



Sri S. K. Birla  
*Chairman Emeritus*

**Board of Directors**

Sri Sidharth Birla  
*Chairman*

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

*Managing Director & Chief Executive Officer*

**Company Secretary**

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

**Senior Executives**

Sri R. K. Kedia  
*President & Chief Operating Officer*

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

Sri Ravinder Sharma  
*Vice President (Sales & Marketing)*

Sri Satish Shah  
*Asst. Vice President & Chief Financial Officer*

**Registered Office & Mills**

Aerodrome Road,  
Jamnagar 361 006, Gujarat

Tel.: +91-288-2712972/3

Fax: +91-288-2712991

e-mail: cosec@digjam.co.in

website: www.digjam.co.in

**Corporate Identity Number**

L17110GJ1948PLC000753

**Registrars & Share Transfer Agents**

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

**Auditors**

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

## NOTICE TO THE MEMBERS

NOTICE is hereby given that the Sixty-fifth Annual General Meeting of the Members of the Company will be held on Tuesday, September 29, 2015 at 10.00 a.m. at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006 (Gujarat), to transact the following business:

1. To consider and adopt the Directors' Report and the audited Financial Statements of the Company for the financial year ended March 31, 2015 and the Auditors Report thereon.
2. To appoint a Director in place of Sri C. L. Rath (DIN: 00012392), who retires by rotation and being eligible, offers himself for reappointment.
3. To ratify the appointment of Auditors of the Company made at the Sixty-fourth Annual General Meeting of the Company for a term of three years and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

**"RESOLVED** that the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, (Registration No. 117365W), Ahmedabad as the Statutory Auditors of the Company at the Sixty-fourth Annual General Meeting of the Company for the term from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors in consultation with M/s Deloitte Haskins & Sells be and is hereby ratified and confirmed."

### Special Business

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

#### 4. AS AN ORDINARY RESOLUTION

**"RESOLVED** that pursuant to Section 148 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act read with the relevant Rules thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of remuneration of Rs. 1,00,000/- (Rupees One Lac only) plus applicable Service Tax and reimbursement of out of pocket expenses to M/s N. D. Birla & Co., Cost Accountants, Ahmedabad (Firm Registration No. 28) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year ending on March 31, 2016."

#### 5. AS A SPECIAL RESOLUTION

**"RESOLVED** that pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the relevant Rules thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting, be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company and the same be approved and adopted as the new Articles of Association of the Company.

**FURTHER RESOLVED** that the Board of Directors of the Company or any duly authorised Committee thereof be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

#### 6. AS A SPECIAL RESOLUTION

**"RESOLVED** that pursuant to the provisions of Section 94(1)

and other applicable provisions of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and any other applicable Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company for keeping the Register of Members of the Company and the respective Register of other security holders, if any, maintained under Section 88 of the Companies Act, 2013 together with the Index of Members and/or other security holders at the office of the Registrar and Share Transfer Agents of the Company viz. MCS Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Ground Floor, Kolkata - 700 026 and at such places within Kolkata in the State of West Bengal where the Registrar and Share Transfer Agent may shift its office from time to time, instead of keeping such Register of Members including Register of other securities holders, if any, at the Registered Office of the Company."

The Register of Members of the Company will remain closed from September 22, 2015 to September 29, 2015 (both days inclusive).

New Delhi  
May 30, 2015

**BY ORDER OF THE BOARD**

**G. K. Sureka**

*Company Secretary*

**Registered Office:**

Aerodrome Road,  
Jamnagar 361 006

(Gujarat)

CIN: L17110GJ1948PLC000753

e-mail: cosec@digjam.co.in

Tel.: +91-288-2712972

Fax: +91-288-2712991

website: www.digjam.co.in

### NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.
2. The instrument appointing a proxy has to be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. For any further information regarding the above Accounts, advance intimation be given and the Members should ensure that it reaches the Company's Registered Office at Aerodrome Road, Jamnagar 361 006 (Gujarat) at least 10 days before the date of the ensuing meeting.
4. Under the Companies Act, 2013 ('the Act') and the Rules thereunder, the Company is permitted to serve on the Members documents including Annual Report and notices through, inter alia, the electronic mode. The Company may send to the Members the Annual Report and other documents/communications either physically to their registered address or by e-mail at the e-mail addresses registered with the Company/received through the respective Depository.
5. Pursuant to the Green Initiative of the Ministry of Corporate Affairs, request to register e-mail addresses, changes therein and in the registered addresses including PIN CODE: Members holding shares in physical form are requested to register/update their e-mail addresses/registered addresses with the Company's Registrars and Share Transfer Agents, M/s MCS Share Transfer Agent Ltd., 12/1/5, Manoharpukur Road, Kolkata 700 026. Members holding shares in dematerialised form are requested to register their e-mail addresses, changes therein and in their registered addresses with the

**concerned Depository through their Depository Participant. In absence of e-mail address, the documents will be sent in physical mode.**

6. Members may note that the Notice of the 65th Annual General Meeting and the Annual Report for year 2014-15 will also be available on the Company's website [www.digjam.co.in](http://www.digjam.co.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days upto and including the date of the Annual General Meeting. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrars and Share Transfer Agents.
8. In view of the provisions of Section 125 of the Companies Act, 2013, the sale proceeds of fractional shares arising out of the Scheme of Arrangement in 2006 lying unpaid Rs. 9,840 with the Company will be transferred to the Investor Education and Protection Fund once the aforesaid provisions come into force.
9. **Voting through electronic means**

- I. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise their right to vote at the 65th Annual General Meeting (AGM) by remote e-voting. The business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

The facility for voting either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 65th AGM and the Members attending the same shall be able to exercise their voting rights accordingly at the AGM provided they have not already cast their vote through remote e-voting. Such Members who have already voted through remote e-voting may attend the AGM but shall not be entitled to vote again thereat.

- II. **The e-voting period commences on Saturday, September 26, 2015 (9.00 a.m.) and ends on Monday, September 28, 2015 (5.00 p.m.), both days inclusive. During this period, Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2015, may cast their vote electronically.** The e-voting module shall be disabled by CDSL for voting thereafter.

- a. The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- b. Click on "Shareholders" tab.
- c. Now, Enter your User ID:
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

- iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- d. Next enter the Image Verification as displayed and Click on Login.
- e. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- f. However, if you are a first time user, please follow the steps given below:

**For Members holding shares in Demat / Physical Form**

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

- g. After entering these details appropriately, click on "SUBMIT" tab.
- h. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j. Click on the EVSN for the relevant Company for which you choose to vote i.e. DIGJAM LIMITED.

- k. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - l. Click on the "Resolutions File Link" if you wish to view the entire Resolution details.
  - m. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.
  - n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - o. You can also take a print of the vote cast by clicking on "Click here to print" option on the Voting page.
  - p. If a demat account holder has forgotten the 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.
  - q. Note for Non Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - r. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). You can also contact the helpdesk on the toll free number: 1800-200-5533.
- III. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 22, 2015.
  - IV. The Practising Company Secretary, Sri Viral Sanghavi, Prop. Viral Sanghavi & Associates, (Membership No. 24951 & CP No. 9035) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - V. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter, unblock the votes cast through remote e-voting in the presence of at least

two witnesses not in the employment of the Company and make, not later than 3 days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall counter sign the same and thereafter, the Chairman or the person so authorised shall declare the Results of the voting forthwith.

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

10. **EXPLANATORY STATEMENT** pursuant to Section 102 of the Companies Act, 2013 ('the Act')/SEBI Code for Corporate Governance:

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

**Sri C.L. Rathi**, aged 69 years, is a Commerce and Law Graduate as well as Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has vast expertise in managing the affairs of large industrial undertakings and has experience of about 45 years in manufacturing industries like textiles, plastics, edible oil, light engineering, etc. at top management levels in India and abroad. He has served the Company in various capacities over a long period including as Managing Director of the Company. He is a Director in Drap Leasing & Finance Pvt. Ltd., Drap Plastics Pvt. Ltd. and VXL Technologies Ltd. He is the Chairman of Stakeholders Relationship Committee of the Company. He is member of Audit Committee of VXL Technologies Ltd.

Sri C.L. Rathi does not hold any Equity Share in the Company.

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

**Item No. 3:** Pursuant to Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, the Company had at its 64th Annual General Meeting appointed M/s Deloitte Haskins & Sells, Ahmedabad as its Statutory Auditors for three years commencing from the aforesaid Annual General Meeting. The said Section also provides for ratification of such appointment by Members at every Annual General Meeting. Accordingly, a Resolution is being proposed and is recommended for your approval.

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

**Item No. 4:** The Board of Directors on the recommendation of the Audit Committee has appointed M/s N.D. Birla & Co., Cost Accountants, as the Cost Auditors for audit of cost accounting records of the Company for the financial year 2015-16 at a remuneration of Rs. 1,00,000/- (Rupees One Lac only) besides applicable service tax and reimbursement of out of pocket expenses. In terms of the provisions of Section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, the Members are required to ratify the remuneration payable to the Cost Auditors and accordingly, the consent of the Members of the Company is solicited for the remuneration as set out in the Resolution in Item no. 4

which is accordingly commended for approval by the Board of Directors.

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

**Item No. 5:** The existing Articles of Association (AOA) of the Company are based on the 'previous company law' and several regulations in the existing AOA contain references to various provisions thereof. Besides, some regulations in the existing AOA are no longer in conformity with the Act. With the enactment of the Companies Act, 2013, several regulations of the existing AOA require alteration and/or deletion. In the light thereof, it is considered expedient to replace the existing AOA with a new AOA. The new AOA to be substituted in place of the existing AOA is based on Table F of Schedule I of the Act which sets out the model AOA for a company limited by shares. The draft AOA is available for inspection by the Members on the Company's website [www.digjam.co.in](http://www.digjam.co.in) and at the Registered Office of the Company. You can also write to the Company for a physical copy of the same free of cost prior to the date of the Annual General Meeting.

The Resolution is accordingly recommended for approval as a Special Resolution under the Act.

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

**Item No. 6:** Section 94(1) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable Rules framed thereunder allow the Company to keep the Register of Members together with Index of Members at a place other than the Registered Office of the Company, if approved by the Members by way of Special Resolution.

Presently more than one - tenth of the total number of Members of the Company is residing in the city of Kolkata

in the State of West Bengal. Accordingly, the Board seeks approval of the Members to keep the Register of Members and all relevant documents/registers pertaining thereto, maintained by the Company either physically or electronically, at the Kolkata office of the Registrar & Transfer Agents of the Company. As required, an advance copy of the proposed resolution is being filed with the Registrar of Companies, Gujarat at Ahmedabad.

The Resolution is accordingly recommended for approval as a Special Resolution under the Act.

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

### Inspection of Documents

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

New Delhi  
May 30, 2015

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

### BY ORDER OF THE BOARD

**G. K. Sureka**  
*Company Secretary*  
e-mail: [cossec@digjam.co.in](mailto:cossec@digjam.co.in)  
Tel.: +91-288-2712972  
Fax: +91-288-2712991  
website: [www.digjam.co.in](http://www.digjam.co.in)



## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present herewith our Annual Report along with the Audited Accounts of the Company for the year ended March 31, 2015.

### FINANCIAL RESULTS

	(Rs. Lacs)	
	March 31, 2015	March 31, 2014
Operations for the year resulted in Profit before Interest and Depreciation of		
	1,75.45	16,96.92
less: Finance Costs	12,35.34	12,79.78
less : Depreciation	4,03.85	3,88.35
<b>(Loss)/Profit Before Tax</b>	<b>(14,63.74)</b>	28.79
less: Taxation	—	—
<b>(Loss)/Profit After Tax</b>	<b>(14,63.74)</b>	28.79
add: Balance brought forward	<b>(83,08.95)</b>	(83,37.74)
less: Transition adjustments	46.14	—
<b>leaving a Balance of which is carried forward</b>	<b>(98,18.83)</b>	(83,08.95)

The Directors do not recommend any dividend.

### REVIEW OF KEY BUSINESS MATTERS

The Indian macro-economic outlook is turning positive with a marked decline in inflation and a comfortable external position helped by positive government policies and fall in global crude oil prices. Changes adopted in GDP reporting based on an updated base year, wider coverage of goods and services and the inclusion of tax data showed a more robust economic performance than projected earlier, with initial estimates for 2014-15 showing growth accelerated to 7.4% as industry and service sectors expanded. GDP growth is projected at 7.8% in 2015-16 and expected to further rise to 8.2% by 2016-17. Government efforts towards regulating general inflation, a pro-investment attitude, improvement in fiscal and current account deficit, and movement on resolving structural bottlenecks are steps in the right direction. A global economic slowdown, barring some positive signs in U.S.A., does however create stresses and increases complexities in our economic environment. Challenges to economic prospects include possible rise in oil prices, uncertain monsoons, and slow revival of customer confidence.

Despite improving fundamentals in, and continuing strong potential, of our economy, the financial year was marked by generally weak customer sentiment. Globally, the woollen textiles market also continued to be depressed. Some traditionally strong U.S. businesses remained weak buyers due to their own reorganisation/restructuring. Increasing competition from synthetic fabrics and cotton, and cheaper supplies from China, worked to influence customer preference in their favour. A marked shift to ready-mades is also impacting overall superior fabric demand at home. Wool and polyester prices were soft during the year aided by a relatively stable rupee.

In these overall conditions the Company could achieve a revenue from operations of Rs.132 crores against Rs.150 crores last year. Domestic volumes were marginally lower. Export sales were lower by 30% and were also impacted by the fall in the value of the Euro, rendering some exports uneconomic. Average sales realisations improved due to a richer wool product-mix. Costs and overheads were largely controlled and operational efficiencies improved. The Company continues to take steps to broaden its

markets and take measures to improve operations, trim overheads and strengthen liquidity.

### DIRECTORS & KEY MANAGERIAL PERSONNEL

Sri C.L. Rathi, non-executive (non-independent) Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 (hereinafter "the Act"), at the Sixty-fourth Annual General Meeting held on September 5, 2014, Sri A.C. Mukherji and Sri G. Momen were appointed as Independent Directors to hold office until the third consecutive Annual General Meeting of the Company and Sri S. Ragothaman and Sri Bharat Anand were appointed as Independent Directors to hold office until the conclusion of the fifth consecutive Annual General Meeting of the Company i.e. until the conclusion of the Sixty-seventh/Sixty-ninth Annual General Meetings of the Company respectively. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Upon completion of his term on December 31, 2014, the Board on the recommendation of the Remuneration & Nominations Committee, re-appointed Sri C. Bhaskar as Managing Director & Chief Executive Officer, for a period of three years w.e.f January 1, 2015. The Members of the Company at the Extraordinary General Meeting of the Company held on March 25, 2015 approved the aforesaid appointment and remuneration payable to Sri Bhaskar as Managing Director & Chief Executive Officer. Sri Satish Shah was during the year designated as the Chief Financial Officer of the Company under the provisions of the Act.

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

### SHARE CAPITAL

Pursuant to the approval of Members at the Extraordinary General Meeting held on March 25, 2015, the Company with a view to strengthen the long term resource base of the Company, including to meet working capital requirements, issued on Private Placement basis under Section 42 and other applicable provisions of the Act, 10,00,000 – 8% Non-Convertible Redeemable Preference Shares of Rs. 100/- each for cash at par against which 5,00,000 - 8% Non-Convertible Redeemable Preference Shares of Rs. 100/- each aggregating to Rs. 5 Crores were allotted in the first tranche before the year end. The funds received have been utilised for the aforesaid purpose. The said shares are redeemable at par at the end of 10 years from the date of allotment viz. March 27, 2015 or earlier at the option of the Company.

### STATUTORY INFORMATION AND OTHER MATTERS

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

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

The Board has, on the recommendation of the Remuneration & Nominations Committee, framed a Policy for appointment and remuneration of Directors and Senior Managerial Personnel as well as criteria for determining independence and other relevant matters (policy and criteria annexed herewith). Pursuant to the

provisions of the Act and Clause 49 of the Listing Agreement, the Board carried out annual evaluation of its performance, and of individual Directors (including independent) as well as the evaluation of its Audit, Remuneration and Nominations, and Stakeholders Relationship Committees. The concerned Director did not participate in the meeting while being evaluated. A questionnaire was circulated to all the Directors. The Remuneration and Nominations Committee also evaluated the performance of every Director. The evaluation of the Chairman of the Board and the non-independent Directors was also carried out at the separate meeting of the Independent Directors.

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

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

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

The Company has no subsidiary, joint venture or associate company. The Company has not invited/accepted any Fixed Deposits under Chapter V of the Act and there are none outstanding on March 31, 2015. The Company has not granted any loan or issued any guarantee or made any investment to which the provisions of Section 186 of the Act apply.

All transactions with related parties during the year were in the ordinary course of business on an arm's length basis. There are no such material transactions entered into by the Company which may have a potential conflict of interest with that of the Company and to which Section 188(1) of the Act applies and thus, disclosure in Form AOC-2 is not required to be annexed. In accordance with the provisions of the Act and Clause 49 of the Listing Agreement, all Related Party Transactions are placed before the Audit Committee for approval or for omnibus approval as necessary. The statement of all such transactions entered into is placed before the said Committee for their review. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link <http://digjam.co.in/pdf/RPTpolicy.pdf>

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

The Audit Committee constituted by the Company meets the requirement of Section 177 of the Act and Clause 49 of the Listing Agreement; details of its composition are furnished in the Corporate Governance Report. There was no instance during the year where the Board had not accepted any recommendation of the Audit Committee.

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

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

Information required pursuant to Section 197 of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed.

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

The Managing Director & Chief Executive Officer and the Chief Financial Officer have certified as per the requirements of Clause 49(IX) of the Listing Agreement which has been reviewed by the Audit Committee and taken on record by the Board. Having taken reasonable and bonafide care pursuant to Section 134(5) of the Act, the Directors indicate that (a) in the preparation of annual accounts, the applicable Accounting Standards had been followed alongwith proper explanations relating to material departures; (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year; (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; (d) the Directors have prepared the annual accounts on a going concern basis; (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### AUDITORS' OBSERVATIONS

The observations of the Auditors regarding advances towards building are explained in the Note No. 12 to the Accounts; necessary legal steps have been initiated by the Company to get possession of the said building/recovery of amounts paid along with interest, and the advances are considered good. NSE had advised the Company, based on recommendation of the Qualified Audit Review Committee of SEBI, to suitably rectify the qualification in this regard and the Company had responded to the same. The matter is sub-judice and the arbitration is presently at the stage of final arguments; the Company continues to take appropriate steps based on professional/legal advice.

### AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, had been appointed as the Statutory Auditors of the Company at the Sixty-fourth Annual General Meeting held on September 5, 2014 to hold office until the conclusion of the Sixty-seventh Annual General Meeting of the Company i.e. for a term of three years. As provided



in Section 139 of the Act, the said appointment is being placed for ratification at the forthcoming Annual General Meeting.

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, 2014 and the Cost Audit Report for the said year had been e-filed in the XBRL format by the Cost Auditor on September 3, 2014, well within the due date. Further, the Board has, on the recommendation of the Audit Committee, appointed the said Cost Accountants for audit of cost records of the Company for the year ending March 31, 2016. In terms of Section 148(3) of the Act, the remuneration payable to them is required to be approved at the forthcoming Annual General Meeting.

Pursuant to the provisions of Section 204 of the Act, the Company had appointed Sri Viral Sanghavi (Proprietor: Viral Sanghavi &

Associates), Practising Company Secretary, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is attached herewith.

#### ACKNOWLEDGEMENTS

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

**For and on behalf of the Board**

New Delhi  
May 30, 2015

**Sidharth Birla**  
Chairman

#### REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

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

#### THE BOARD OF DIRECTORS

The Board presently consists of 8 Directors, of whom 4 are independent and 7 are non-executive. Current regulations require that the Company should have at least one Woman Director and that, if the non-executive chairman is from the promoter group at least 50% of the Directors should be independent; these criteria are met. Independent Directors play an important role in deliberations at the Board level, bring with them their extensive experience in various fields including banking, finance, law, administration and policy, and contribute significantly to Board committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broader perspective, by ensuring that the interests of all stakeholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. Our Board has 4 independent Directors viz. Sri A.C. Mukherji (ex-CMD of New India Assurance Co.), Sri G. Momen (Businessman of repute), Sri S. Ragothaman (Company Director, formerly senior official at ICICI) and Sri Bharat Anand (Advocate & Solicitor and partner of Khaitan & Co. LLP).

Independent Directors are given a formal letter of appointment (copy available on Company's website) which, inter alia, explains their role, function, duties and responsibilities. The Company has drawn up a Familiarization Programme for Independent Directors with a view to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of industry in which the company operates, business model of the company etc. (weblink: <http://digjam.co.in/Pdf/FamProgID.pdf>). The Remuneration & Nominations Committee has laid down the criteria for performance evaluation of Independent Directors and such evaluation is 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 done by the Independent Directors as per relevant regulations.

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

Director	Category*	Board attendance **	Attendance at last AGM	B/C/Ch+	Sitting Fees Paid Rs.	Shares held as on March 31, 2015
Sri Sidharth Birla	P	5/5	No	5/-	1,40,000	50,000
Sri Bharat Anand	I	2/5	No	1/1/-	75,000	—
Smt. Meenakshi Bangur	P	3/5	No	1/-	75,000	324
Sri G. Momen	I	4/5	No	8/4/1	2,05,000	—
Sri A.C. Mukherji	I	4/5	No	4/3/2	2,35,000	116
Sri S. Ragothaman	I	3/5	Yes	9/5/3	1,65,000	25,723
Sri C. L. Rathi	NE	5/5	No	2/1/1	1,45,000	—
Sri C. Bhaskar	E	5/5	Yes	4/2/-	—	2,100

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

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

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

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

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

### RESPONSIBILITIES

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

The respective roles of the Board and the Management are clearly demarcated. The Management is required to (a) provide necessary inputs and basis to support the Board in its decision making process in respect of the Company's strategy, policies, performance targets and code of conduct (b) manage day-to-day affairs of the Company to best achieve targets and goals approved by the Board (c) implement all policies and the code of conduct, as approved by the Board (d) provide timely, accurate, substantive and material information, including on all financial matters and exceptions, if any, to the Board and/or its Committees (e) be responsible for ensuring strict and faithful compliance with all applicable laws and regulations and (f) implement sound, effective internal control systems and the Risk Management Procedure framed by the Board. The Board requires that the organization conducts business and develops relationships in an honest and responsible manner. To establish a policy framework to promote and adhere to the spirit, a Code of Conduct for all employees of the Company has been instituted and the Board has adopted a Business Code of Conduct for Directors and Senior Executives. In accordance with the requirements, the Board has laid down the Whistle Blower Policy and Policy for Prevention of Sexual Harassment at Work place. The Board has also laid down the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as well as the Code of Conduct to Regulate, Monitor and Report Trading by Employees & other Connected Persons under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The overall management of the Company is vested in the Managing Director, subject to general supervision, control and direction of the Board. Sri C. Bhaskar who was re-appointed with effect from January 1, 2015 as the Managing Director & Chief Executive Officer of the Company holds the qualifications of B. Tech (Chem.), PGDM (IIM-Cal) MIMA, FIPI and has about 36 years of consultancy

and industrial experience. The day-to-day working of the plant at Jamnagar is looked after by experienced officers reporting to the President & Chief Operating Officer, who is responsible for the overall operations of the plant and reports to the Managing Director & Chief Executive Officer. The Assistant Vice President & Chief Financial Officer heads the finance function discharging the responsibility entrusted to him under regulations and by the Board. They are collectively entrusted with ensuring that all management functions are carried out effectively and professionally.

### BOARD MEETINGS AND COMMITTEES

Board Meetings are held at varying locations and are usually scheduled in advance. The Board generally meets at least once a quarter to, *inter-alia*, review all relevant matters and approve the quarterly financial results. Independent Directors are required to meet at least once a year without the presence of non-independent directors and the management to, inter alia, discuss prescribed matters. The Board sometimes meets on an ad-hoc basis to receive presentations about and deliberate upon the strategic and operational plans of the management. The Agenda for meetings is prepared by the Company Secretary, in consultation with the Chairman and papers are circulated to all Directors in advance. Directors have access to the Company Secretary's support and all information of the Company and are free to suggest inclusion of any relevant matter in the Agenda. Senior Officers are called to provide clarifications and make presentations whenever required. The Board met 5 times on May 8, July 30, November 6, 2014, January 31 & February 25, 2015. To enable fuller attention to the affairs of the Company, the Board delegates specified matters to its committees, which also prepare groundwork for decision-making and reports to the Board. However, no matter is left to the final decision of any committee, which under law or the Articles may not be delegated by the Board or may require its explicit approval.

Independent Directors separately met on January 31, 2015 to, inter alia, discuss matters prescribed under Company Law and Clause 49 of the Listing Agreement. The meeting was attended by Sri A.C. Mukherji, Sri S. Ragothaman and Sri G. Momen and leave of absence was granted to Sri Bharat Anand.

### Audit Committee

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