



# DIGJAM LIMITED

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Sri S. K. Birla  
*Chairman Emeritus*

## **Board of Directors**

Sri Sidharth Birla  
*Chairman*

Sri Bharat Anand

Ms. Meenakshi Birla

Sri S. Ragothaman

Sri Kishor Shah

Sri C. Bhaskar  
*Managing Director & Chief Executive Officer*

## **Company Secretary**

Sri Jatin Jain

## **Senior Executives**

Sri Arvind Kumar Upadhyay  
*President & Chief Operating Officer*

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

Sri Satish Shah  
*Vice President & Chief Financial Officer*

Sri Ajay Agarwal  
*Vice President (Materials & Admin.)*

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

## **Registered Office & Mills**

Aerodrome Road,  
Jamnagar 361 006, Gujarat

Tel.: +91-288-2712972/3

Fax: +91-288-2712991

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

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

## **Corporate Identity Number**

L17123GJ2015PLC083569

## **Registrars & Share Transfer Agents**

MCS Share Transfer Agent Ltd.

12/1/5, Manoharpukur Road,  
Kolkata 700 026

## **Auditors**

M/s Deloitte Haskins & Sells LLP

19th Floor, Shapath - V,

S. G. Highway,

Ahmedabad 380 015

**NOTICE TO THE MEMBERS**

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

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

**Special Business**

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

**3. AS AN ORDINARY RESOLUTION**

**"RESOLVED** that pursuant to Section 148 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act read with the relevant Rules thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of remuneration of Rs. 1,00,000/- (Rupees One Lac only) plus applicable taxes and reimbursement of out of pocket expenses to M/s N.D. Birla & Co., Cost Accountants, Ahmedabad (Firm Registration No. 28) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year ending on March 31, 2019."

**4. AS A SPECIAL RESOLUTION**

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

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

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

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

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

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

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

New Delhi

May 24, 2018

**BY ORDER OF THE BOARD**

**JATIN JAIN**

*Company Secretary*

**Registered Office:**

Aerodrome Road,

Jamnagar 361 006

(Gujarat)

CIN: L17123GJ2015PLC083569

e-mail: cosec@digjam.co.in

Tel.: +91-288-2712972/3

Fax: +91-288-2712991

website: www.digjam.co.in

**NOTES:**

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

## DIGJAM LIMITED

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

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

The facility for voting either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 3rd AGM and the Members attending the same shall be able to exercise their voting rights accordingly at the AGM provided they have not already cast their vote through remote e-voting. Such Members who have already voted through remote e-voting may attend the AGM but shall not be entitled to vote again thereat.
  - II. **The e-voting period commences on Tuesday, September 25, 2018 (9.00 a.m.) and ends on Thursday, September 27, 2018 (5.00 p.m.), both days inclusive.**

**During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 21, 2018, may cast their vote electronically.** The e-voting module shall be disabled by CDSL for voting thereafter.

- a. The shareholder should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- b. Click on "Shareholders/Members".
- c. Now, Enter your User ID:
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- d. Next enter the Image Verification as displayed and Click on Login.
- e. If you are holding shares in demat form and had logged on to [www.evotingindia.com](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 Resolutions.
- m. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.
- n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- o. You can also take a print of the vote cast by clicking on "Click here to print" option on the Voting page.
- p. If a Demat account holder has forgotten the changed login password then enter the User ID and image verification Code and click on Forgot Password & enter the details as prompted by the system.
- q. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Stores respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- r. Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](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.

- s. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](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: 1800-225533.

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

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

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

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

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

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

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

## DIGJAM LIMITED

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

Except for Ms. Meenakshi Birla and her father Sri Sidharth Birla and their relatives to the extent of their shareholding, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the aforesaid Resolution.

**Item No. 3:** The Board of Directors on the recommendation of the Audit Committee has appointed M/s N.D. Birla & Co., Cost Accountants, as the Cost Auditors for audit of cost accounting records of the Company for the financial year 2018-19 at a remuneration of Rs. 1,00,000/- (Rupees One Lac only) besides applicable taxes and reimbursement of out of pocket expenses. In terms of the provisions of Section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, the Members are required to ratify the remuneration payable to the Cost Auditors and accordingly, the consent of the Members of the Company is solicited for the remuneration as set out in the Resolution in Item no. 3 which is accordingly commended for approval by the Board of Directors.

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

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

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

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

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

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

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

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

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

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

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

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



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

## DIGJAM LIMITED

### Disclosures:

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

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

### Inspection of Documents

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

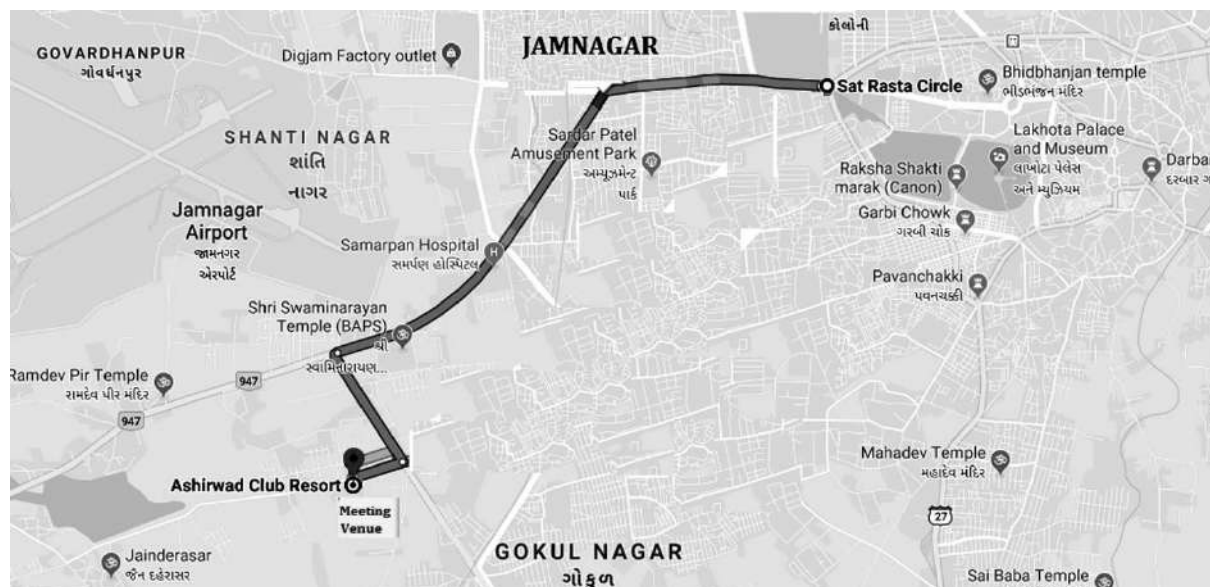
of the Company are open for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on any working day prior to the date of the Annual General Meeting.

New Delhi  
May 24, 2018

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

### BY ORDER OF THE BOARD

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





## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

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

### FINANCIAL RESULTS

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

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

The Directors do not recommend any dividend.

### REVIEW OF KEY BUSINESS MATTERS

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

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

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

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

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

### DIRECTORS & KEY MANAGERIAL PERSONNEL

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

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

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

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

### STATUTORY INFORMATION AND OTHER MATTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

## **AUDITORS' OBSERVATIONS**

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