;
    - ii. significant changes in accounting policies during the year and that the same, if any, have been disclosed in the notes to the financial statements; and
    - iii. Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting. No such instance was noticed during the year.

Your faithfully  
**For DIGJAM Limited**

**Ajay Agarwal**  
Whole Time Director  
& Chief Financial Officer  
DIN: 00649182

## CORPORATE GOVERNANCE CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

To  
The Members of  
**DIGJAM Limited**  
Aerodrome Road,  
Jamnagar 361 006

I have examined the compliance of conditions of Corporate Governance by DIGJAM Limited (“the company”) for the year ended March 31, 2022, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’) as referred to in Regulation 15(2) of the SEBI Listing Regulations for the Financial Year ended March 31, 2022.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s Management. My examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

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

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

**CS Viral B Sanghavi**  
Proprietor

M. No. FCS 10331, CP 9035  
Signed on 6<sup>th</sup> August, 2022 at Jamnagar  
UDIN: F010331D000756351

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTOR**

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
**DIGJAM Limited**  
Aerodrome Road,  
Jamnagar 361 006

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Digjam Limited having CIN: L17123GJ2015PLC083569 and having registered office at Aerodrome Road, Jamnagar – 361 006, Gujarat (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company, Directors & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	DIN Status	Date of Appointment
1.	HARDIK BHARAT PATEL	00590663	Approved	13/07/2020
2.	AJAY KUMAR AGARWAL	03508224	Approved	08/08/2020
3.	DURAI SWAMY GUNASEELA RAJAN	00303060	Approved	13/07/2020
4.	SUDHA BHUSHAN	01749008	Approved	13/07/2020
5.	PANCHAPAKESAN SWAMINATHAN	00901560	Approved	24/06/2021
6.	AJAY AGARWAL	00649182	Approved	25/11/2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **Viral Sanghavi & Associates**

Company Secretaries

**CS Viral B Sanghavi**

Proprietor

M. No. FCS 10331, CP 9035

Signed on 6<sup>th</sup> August, 2022 at Jamnagar

UDIN: F010331D000756340

## Independent Auditor's Report

To the Members of Digjam Limited

Report on Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **Digjam Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics issued by ICAI. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information

comprises the information included in Annual report but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is



not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, 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 Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder and relevant provisions of the Act;
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
  - (f) 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 B";
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid remuneration to its directors during the year. Accordingly, the provisions of section 197 of the Act are not applicable to the Company;

- (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 does not have any pending litigations having impact on its financial position in its standalone financial statements;
  - (ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - (iv) a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) Based on the audit procedures performed by us that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above, contain any material mis-statement;
- (v) The Company has neither declared nor paid any dividend during the year.

**For Nayan Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107023W  
**K.Y. Narayana**  
Partner  
Membership No. 060639

Place: Mumbai

UDIN: 22060639AJPSMK6669

Dated this 25<sup>th</sup> day of May 2022

### Annexure A to the Independent Auditor's Report

Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report on even date, to the members of the Company on the financial statements for the year ended March 31, 2022:

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment of the Company were physically verified by the management during the year. No material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its Property, Plant and Equipment.
- (c) Based on the examination of the registered sale deed and conveyance deed provided to us, we report that, the title deeds of all the immovable properties of land and buildings disclosed in the financial statements included in (property, plant and equipment, capital work in progress), are held in the name of the Company as at the balance sheet date. 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 confirmations directly received by us from bankers.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) The Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not made investments, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under paragraph 3(iii) of the Order are not applicable to the Company;
- (iv) The Company has not granted any loans, made investments or providing guarantees and securities and therefore, the provisions of the paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted deposits from the public and therefore, the provisions of section 73 to section 76 or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. We have been informed that no other order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act, for the services rendered by the Company. We have broadly reviewed the books of account maintained and in our opinion; prima facie, the prescribed accounts and records have been made and maintained by the Company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, duty of Customs, duty of Excise, value added tax, cess and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears as at March 31, 2022 which were due for more than six months from the date they became payable.
- (b) There were no amounts payable in respect of provident fund, employee's state insurance, income tax, goods & service tax, duty of customs, duty of excise, value added tax, Cess and other material statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) There are no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix)(a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any terms loan. Accordingly, reporting under paragraph 3(ix)(c) of the Order is not applicable to the Company.
- (d) The Company has not raised any fundson short-term basis. Accordingly, reporting under paragraph 3(ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (f) The Company does not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.;
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence, reporting under paragraph 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year;
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In respect of transactions with the related parties, the Company has complied provisions of sections 177 and section 188 of the Companies Act wherever applicable. Necessary disclosures relating to related party transactions have been made in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to get registered under 45-IA of the Reserved Bank of India Act, 1934. Hence, reporting under paragraph 3(xvi) (a), (b) and (c) of the Order is not applicable.
- (b) The Group does not have any CIC as part of the group and accordingly reporting under paragraph 3(xvi)(d) of the Order is not applicable.
- (xvii)The Company has incurred cash losses amounting to Rs. 582.50 lakhs in the financial year covered by our audit but had not incurred cash losses in the immediately preceding financial year.
- (xviii)There has been no resignation of the statutory auditors during the year. Accordingly, reporting under paragraph 3(xviii) of the Order is not applicable to the Company;
- (xix) The Holding Company has undertaken to provide financial support that may be required in Company's obligation towards third parties. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, there exist no material uncertainty as on the date of audit report that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx) The company is not required to spend the amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring to transfer to a fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section(6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) (a) and (xx)(b) of the Order is not applicable to the Company.

**For Nayan Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107023W  
**K.Y. Narayana**  
Partner  
Membership No. 060639

Place: Mumbai UDIN: 22060639AJPSMK6669  
Dated this 25<sup>th</sup> day of May 2022



## Annexure B to the Independent Auditor's Report

Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" of our report on even date to the members of the Company on financial statements for the year ended March 31, 2022

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").

### Opinion

We have audited the internal financial controls with reference to financial statements of "Digjam Limited" as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

### Management's Responsibility for Internal Financial Controls

The Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal controls 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 ('Guidance Note') issued by the ICAI. 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 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists,

and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over financial reporting

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

### 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Nayan Parikh & Co.**

Chartered Accountants

Firm Registration No. 107023W

**K.Y. Narayana**

Partner

Membership No. 060639

UDIN: 22060639AJPSMK6669

Place: Mumbai

Dated this 25<sup>th</sup> day of May 2022

# DIGJAM LIMITED

## BALANCE SHEET AS AT MARCH 31, 2022

(₹ in Lakhs)

	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3A	11,751.47	11,971.59
Capital Work-in-progress	3C	2.20	10.54
Intangible Assets	3B	0.32	3.17
Investments	-	-	-
Financial Assets			
Other Financial Assets	4	7.91	33.54
<b>Total Non-Current Assets</b>		<b>11,761.90</b>	<b>12,018.84</b>
<b>Current Assets</b>			
Inventories	5	1,666.63	912.81
Financial Assets			
Trade Receivables	6	992.50	160.56
Cash and Cash Equivalents	7	33.53	16.25
Current Tax Assets	8	22.26	18.98
Other Current Assets	9	137.96	157.71
<b>Total Current Assets</b>		<b>2,852.88</b>	<b>1,266.31</b>
<b>Total Assets</b>		<b>14,614.78</b>	<b>13,285.15</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	10	2,000.00	2,000.00
Other Equity	11	1,995.16	1,845.72
<b>Total Equity</b>		<b>3,995.16</b>	<b>3,845.72</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	12	6,003.21	5,100.15
Other Financial Liabilities	13	-	-
Provisions	14	36.41	47.61
Other Non Current Liabilities	15	422.63	392.89
<b>Total Non-Current Liabilities</b>		<b>6,462.25</b>	<b>5,540.65</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	12	2,390.37	2,393.94
Trade Payables	16		
- dues to micro and small enterprises		24.33	-
- dues to creditors other than micro and small enterprises		742.77	133.63
Other Financial Liabilities	13	686.60	439.48
Provisions	14	6.46	6.40
Other Current Liabilities	17	306.84	925.33
<b>Total Current Liabilities</b>		<b>4,157.37</b>	<b>3,898.78</b>
<b>Total Equity and Liabilities</b>		<b>10,619.62</b>	<b>9,439.43</b>
<b>Summary of Significant Accounting Policies</b>		<b>14,614.78</b>	<b>13,285.15</b>
		-	-

Refer accompanying notes. These notes are an integral part of the financial statements.  
As per our report of even date

**For Nayan Parikh & Co.**  
Chartered Accountants  
Firm Registration No : 107023W

**For and on behalf of the Board**

**K. Y. Narayana**  
Partner  
Membership No : 060639

**Punit Bajaj**  
Company Secretary  
Meb. No. : A - 58392

**Ajay Agarwal**  
Whole-Time Director &  
Chief Financial Officer

**Hardik B. Patel**  
Chairman

Mumbai  
May 25, 2022

Jamnagar  
May 25, 2022

Mumbai  
May 25, 2022

Mumbai  
May 25, 2022

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

		(₹ in Lakhs)	
	Notes	Year ended March 31, 2022	Year ended March 31, 2021
<b>INCOME</b>			
Revenue from Operations	18	3,121.70	607.87
Other Income	19	481.99	3.60
<b>Total</b>		<b>3,603.69</b>	<b>611.47</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	20	759.92	92.02
Purchase of Stock-in-Trade	21	894.18	0.22
Changes in Inventories (of Finished Goods, Work-in-Progress and Stock-in-Trade)	22	(859.16)	262.00
Employees Benefits Expense	23	1,214.29	955.13
Finance Costs	24	197.79	23.66
Depreciation and Amortisation Expense	25	224.84	242.47
Other Expenses	26	1,054.13	548.52
<b>Total</b>		<b>3,485.99</b>	<b>2,124.02</b>
<b>Profit / (Loss) before Exceptional Items and Tax</b>		<b>117.70</b>	<b>(1,512.55)</b>
Exceptional Items	27	-	2,089.32
Extinguishment of Pref. Share Liability-Gain	27	-	317.10
<b>Profit / (Loss) before Tax</b>		<b>117.70</b>	<b>893.87</b>
<b>Tax Expense</b>			
Current Tax		-	-
Deferred Tax	28	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) for the year</b>		<b>117.70</b>	<b>893.87</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or (loss)			
Remeasurement of the defined benefit plans		31.74	-
Income tax relating to items that will not be reclassified to profit or (loss)		-	-
Total other Comprehensive Income		31.74	-
<b>Total Comprehensive Income for the year</b>		<b>149.44</b>	<b>893.87</b>
<b>Earnings per Equity shares (Face Value of Rs. 10/- each)</b>	29		
- Basic (in ₹)		0.59	1.04
- Diluted (in ₹)		0.59	1.04
Summary of Significant Accounting Policies	2.		

Refer accompanying notes. These notes are an integral part of the financial statements.  
As per our report of even date

**For Nayan Parikh & Co.**  
Chartered Accountants  
Firm Registration No : 107023W

**For and on behalf of the Board**

**K. Y. Narayana**  
Partner  
Membership No : 060639

**Punit Bajaj**  
Company Secretary  
Meb. No. : A - 58392

**Ajay Agarwal**  
Whole-Time Director &  
Chief Financial Officer

**Hardik B. Patel**  
Chairman

Mumbai  
May 25, 2022

Jamnagar  
May 25, 2022

Mumbai  
May 25, 2022

Mumbai  
May 25, 2022

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Lakhs)

### A. Equity Share Capital

Particulars	Note No.	Equity Share Capital
Balance as at March 31, 2020	10	8,764.16
Cancellation of Equity Shares (Refer Note No. 11.3)	10	(8,564.16)
Issue of Equity Share Capital as per Approved Resolution Plan	10	1,800.00
<b>Balance as at March 31, 2021</b>	<b>10</b>	<b>2,000.00</b>
Change in Equity Share capital during the year	-	-
<b>Balance as at March 31, 2022</b>	<b>10</b>	<b>2,000.00</b>

### B. Other Equity

Particulars	Capital Reserve	Reserve and Surplus		Total Other Equity
		Securities Premium Reserve	Retained Earnings	
Balance as at March 31, 2020	511.90	4,382.08	(12,506.28)	(7,612.30)
W/off other reserves (Refer Note No. 11.3)	(511.90)	(4,382.08)	4,893.98	-
Cancellation of Equity Shares (Refer Note No. 11.3)	-	-	8,564.16	8,564.16
Other Comprehensive Income for the year, net of Income Tax	-	-	893.87	893.87
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>-</b>	<b>1,845.73</b>	<b>1,845.73</b>
Profit / (Loss) for the year net of Income Tax	-	-	117.70	117.70
Total Comprehensive Income for the year	-	-	31.74	31.74
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>1,995.17</b>	<b>1,995.17</b>

Refer Note 1b

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date

**For Nayan Parikh & Co.**

Chartered Accountants

Firm Registration No : 107023W

**For and on behalf of the Board**

**K. Y. Narayana**

Partner

Membership No : 060639

Mumbai

May 25, 2022

**Punit Bajaj**

Company Secretary

Mem. No. : A - 58392

Jamnagar

May 25, 2022

**Ajay Agarwal**

Whole-Time Director &

Chief Financial Officer

Mumbai

May 25, 2022

**Hardik B. Patel**

Chairman

Mumbai

May 25, 2022



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

	(₹ in Lakhs)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. Cash Flows from Operating Activities</b>		
<b>Profit / (Loss) before Tax</b>	<b>117.70</b>	<b>893.87</b>
<b>Adjustments for :</b>		
Depreciation and Amortisation Expense	224.84	242.47
Provisions for Gratuity	32.43	111.18
Provisions for Bonus	31.52	30.89
Provisions for Leave encashment	(0.32)	21.98
Finance Costs	194.41	23.66
Interest Income	-	(1.64)
Provisions/Liabilities no longer required written back	(58.53)	(8,340.87)
(Profit)/Loss on sale of Property, Plant & Equipment (Net)	(422.81)	7.29
Provision for Doubtful Trade Receivables and Bad Debts written off	11.38	5,934.46
Net Unrealised Foreign Exchange Loss/(Gain)	-	(1.71)
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>130.62</b>	<b>(1,078.42)</b>
<b>Changes in Working Capital :</b>		
(Increase)/Decrease in Inventories	(753.82)	1,303.62
(Increase)/Decrease in Trade Receivables	<b>(844.56)</b>	<b>(62.42)</b>
(Increase)/Decrease Other Financial Assets	25.43	-
(Increase)/Decrease Other Current Assets	8.57	-
Increase/(Decrease) non-current Provisions	<b>20.92</b>	<b>(54.69)</b>
Increase/(Decrease) Other non-current Liabilities	(5.00)	-
Increase/(Decrease) Other Financial Liabilities	110.99	(85.91)
Increase/(Decrease) Current Provisions	2.31	(133.16)
Increase/(Decrease) Other Current Liabilities	110.51	482.17
Increase/(Decrease) in Trade Payables	633.47	(3,421.97)
<b>Cash Generated from Operations</b>	<b>(560.56)</b>	<b>(3,050.78)</b>
Income Taxes Paid	(3.28)	(4.24)
Adjusted exceptional items on Inventory, Trade Receivables and Liabilities	-	<b>4,029.92</b>
<b>Net Cash Generated by Operating Activities [A]</b>	<b>(563.84)</b>	<b>983.38</b>
<b>B. Cash flows from Investing Activities</b>		
Capital Expenditure on Property, Plant and Equipment and Intangible Assets	(36.14)	(15.85)
Capital Expenditure on CWIP	(2.20)	(10.54)
Proceeds from Earnest Money Deposit	-	(2,270.00)
Proceeds from Sale of Property, Plant and Equipment	467.62	-
Interest Received	-	1.64
Increase/(Decrease) in other balances with banks	-	30.00
<b>Net Cash Flow used in Investing Activities [B]</b>	<b>429.28</b>	<b>(2,264.75)</b>

	Year ended March 31, 2022	Year ended March 31, 2021
<b>C. Cash flow from Financing Activities</b>		
Finance Cost	(18.65)	(729.81)
Proceeds from Long Term Borrowings	2,568.00	-
Proceed from Issue of Equity Shares	-	1,800.00
Proceed from Issue of Pref. Share	-	2,700.00
Changes in borrowings - written back	-	(2,970.10)
Repayment of Long Term Borrowings	(2,397.50)	(2,509.96)
Adjusted exceptional items on Finance Cost		2,987.77
<b>Net Cash Flow from Financing Activities [C]</b>	<b>151.85</b>	<b>1,277.90</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>17.29</b>	<b>(3.47)</b>
Cash and Cash Equivalents at the beginning of the year	16.25	19.72
<b>Cash and Cash Equivalents at the end of the year</b>	<b>33.54</b>	<b>16.25</b>

**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.

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date

**For Nayan Parikh & Co.**

Chartered Accountants

Firm Registration No : 107023W

**For and on behalf of the Board**

**K. Y. Narayana**

Partner

Membership No : 060639

Mumbai

May 25, 2022

**Punit Bajaj**

Company Secretary

Meb. No. : A - 58392

Jamnagar

May 25, 2022

**Ajay Agarwal**

Whole-Time Director &  
Chief Financial Officer

Mumbai

May 25, 2022

**Hardik B. Patel**

Chairman

Mumbai

May 25, 2022

## Notes forming part of the Financial Statements for the year ended March 31, 2022

### 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) According to the National Company Law Tribunal (“NCLT”), Ahmedabad Bench, vide Order dated April 26, 2019 (“Insolvency Commencement Order”) has initiated Corporate Insolvency Resolution Process (“CIRP”) based on petition filed by Oman Inc. HUF under Section 9 of the Insolvency and Bankruptcy Code, 2016 (“the Code”).

The Hon’ble NCLT, vide its order dated May 27, 2020, approved the Resolution Plan (“Resolution Plan Approved Order”).

The Resolution Plan, as approved by the Hon’ble NCLT, is binding on the Company and its employees, members, creditors and other stakeholders involved therein, as per the provisions of the Code. A Monitoring Committee had been constituted vide the Resolution Plan Approval Order and Sri Sunil Kumar Agarwal (erstwhile RP of the Company) was part of the Monitoring Committee as per the provisions of the Order. The Monitoring Committee so constituted had, inter alia, supervised the implementation of the Plan.

The term of the Monitoring Committee came to an end with effect from November 22, 2020 (herein after referred to as ‘Closing date’) with the conclusion of the Interim Period i.e. 180 days from the approval of the Resolution Plan & hence the board of the company was re-constituted to manage the affairs of the Company.

#### 2. Significant Accounting Policies

##### a) Statement of Compliance

The financial statements have been prepared in accordance with Ind AS notified under Section 133 of

the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

##### 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.

##### c) Rounding of Amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest lakhs, except where otherwise indicated

##### d) 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.

##### Key assumptions

- 1) Evaluation of recoverability of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**2) Assets and obligations relating to employee benefits**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These inter-alia include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**3) Useful lives of Property, plant and equipment**

The Company reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**4) Impairment of Property, plant and equipment**

For Property, plant and equipment and intangibles, an assessment is made at each reporting date to determine whether there is an indication that the carrying amount may not be recoverable or previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or Cash Generating Unit (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

**5) Valuation of inventories**

The Company estimates the net realisable value (NRV) of its inventories by taking into account estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence considering the past trend. Inventories are written down to NRV where such NRV is lower than their cost.

**e) Inventories**

Inventories include stock-in-transit 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.

**f) 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.

**g) Revenue Recognition**

**a) Revenue from contracts with customers**

The Company derives revenues primarily from sale of products and services. Revenue from sale of goods is recognised net of returns and discounts.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services.

To recognise revenues, the Company applies the following five step approach :

1. Identify the contract with a customer;"
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenues when a performance obligation is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Performance obligation may be satisfied over time or at a point in time. Performance obligations satisfied over time if any one of the following criteria is met. In such cases, revenue is recognised over time.

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

**Dividend Income**

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the



Company, and the amount of the dividend can be measured reliably.

#### Interest Income

Interest income from debt instruments is recognised using the effective interest rate method.

#### 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.

#### h) Property, Plant and Equipment

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

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

#### Derecognition

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

#### Depreciation/amortization

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

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

#### Useful lives of Tangible Assets

Assets	Useful Life
Land	--
Building	20 to 50 years
Plant and Equipment	7 to 15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Office Equipments	5 years

#### i) 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

Assets	Useful Life
Software	5 years

#### j) 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.

##### 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.

#### 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, Employee State Insurance Scheme, Gratuity Fund and compensated absences.

##### 1) 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.

##### 2) Post Employment Obligations

###### (i) 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.

###### (ii) 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.

#### 3) Other long-term employee benefit obligations

The liabilities for leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### 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 current.

**o) Taxation**

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

**Current Tax**

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities.

**p) Provisions, Contingent Liabilities, Contingent Assets and Commitments**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses, if any.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a current pre-tax rate. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed in the case of :

A) A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

B) A present obligation arising from the past events, when no reliable estimate is possible;

C) A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent Assets is disclosed when inflow of economic benefits is probable.

**q) Financial Instruments**

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

**Initial Recognition and Measurement – Financial Assets and Financial Liabilities**

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 (other than financial assets and financial liabilities at to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are

recognised immediately in the Statement of Profit and Loss.

#### **Classification and Subsequent Measurement:**

##### **Financial Assets**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

##### **Amortised Cost:**

A financial asset is classified and measured at amortised cost if both of the following conditions are met:

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

##### **FVTOCI:**

A financial asset is classified and measured at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

##### **FVTPL:**

A financial asset is classified and measured at FVTPL unless it is measured at amortised cost or at FVTOCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **Impairment of Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment

methodology applied depends on whether there has been a significant increase in credit risk.

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

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

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

#### **Classification and Subsequent measurement: Financial Liabilities**

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

##### **Financial Liabilities at FVTPL:**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL.

Gains or losses on financial liabilities held for trading are recognised in the Statement of Profit and Loss.

##### **Other Financial Liabilities:**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **Derecognition of Financial Assets and Financial Liabilities:**

The Company de-recognises a financial asset when



the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**Offsetting Financial Instruments:**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**r) Operating Cycle**

The Company presents assets and liabilities in

the balance sheet based on current / non-current classification based on operating cycle.

**An asset is treated as current when it is:**

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

All other assets are classified as non-current.

**A liability is current when**

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

All other liabilities are classified as non-current.

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

The Company has identified twelve months as its operating cycle.

**3 Property Plant & Equipment for the year ended March 31, 2022**

	Gross value		Accumulated Depreciation and Amortisation				Net value	
	As at March 31, 2021	As at March 31, 2022	Up to March 31, 2021	For the Period	Adjustment / Deductions	Upto March 31, 2022	As at March 31, 2022	As at March 31, 2021
<b>3A TANGIBLE ASSETS</b>								
Land	10,374.91	-	-	-	-	-	10,374.91	10,374.91
Building	1,314.30	15.67	1,329.97	41.89	-	251.22	1,078.75	1,104.97
Plant & Machinery	1,515.49	263.39	1,278.11	175.32	219.49	995.84	282.27	475.48
Furniture & Fixtures	7.22	-	7.22	0.10	-	6.82	0.40	0.50
Equipment & Fittings	19.04	4.99	24.03	3.25	-	9.85	14.18	12.44
Vehicles	12.64	-	10.90	1.43	0.84	9.94	0.96	3.29
<b>Total</b>	<b>13,243.60</b>	<b>46.67</b>	<b>13,025.14</b>	<b>221.99</b>	<b>220.33</b>	<b>1,273.67</b>	<b>11,751.47</b>	<b>11,971.59</b>
<b>3B Intangible Assets</b>								
Software	15.07	-	15.07	2.85	-	14.75	0.32	3.17
<b>3C Capital Work In Progress</b>								
<b>Grand Total</b>	<b>13,258.67</b>	<b>46.67</b>	<b>13,040.21</b>	<b>224.84</b>	<b>220.33</b>	<b>1,288.42</b>	<b>11,753.99</b>	<b>11,985.30</b>

**3 Property Plant & Equipment for the year ended March 31, 2021**

	Gross value		Accumulated Depreciation and Amortisation				Net value	
	As at March 31, 2020	As at March 31, 2021	Up to March 31, 2020	For the Period	Adjustment / Deductions	Upto March 31, 2021	As at March 31, 2021	As at March 31, 2020
<b>3A TANGIBLE ASSETS</b>								
Land	14,986.18	-	10,374.91	-	-	-	10,374.91	14,986.18
Building	1,314.30	-	1,314.30	41.88	-	209.33	1,104.97	1,146.85
Plant & Machinery	1,508.58	6.91	1,515.49	196.66	-	1,040.01	475.48	665.23
Furniture & Fixtures	14.01	-	7.22	0.50	0.36	6.72	0.50	7.43
Equipment & Fittings	11.49	8.52	19.04	1.80	0.11	6.60	12.44	6.58
Vehicles	12.64	-	12.64	1.43	-	9.35	3.29	4.72
<b>Total</b>	<b>17,847.20</b>	<b>15.43</b>	<b>13,243.60</b>	<b>242.27</b>	<b>0.47</b>	<b>1,272.01</b>	<b>11,971.59</b>	<b>16,816.99</b>
<b>3B Intangible Assets</b>								
Software	14.65	0.42	15.07	0.20	-	11.90	3.17	2.95
<b>3C Capital Work In Progress</b>								
<b>Grand Total</b>	<b>17,861.85</b>	<b>15.85</b>	<b>13,258.67</b>	<b>242.47</b>	<b>0.47</b>	<b>1,283.91</b>	<b>11,985.30</b>	<b>16,819.94</b>

**Amortisation :**

Particulars	As at March 31, 2022	As at March 31, 2021
Land	-	4,611.27
Written Off (Refer note 27)	-	-

#### 4. OTHER FINANCIAL ASSETS

	(₹ in Lakhs)	
Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-Current Unsecured, considered good</b>		
Security Deposits	7.91	33.54
<b>Total</b>	<b>7.91</b>	<b>33.54</b>
<b>Current Unsecured, considered good</b>	<b>-</b>	<b>-</b>

#### 5. INVENTORIES

	(₹ in Lakhs)	
Particulars	As at March 31, 2022	As at March 31, 2021
<b>Inventories (lower of cost and net realisable value)</b>		
Raw Materials	92.53	169.24
Work in progress	351.16	91.95
Finished Goods	880.72	592.17
Stock-In Trade	311.40	-
Stores, Spares and Packing Materials	30.82	59.45
<b>Total</b>	<b>1,666.63</b>	<b>912.81</b>
- Inventory Written Off Due to Obsolence - FG	-	742.49
- Inventory Written Off Due to Obsolence - WIP	-	488.51

#### 6. TRADE RECEIVABLES

	(₹ in Lakhs)	
Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered goods	992.50	160.56
Unsecured credit impaired	395.29	395.29
	1,387.79	555.85
Less : Allowance for doubtful debts	(395.29)	(395.29)
<b>Total</b>	<b>992.50</b>	<b>160.56</b>
<b>Amount of Trade Receivable Written Off (Refer Note 27)</b>	<b>-</b>	<b>79.54</b>

#### Note:

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

b) Refer Note 30 (b) for information about credit risk and market risk of Trade Receivables

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

	(₹ in Lakhs)	
Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables	992.49	160.56
Receivables from related parties	-	-
<b>Total</b>	<b>992.49</b>	<b>160.56</b>

#### e) Movement in allowance for doubtful trade receivables

	(₹ in Lakhs)	
Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	395.29	399.58
<b>Add:</b> Provision during the year	-	-
<b>Less:</b> Utilisation	-	4.29
<b>Closing Balance</b>	<b>395.29</b>	<b>395.29</b>

## TRADE RECEIVABLES AGING AS ON MARCH 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	747.65	217.59	3.85	1.28	5.15	16.98	992.50
(ii) Disputed Trade Receivables - credit impaired	-	-	-	-	-	395.29	395.29
<b>Total</b>	<b>747.65</b>	<b>217.59</b>	<b>3.85</b>	<b>1.28</b>	<b>5.15</b>	<b>412.27</b>	<b>1,387.79</b>

## TRADE RECEIVABLES AGING AS ON MARCH 31, 2021

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	130.59	7.57	-	5.19	14.93	2.28	160.56
(ii) Disputed Trade Receivables - credit impaired	-	-	-	-	-	395.29	395.29
<b>Total</b>	<b>130.59</b>	<b>7.57</b>	<b>-</b>	<b>5.19</b>	<b>14.93</b>	<b>397.57</b>	<b>555.85</b>

## 7. CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Cash on Hand	0.87	0.68
Balances with Banks in Current Account	32.66	15.57
<b>Total</b>	<b>33.53</b>	<b>16.25</b>

## 8. CURRENT TAX ASSETS (NET)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Tax Refund Receivable	22.25	18.98

## 9. OTHER ASSETS

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Prepaid Expenses	11.86	15.36
Balances with Govt. Authorities	23.27	91.64
Advance to Suppliers	99.95	34.14
Others	2.88	16.57
<b>Total</b>	<b>137.96</b>	<b>157.71</b>

Amount of Other Current Assets Written Off: 12.65 lakhs Refer note 27

## 10. Equity Share Capital

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Authorised Share Capital</b>		
10,00,50,000 (as at March 31, 2021: 10,00,50,000) Equity Shares of ₹10 each	10,005.00	10,005.00
27,00,000 (as at March 31, 2021: 27,00,000) Cumulative, Non-Convertible, Redeemable 7% Preference Shares, of ₹100 each	2,700.00	2,700.00
<b>Total</b>	<b>12,705.00</b>	<b>12,705.00</b>



**Issued, Subscribed & Fully Paid-up Capital**

2,00,00,000 (as at March 31, 2021: 2,00,00,000) Equity Shares of ₹10 each	2,000.00	2,000.00
<b>Total</b>	<b>2,000.00</b>	<b>2,000.00</b>

**10.1** 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.

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

**10.2 Reconciliation of number of Shares****Equity Shares**

	As at March 31, 2022	As at March 31, 2021
Number of shares at the beginning of the year	200.00	876.42
Less : Reduction of Share capital pursuant to resolution plan	-	(856.42)
Add : Shares issued and allotted during the year	-	180.00
<b>Balance at the end of year</b>	<b>200.00</b>	<b>200.00</b>

**10.3 Change in its Share Capital Structure as per resolution plan**

Pursuant to the approved Resolution Plan, otherwise as stated below notes, the following consequential impacts

- a) During the Year, there is no change in Share Capital of the Company
- b) During the previous financial year - Pursuant to the approved Resolution Plan, otherwise as stated below notes, the following consequential impacts have been given in accordance with the approved resolution plan;
  - I. Extinguishment/Cancellation of Existing Issued, Subscribed and Paid-up Equity Capital (prior to fresh allotment), to 2,00,000 fully paid up Equity Share of ₹10 Each & adjusting with the brought forward balance of Retained Earnings.
  - II. Increase in Authorised Share Capital of the Company by adding 2,00,000 Preference Shares of ₹ 100 each.
  - III. Issued and Allotted 1,80,00,00 fully paid-up Fresh Equity Shares of ₹ 10 each to Finquest Financial Solutions Private Limited on March 19, 2021.
  - IV. Issued and Allotted of 27,00,000 Fresh fully paid up 7 % Cumulative, Non-Convertible Redeemable Preference Share of ₹100 each payable at par to Finquest Financial Solutions Private Limited on March 19, 2021.
  - V. Extinguishment of existing Capital Reserve, & Security Premium Reserve with Brought forward Balance in Retained Earnings.

Consequently the issued, subscribed and Paid-up share capital of the Company was reduced from ₹ 92,64,16,210 (Rupees Ninety-two Crore Sixty-four Lakh Sixteen Thousand Two Hundred and Ten only) consisting of 8,76,41,621 (Eight Crore Seventy-six Lakh Forty-one Thousand Six Hundred and Twenty-one) equity shares of ₹10 (Rupees Ten only) each and 5,00,000 (Five Lakh) preference shares of ₹ 100 (Rupees One Hundred only) each to ₹ 2,00,00,000 (Rupees Two Core only) consisting of 20,00,000 (Twenty Lakh) equity shares of ₹ 10 (Rupees Ten only) each, accordingly the value of issued, subscribed and paid-up share capital of the Company was reduced by ₹ 90,64,16,210 (Rupees Ninety Crore Sixty-four Lakh Sixteen Thousand Two Hundred and Ten only) consisting of 8,56,41,621 (Eight crore Fifty-six Lakh Forty-one Thousand Six hundred and Twenty-one) equity shares of ₹ 10 (Rupees Ten only) each and 5,00,000 (Five Lakh) Preference Shares of ₹100 (Rupees One Hundred only) each.

The reduction of existing Issued, Subscribed and Paid-up share capital of the Company was effected by:

- i. The extinguisher of the equity shares of Promoters and erstwhile Promoters Group aggregating to 2,75,27,589. The balance 6,01,14,032 no. of equity shares held by public shall be written down by about 96.67% i.e. by cancellation of 5,81,14,032 equity shares. The shareholders shall continue to hold 20,00,000 equity shares of face value of ₹ 10 each amounting to ₹ 2,00,00,000 (Rupees Two Crore only), on proportionate basis.
- ii. The extinguishment of the preference shares of promoters and promoters group aggregating to 5,00,000 number of preference shares of face value ₹ 100 shall stand extinguished.

Security Premium Reserve of ₹4,382.08 Lakhs, created against the Equity Shares before extinguishment / cancellation of Equity Share have been extinguished & Balance amalgamated with Retained earnings.

The 8% Non-cumulative, Non-Convertible Preference Shares, held by erstwhile Promoters, & Promotor group having amortised Value of ₹317.10 Lakhs were extinguished.

Capital Reserve created as per Amortised value (unwinding interest) of Preference share capital issued to Erstwhile Promotor & Promoters group Valued at ₹511.90 Lakhs have been extinguished and Balance amalgamated with Retained earnings.

#### 10.4 Shareholders holding more than 5% shares in the Company

Name of the Shareholders	As at March 31, 2022	As at March 31, 2021
Finquest Financial Solutions Private Limited		
No. of Shares	180.00	180.00
% of Shares held	90.00%	90.00%

#### 10.5 Statement of Promoter Holding in the Company

Sr. No.	Class of Equity Share	Promoter's Name	No. of shares at the beginning of the year *	change during the year	shares at the end of the year	% of total shares	% change during the year
1	Fully paid-up equity shares of ₹ 10 each	Finquest Financial Solutions Private Limited	180.00	-	180.00	90.00	-
<b>Shareholding of Promoter As at March 31, 2021</b>							
Sr. No.	Class of Equity Share	Promoter's Name	No. of shares at the beginning of the year *	change during the year	shares at the end of the year	% of total shares	% change during the year
1	Fully paid-up equity shares of ₹ 10 each	Finquest Financial Solutions Private Limited	-	180.00	180.00	90.00	100.00
2	Fully paid-up equity shares of ₹ 10 each	Syt. S.K Birla	0.38	(0.38)	-	-	100.00
3	Fully paid-up equity shares of ₹ 10 each	Syt. Sidharth Kumar Birla	0.50	(0.50)	-	-	100.00
4	Fully paid-up equity shares of ₹ 10 each	Central India General Agents Ltd	165.14	(165.14)	-	-	100.00
5	Fully paid-up equity shares of ₹ 10 each	iPro Capital Ltd.	8.50	(8.50)	-	-	100.00
6	Fully paid-up equity shares of ₹ 10 each	Birla Holdings Ltd.	72.50	(72.50)	-	-	100.00
7	Fully paid-up equity shares of ₹ 10 each	Janardhan Trading Co. Ltd.	19.00	(19.00)	-	-	100.00
8	Fully paid-up equity shares of ₹ 10 each	Birla Eastern Ltd.	9.26	(9.26)	-	-	100.00

\* In Financial Year 2020-2021 pursuant to approval of resolution plan the existing holding of erstwhile promoter and promoter group was extinguished.

#### 11. Other Equity

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Securities Premium Reserve</b>		
Balance at the beginning of the year	-	4,382.08
Less : Extinguishment of Security Premium Reserve pursuant to resolution plan	-	(4,382.08)
<b>Balance at the end of year</b>	-	-
<b>Capital Reserve</b>		
Balance at the beginning of the year	-	511.90
Less : Extinguishment of Capital Reserve pursuant to resolution plan	-	(511.90)
<b>Balance at the end of year</b>	-	-

Retained Earnings		
Balance at the beginning of the year	1,845.72	(12,506.28)
Add : Reduction of Share capital pursuant to resolution plan	-	8,564.16
Add: Extinguishment of Share Premium Reserve	-	4,382.08
Add: Extinguishment of Capital Reserve	-	511.90
<b>Add: Profit / (Loss) for the year</b>	<b>149.44</b>	<b>893.86</b>
Balance at the end of year	1,995.16	1,845.72
<b>Total</b>	<b>1,995.16</b>	<b>1,845.72</b>

## 12. BORROWINGS

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Non-Current</b>		
<b>Secured - at amortised cost</b>		
Term Loans form Banks	2,390.38	4,787.87
Less: Short Term Borrowings	(2,390.38)	(2,393.93)
Unsecured Loan	3,297.00	-
	<b>3,297.00</b>	<b>2,393.94</b>
Liability of Non-Convertible Redeemable Preference Share	2,706.21	2,706.21
Total	<b>6,003.21</b>	<b>5,100.15</b>
<b>Current</b>		
<b>Secured - at amortised cost</b>		
Current maturities of Short Term borrowings	2,390.38	2,393.93
Unsecured - at amortised cost	-	-
<b>Unsecured Loan from Banks</b>		
Deposits	-	-
<b>Total</b>	<b>2,390.38</b>	<b>2,393.93</b>

### Note

- In Financial Year 2020-21 : The Company has issued and allotted 7% Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100, each, payable at par were allotted on March 19, 2021 having tenure of 7 years, 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 19, 2021 is deemed to be the relevant date. 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.
- Loan from a Bank total outstanding ₹ 633.26 Lakhs (As at March 31, 2021: ₹1,273.71 Lakhs), 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. Out of the same ₹633.26 Lakhs would be forming part of Borrowings under Current Liabilities.
- Secured loans of ₹1,320.25 Lakhs (As at March 31, 2021: ₹2640.50 Lakhs) 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. Out of the same ₹ 1,320.25 Lakhs would be forming part of Borrowings under Current Liabilities.
- Interest Payable on Secured Loan ₹436.86 Lakhs (As at March 31, 2021: ₹873.66 Lakhs) Out of the same ₹436.86 Lakhs would be forming part of Borrowings under Current Liabilities.

## 13. OTHER FINANCIAL LIABILITIES

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Non-Current</b>	-	-
Current		
Dues to employees	132.48	220.16
Dues to others	554.13	219.32
<b>Total</b>	<b>686.61</b>	<b>439.48</b>

Amount of Trade Deposits under Other Non-Current Financial Liability Written Back: During current year is Nil (in previous year ₹66.67 lakhs) Refer note 27

Amount of Other Current Financial Liability Written Back: During current year is Nil (in previous year ₹2,905.lakhs) Refer note 27

Amount of Other Current Financial Liability (Interest of MSME Trade Payable) Written Back: During current year is Nil (in previous year ₹20.85 lakhs) Refer note 27

## 14. PROVISIONS

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Non-Current</b>		
Provision for Compensated absences	36.41	47.61
<b>Total</b>	<b>36.41</b>	<b>47.61</b>
<b>Current</b>		
Provision for Compensated absences	6.46	6.40
<b>Total</b>	<b>6.46</b>	<b>6.40</b>

Amount of Provisions Other Financial Liability under Current Liabilities Written Back :Refer Note No. 27

	-	22.59
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## 15. OTHER NON CURRENT LIABILITIES

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Other Non-Current</b>		
Gratuity (Funded)	422.63	392.89
<b>Total</b>	<b>422.63</b>	<b>392.89</b>

## 16. TRADE PAYABLES

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Acceptances	-	-
Total outstanding dues of Micro and Small Enterprises	24.33	-
Total outstanding dues of creditors other than Micro and Small Enterprises	742.77	133.63
<b>Total</b>	<b>767.10</b>	<b>133.63</b>

### Trade Payables Aging as on March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		< 1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	24.33	-	-	-	24.33
(ii) Others	123.54	613.49	1.65	-	4.09	742.77
<b>Total</b>	<b>123.54</b>	<b>637.82</b>	<b>1.65</b>	<b>-</b>	<b>4.09</b>	<b>767.10</b>



## Trade Payables Aging as on March 31, 2021

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		< 1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	133.63	-	-	-	133.63
<b>Total</b>	-	<b>133.63</b>	-	-	-	<b>133.63</b>

Note:

- a. Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2022.

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
1. The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year		
- Principal amount due	24.33	-
- Interest due	0.90	-
2. The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

- b. Refer note 30 for information about credit risk and market risk of Trade Payables.

## 17. OTHER LIABILITIES

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Statutory remittances	33.20	21.38
Advance received from Customers	209.09	108.09
Gratuity (Funded)	64.55	66.86
Other Current Liability	-	729.00
<b>Total</b>	<b>306.84</b>	<b>925.33</b>
Amount of Other Current Liability Written Back : Refer note 27	-	128.99

## 18. REVENUE FROM OPERATIONS

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Sale of Products	2,860.94	579.22
Sale of Services	197.06	22.97
Other Operating Income	63.70	5.68
<b>Total</b>	<b>3,121.70</b>	<b>607.87</b>

## 19. OTHER INCOME

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Interest Income	0.54	1.63
Gain on Exchange Fluctuations (Net)	-	1.71
Excess Provision Written Back	58.53	-
Profit/loss on sale of disposal of PPE (Net)	422.81	-
Miscellaneous Income	0.11	0.26
<b>Total</b>	<b>481.99</b>	<b>3.60</b>

## 20. COST OF MATERIALS CONSUMED

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Inventories at the beginning of the year	169.23	19.08
Less : Purchase shown as Goods in Transit	70.86	-
Add : Purchase during the year	754.08	251.72
	<b>852.45</b>	<b>270.80</b>
Less : Sales / Transfer	-	9.55
	<b>852.45</b>	<b>261.25</b>
Less : Inventories at the end of the year	92.53	169.23
<b>Total</b>	<b>759.92</b>	<b>92.02</b>

## 21. PURCHASE OF STOCK-IN-TRADE

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Cloth	894.18	0.22
Others	-	-
<b>Total</b>	<b>894.18</b>	<b>0.22</b>

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

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Inventories at the end of the year		
Finished Goods	880.72	592.17
Work-in-progress	351.17	91.95
Stock-in Trade	311.40	-
	<b>1,543.29</b>	<b>684.12</b>
Inventories at the beginning of the year		
Finished Goods	592.17	1,230.95
Work-in-progress	91.94	840.25
Stock-in Trade	-	105.92
	<b>684.11</b>	<b>2,177.12</b>
Revaluation of Inventory (Exceptions Item) refer note no. 27	-	(1,231.00)
<b>Net (Increase)/Decrease</b>	<b>(859.18)</b>	<b>262.00</b>

## 23. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Salaries, Wages, Bonus, etc.	953.76	701.44
Contribution to Provident & Other Funds	160.33	181.03
Employees Welfare Expenses	100.21	72.65
<b>Total</b>	<b>1,214.30</b>	<b>955.12</b>

## 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 : (₹ in Lakhs)

Particulars	Gratuity	
	As at March 31, 2022	As at March 31, 2021
Obligation at the beginning of the year	879.26	867.99
Current Service Cost	34.74	34.97
Interest Cost	55.66	52.43
Actuarial (gain)/loss - due to change in financial assumptions	(19.67)	(15.30)
Actuarial (gain)/loss - due to experience adjustments	(15.59)	43.94
Benefits paid	(114.49)	(104.77)
<b>Present value of benefit obligation at the end of the year</b>	<b>819.91</b>	<b>879.26</b>

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

Particulars	Gratuity	
	As at March 31, 2022	As at March 31, 2021
Plan assets at the beginning of the year, at fair value	419.51	370.04
Interest Income	26.55	22.35
Return on plan assets excluding interest income	(3.52)	1.15
Contributions from the employer	4.68	130.74
Benefits paid	(114.49)	(104.77)
<b>Fair value of plan assets at the end of the year</b>	<b>332.73</b>	<b>419.51</b>

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

Particulars	(₹ in Lakhs)	
	Gratuity	
	As at March 31, 2022	As at March 31, 2021
Present value of benefit obligation at the end of the year	(819.91)	(879.26)
Fair value of plan assets at the end of the year	332.73	419.51
<b>Net Liability arising from defined benefit obligation</b>	<b>(487.18)</b>	<b>(459.75)</b>

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

Particulars	(₹ in Lakhs)	
	Gratuity	
	As at March 31, 2022	As at March 31, 2021
Current service cost	34.74	34.97
Net interest expense	29.11	30.08
<b>Components of defined benefit costs recognised in the Statement of Profit &amp; Loss</b>	<b>63.85</b>	<b>65.05</b>
Remeasurement on the net defined benefit liability		
Actuarial (gains)/losses on obligation for the period	(35.26)	28.64
Return on plan assets, excluding interest income	3.52	(1.15)
Components of defined benefit costs recognised in Other Comprehensive Income	(31.74)	27.49
<b>Total</b>	<b>32.11</b>	<b>92.54</b>

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 Remeasurements 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, 2022 as follows:

Particulars	(₹ in Lakhs)
	Gratuity
As at March 31,	
2023	87.29
2024	80.16
2025	135.96
2026	123.43
2027	75.90
Thereafter	388.92



**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.

(₹ in Lakhs)

Particulars	Gratuity	
	As at	As at
	March 31, 2022	March 31, 2021
Delta effect of +1% change in the rate of Discounting	(38.36)	(49.22)
Delta effect of -1% change in the rate of Discounting	42.30	54.92
Delta effect of +1% change in the rate of salary increase	42.23	54.55
Delta effect of -1% change in the rate of salary increase	(39.00)	(49.81)
Delta effect of +1% change in the rate of employee turnover	1.71	0.96
Delta effect of -1% change in the rate of employee turnover	(1.86)	(1.05)

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.

**g. The principal assumptions used for the purpose of actuarial valuation were follows :** (₹ in Lakhs)

Particulars	Gratuity	
	As at	As at
	March 31, 2022	March 31, 2021
Discount Rate	6.84%	6.33%
Expected Return on Plan Assets	6.84%	6.33%
Annual Increase in Salary Costs	6.00%	6.00%
Rate of Employee Turnover	3.00%	1.00%
Mortality Tables	Indian Assured Lives Mortality (2012-14)	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.

**24. FINANCE COSTS**

(₹ in Lakhs)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
	Interest expenses	197.27
Other borrowing costs	0.52	0.61
<b>Total</b>	<b>197.79</b>	<b>23.66</b>

**25. DEPRECIATION AND AMORTIZATION EXPENSE**

(₹ in Lakhs)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
	Depreciation on Property, Plant and Equipment	221.99
Amortization on Intangible Assets	2.85	0.20
<b>Total</b>	<b>224.84</b>	<b>242.47</b>

## 26. OTHER EXPENSES

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Manufacturing Expenses</b>		
Consumption of Stores & Spares, Dye & Chemical and Packing Materials	229.14	99.27
Power and Fuel	250.13	93.46
Processing Expenses	149.83	52.17
Repairs Expenses :		
- Repairs to Buildings	4.32	-
- Repairs to Machinery	34.31	93.02
<b>Other than Manufacturing Expenses</b>		
Rent	0.45	0.37
Repairs Others	30.31	6.18
Insurance expenses	21.72	20.68
Rates and Taxes	55.78	23.58
Travelling Expenses	5.28	3.25
Freight and Other Selling Expenses	47.11	48.00
Advertisement and Sales Promotion	5.91	2.51
Brokerage, Rebate, Discount and Commission	85.28	-
Director's Sitting Fees	4.10	1.40
Director's Travelling Expenses	2.04	1.02
Legal and Professional	29.75	49.22
Payment to Auditors *	10.02	7.42
Net Loss on Foreign Currency transactions and translations	0.16	-
Assets Discarded (Net)	-	7.29
Fees & Subscription	26.16	15.39
Conveyance Expenses	12.11	4.77
Other Expenses	50.22	19.52
<b>Total</b>	<b>1,054.13</b>	<b>548.52</b>

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a. To Statutory Auditors</b>		
For Statutory Audit	9.38	5.98
For Other Services	-	-
For reimbursement of expenses	0.64	1.44
<b>Total</b>	<b>10.02</b>	<b>7.42</b>

## 27. Exceptional Items: Gain Transferred to Reserve & Surplus:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a. Loss due to Impairment/Write-Off/Extinguishment</b>		
For Impairment of Property	-	(4,611.27)
Extinguishment of Inventory provided	-	(1,230.99)
Doubtful Trade Receivables provided	-	(81.14)
Recovery from Written off Trade Receivables provided	-	1.60
Other Current Assets	-	(12.65)
<b>Total</b>	<b>-</b>	<b>(5,934.45)</b>

**b. Gain due to Extinguishment / Write-back****Extinguishment/ Write-back of Non-Current Liabilities**

Extinguishment / Write-back of Borrowings	-	2,653.00
Extinguishment of 8% Non-Cumulative Preference Share at (amortised Value)	-	317.10
Extinguishment/Write-back of Trade Deposits	-	66.68

**Extinguishment/ Write-back of Current Liabilities**

Extinguishment/ Write-back of Trade-Payable-MSME	-	48.00
Extinguishment/ Write-back of Trade-Payable-Non MSME	-	2,178.66
Extinguishment/ Write-back of Other Financial Liability (Int. to MSME Vendors)	-	20.85
Extinguishment/ Write-back of Other Financial Liability	-	2,905.00
Extinguishment/ Write-back of Provisions under Current Liability	-	22.59
Extinguishment/ Write-back of Other Current Liability	-	128.99

**Total**

	-	<b>8,340.87</b>
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**c. Total Gain due to Net Off (Liability less Assets)**

	-	<b>2,406.42</b>
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**28. Deferred Tax Assets (Net)**

(₹ in Lakhs)

**Particulars**

	As at March 31, 2022	As at March 31, 2021
Deferred Tax Liabilities:		
In relation to Property, plant and equipment	347.42	-
Deferred Tax Assets		
In relation to Carried Forward Business Losses	347.42	-
<b>Total</b>	-	-

Unrecognised deductible temporary differences, unused tax losses and unused tax credits on which deferred tax assets has not been recognised in view of uncertainty that future taxable income will be available against the same.

(₹ in Lakhs)

Particulars	Accounting year						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond 5 years
Tax losses:							
Unabsorbed depreciation	55.90	44.76	34.98	28.48	-	-	12,533.45
Business losses	1,638.31	2,919.56	4,033.92	1,496.33	-	-	3,149.21
Other Deductible temporary difference	-	-	-	-	-	-	-
<b>Total</b>	<b>1,694.21</b>	<b>2,964.32</b>	<b>4,068.90</b>	<b>1,524.81</b>	<b>-</b>	<b>-</b>	<b>15,682.66</b>

Note: a. The Company has substantial unused tax losses and unused tax credits. The deferred tax assets relating to such deductible temporary differences, carry forward unused tax losses and carry forward unused tax credits is significantly higher than deferred tax liabilities on conservative approach, the Company has recognised deferred assets on unabsorbed depreciation and business losses to the extent of this deferred liabilities.

## 29. EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Profit / (Loss) after tax	149.00	893.87
Profit / (Loss) pertaining to equity shareholders	149.00	893.87
Weighted Average Number of Shares (WANS)	200.00	854.18
Nominal value per share	10.00	10.00
Basic and diluted EPS	0.59	1.04

## 30. Capital work in progress (CWIP)

### (a) Aging schedule as at March 31, 2022:

Particulars	Outstanding for following periods from				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	2.20	-	-	-	2.20
<b>Total</b>	<b>2.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.20</b>

### (b) Aging schedule as at March 31, 2021:

Particulars	Outstanding for following periods from				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	10.54	-	-	-	10.54
<b>Total</b>	<b>10.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.54</b>

## 31. Financial Instruments

### a. 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 12 offset by cash and bank balances) and total equity of the Company.

### Gearing Ratio

(₹ in Lakhs)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Debt (note i)	8,393.59	7,494.09
Less: Cash and Bank Balances & Deposit Accounts	33.53	16.24
<b>Net Debt</b>	<b>8,360.06</b>	<b>7,477.85</b>
Total Equity	3,995.16	3,845.73
Net Debt to Equity Ratio	209.25	194.45

- i. Debt is defined as long-term borrowings, short-term borrowings and current maturities of long-term borrowings as described in note 12.

## b. Category-wise classification of financial instruments

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Financial Assets</b>		
<b>Measured at amortised cost</b>		
a. Trade Receivables	992.49	160.56
b. Cash and Cash Equivalents	33.53	16.24
c. Other Balances with Banks	-	-
d. Financial Assets	7.91	33.54
<b>Total</b>	<b>1,033.93</b>	<b>210.34</b>
<b>Financial Liabilities</b>		
<b>Measured at amortised cost</b>		
a. Borrowings	8,393.59	7,494.08
b. Trade Payables	767.09	133.63
c. Other Financial Liabilities	686.60	439.48
<b>Total</b>	<b>9,847.28</b>	<b>8,067.19</b>

## c. Financial Risk Management Objectives

The Company's financial liabilities comprise mainly of borrowings, trade payables and other financial liabilities. The Company's financial assets comprise mainly of cash and cash equivalents, 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 does not 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 activity does not expose it primarily to the financial risk of changes in foreign currency exchange rates.

### 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 is no more exposed to the Interest Rate Risk pursuant to Resolution Plan all the fluctuating Interest bearing Risk have been extinguished.



## B. MANAGEMENT OF CREDIT RISK

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

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

## C. MANAGEMENT OF LIQUIDITY RISK

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

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

The details of contractual maturities of significant financial liabilities are as under: (₹ in Lakhs)

	Carrying amount	Less than 1 year	1 - 5 years	More than 5 years	Total
<b>As at March 31, 2022</b>					
Borrowings	8,393.59	2,390.38	1,648.50	4,354.71	8,393.59
Trade Payables	767.10	767.10	-	-	767.10
Financial Liabilities	686.60	686.60	-	-	686.60
<b>Total</b>	<b>9,847.29</b>	<b>3,844.08</b>	<b>1,648.50</b>	<b>4,354.71</b>	<b>9,847.29</b>
<b>As at March 31, 2021</b>					
Borrowings	7,494.08	2,393.94	-	5,100.15	7,494.09
Trade Payables	133.63	133.62	-	-	133.62
Financial Liabilities	439.48	439.48	-	-	439.48
<b>Total</b>	<b>8,067.19</b>	<b>2,967.04</b>	<b>-</b>	<b>5,100.15</b>	<b>8,067.19</b>

## 32. Contingent Liabilities and Commitments

	As at March 31, 2022	As at March 31, 2021
<b>Contingent Liabilities and Commitments</b>	-	-

As per approved resolution plan, the contingent liabilities and commitments, claims and obligations, stand extinguished and accordingly no outflow of economic benefits is expected in respect thereof. The Resolution plan, among other matters provide that upon the approval of this Resolution Plan by the National Company Law Tribunal (NCLT) and settlement and receipt of the payment towards the CIRP Costs and by the operational creditors as envisaged in terms of this plan, all the liabilities demands, damages, penalties, loss, claims of any nature whatsoever (whether admitted/verified/submitted/rejected or not, due or contingent, asserted or unasserted, crystallised or uncrystallised, known or unknown, disputed or undisputed, present or future) including any liabilities, losses, penalties or damages arising out of non-compliances, to which the Company is or may be subject to and which pertains to the period on or before the Closing Date (i.e. November 22, 2020) and are remaining as on that date shall stand extinguished, abated and settled in perpetuity without any further act or deed. The Resolution plan further provides that implementation of resolution plan will not affect the rights of the Company to recover any amount due to the Company and there shall be no set off of any such amount recoverable by the Company against any liability discharged or extinguished.

### 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 Financial Statements are reflective of information required by Ind AS 108.

### 34 IMPACT OF COVID-19

The outbreak of corona virus (Covid-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operations and revenue during the current and previous period were impacted due to Covid-19. The impact already considered for the same.

### 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. Holding & Promoter Company

- a) Finquest Financial Solutions Private Limited

##### 2. Entities under Common Control

- a) Krihaan Texchem Private Limited

##### 3. Key Managerial Personnel/Directors

- a) Non-Executive Independent Directors:

- (i) Sri Duraiswamy Gunaseela Rajan
- (ii) Ms. Sudha Bhushan
- (iii) Sri Panchapakesan Swaminathan (from June 24, 2021)

- b) Non-Executive Non-Independent Directors:

- (i) Sri Bharat Jayantilal Patel (Demise on May 29, 2021)
- (ii) Sri Hardik Bharat Patel
- (iii) Sri Ajay Kumar Agarwal

- c) Whole Time Director:

- (i) Sri Ajay Agarwal, Whole Time Director

- d) Key Management Personnel:

- (i) Sri Ajay Kumar Agarwal, COO (upto May 21, 2020)
- (ii) Sri Satish Shah, CFO (upto April 10, 2020)
- (iii) Sri Jatin Jain, Company Secretary (upto November 30, 2020)
- (iv) Sri Ajay Agarwal, CFO (from June 24, 2021)
- (v) Sri Punit A. Bajaj, Company Secretary (from June 24, 2021)

##### 4. Post-employment benefit funds

- a) Shree Digvijaya Woollen Mills Limited Employees Gratuity Fund

## B. Transaction with Related Parties:

(₹ in Lakhs)

<u>Related Party</u>	<u>Nature of transaction</u>	<u>As at March 31, 2022</u>	<u>As at March 31, 2021</u>
Finquest Financial Solutions Private Limited	Inter-Corporate Borrowing	2,568.00	-
	Interest on Borrowing	181.26	-
	Non-convertible Redeemable Preference Shares	-	2,700.00
	Maximum outstanding balance (credit) during the year	3,478.26	5,229.00
Krihaan Texchem Pvt. Ltd.	Purchase of Raw Material	206.66	-
	Income of Processing Charges for Job Charges	59.89	-
Shree Digvijaya Woollen Mills Limited Employees Gratuity Fund	Contribution to post employment benefit fund (with LIC)	5.00	130.74
Sri D. G. Rajan	Sitting Fees	1.55	0.55
Sri P Swaminathan	Sitting Fees	0.80	-
Ms. Sudha Bhushan	Sitting Fees	1.75	0.85
Sri Hardik B. Patel	Travelling Expenses	0.08	-
Sri Ajay Kumar Agarwal	Travelling Expenses	1.87	1.02
Sri Ajay Agarwal	Travelling Expenses	0.09	-
Sri Ajay Kumar Agarwal	Remuneration	-	3.23
Sri Satish Shah	Remuneration	-	1.97
Sri Jatin Jain	Remuneration	-	5.00
Sri Punit A. Bajaj	Remuneration	6.00	-

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

Balance outstanding at the end of the year:

(₹ in Lakhs)

<u>Related Party</u>	<u>Nature of transaction</u>	<u>As at March 31, 2022</u>	<u>As at March 31, 2021</u>
Finquest Financial Solutions Private Limited	Outstanding balance of Loan taken	3,297.00	729.00
	Interest payable on Borrowing	181.26	-
Finquest Financial Solutions Private Limited	Non-convertible Redeemable Preference Shares	2,706.21	2,706.21
Krihaan Texchem Pvt. Ltd.	Outstanding balance payable	146.77	-
Shree Digvijaya Woollen Mills Limited Employees Gratuity Fund	Contributions outstanding	487.18	459.76
Sri Ajay Kumar Agarwal	Payable	0.09	0.25

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

36. Additional regulatory information detailed in clause 6L of General Instructions given in part I of division II of the Schedule III of the Companies Act, 2013 are furnished to the extent applicable to the Company.

## 37. Ratios

Particulars	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance
Current Ratio (times)	Current Assets	Current Liabilities excl. current borrowings	1.56	0.84	85.92
Debt Equity Ratio (times)	Total Debt	equity	1.64	1.44	13.85
Debt Service Coverage Ratio (times)	Net Profit After Tax + Depreciation and Amortisation + interest + loss on sale of fixed assets	Interest + Lease Payment + Principle repayment of long term loans	0.19	0.46	(59.25)
Return on Equity Ratio (%)	Net Profit after Tax	Average Shareholder's Equity	0.03	0.36	(90.90)
Inventory Turnover Ratio (times)	Sales of product and services	Average inventory	2.22	0.37	499.21
Trade Receivables Turnover Ratio (times)	Sales of product and services	Average Receivable	4.96	3.39	46.37
Trade payables Turnover Ratio (times)	Net Sales	Average Trade Payables	2.74	0.23	1,099.22
Net Capital Turnover Ratio (times)	Net Sales	Working Capital	(2.10)	(0.67)	214.31
Net Profit Ratio (%)	Net Profit after tax	Sales of product and services	0.02	0.31	(93.03)
Return on Capital Employed Ratio (%)	Earning before interest and tax	Capital Employed	(0.01)	(0.16)	(92.13)
Return on Investment (%)	N.A.	N.A.			

\* Pursuant to Order dated May 27, 2020 The Honorable NCLT has approved the Resolution Plan, whereby the Operations of the Company were carried out partially during the previous financial year impacting the scale of operations. Accordingly the Ratio's of the previous year are not comparable.

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

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date

**For Nayan Parikh & Co.**  
Chartered Accountants  
Firm Registration No : 107023W

**For and on behalf of the Board**

**K. Y. Narayana**  
Partner  
Membership No : 060639

**Punit Bajaj**  
Company Secretary  
Meb. No. : A - 58392

**Ajay Agarwal**  
Whole-Time Director &  
Chief Financial Officer

**Hardik B. Patel**  
Chairman

Mumbai  
May 25, 2022

Jamnagar  
May 25, 2022

Mumbai  
May 25, 2022

Mumbai  
May 25, 2022













## **DIGJAM LIMITED**

**Registered Office & Mills Address**

**Aerodrome Road,**

**Jamnagar - 361 006, Gujarat**

**Tel No.: + 91 288 2712972 /73**

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**Website: [www.digjam.co.in](http://www.digjam.co.in)**