

DIGJAM LIMITED

Secretarial Department:

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DIGJAM

February 05, 2020

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

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

Code No. 539979

Symbol "DIGJAMLTDD"

Dear Sir,

Sub: - Resignation of Statutory Auditors of the Company

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation") and in accordance with the requirements of SEBI Circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, this is to inform you that the Statutory Auditors of the Company viz. M/s Deloitte Haskins & Sells LLP, Chartered Accountants (FRN: 117366W/W-100018) have tendered their resignation from the position of the Statutory Auditors of the Company w.e.f. February 4, 2020 (intimation of resignation received by the Company on February 4, 2020).

Further, the information required from the Auditor in pursuance of SEBI Circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019 is enclosed herewith as Annexure A.

This is for information of all concerned.

Thanking you,

Yours faithfully,

For DIGJAM Limited

(Sunil Kumar Agarwal)

Resolution Professional
DIGJAM Limited (under CIRP)



Encl: As above

4th February, 2020

To,
Mr. Sunil Kumar Agarwal
Resolution Professional
Digjam Limited

Subject: Resignation as Statutory Auditors of Digjam Limited ("the Company")

We refer to our communication to you dated 18th January, 2020.

In view of the matters stated in the Disclaimer of Opinion on the financial statements of the Company for the year ended 31 March 2019 issued by us, some of the factors required to be evaluated by us, as per our Firm's policy for continuance of our engagement with the Company as the statutory auditors are not met.

Therefore, we hereby tender our resignation as statutory auditors of the Company with immediate effect.

Please find attached in Annexure A the information to be obtained by the Company from the auditors for the resignation as required by SEBI circular CIR/CFD/CMD1/114/2019 dated 18 October 2019.

Yours faithfully,

For **Deloitte Haskins & Sells LLP**,
Chartered Accountants

Deloitte Haskins & Sells LLP



Encl.: As above.

Annexure A

Format of information to be obtained from the Statutory Auditor upon resignation.

1.	Name of the listed entity / material subsidiary	Digjam Limited ("the Company")
2.	Details of the statutory auditor:	
	Name:	Deloitte Haskins & Sells LLP
	Address:	19 th Floor, Shapath V, S.G. Highway, Ahmedabad - 380015
	Phone number:	079-6682 7300
	Email:	kraval@deloitte.com
3.	Details of association with the listed entity/ material subsidiary:	
	(a) Date on which the statutory auditor was appointed:	Appointed as First Auditors of the Company by Board of Directors on July 13, 2015.
	(b) Date on which the term of the statutory auditor was scheduled to expire:	Conclusion of the Company's 6 th Annual General Meeting to be held in the year 2021
	(c) Prior to resignation, the latest audit report/limited review report submitted by the auditor and date of its submission	Statutory Audit Report for the year ended 31 st March, 2019 issued on February 4, 2020
4.	Detailed reasons for resignation.	Our audit report for the year ended 31st March 2019 issued to the Company included a "Disclaimer of Opinion" for the reasons stated therein. A copy of the said report is attached herewith for reference. As mentioned in our audit report on the financial statements of the Company for the year ended March 31, 2019, following are the matters based on which we have issued disclaimer of Opinion: 1. As referred in Note 5 to the financial statements, the Company's inventories as at March 31, 2019 are carried at Rs. 2,338.24 lacs, being the lower of cost or net realizable value based on management's estimates. We have not been able to obtain



sufficient appropriate audit evidence to test the methods and assumptions used by the Management in determining the net realisable values and therefore we are unable to conclude if the value of inventories is fairly stated in the financial statements.

2. As referred in Note 3A and 3B to the financial statements, as at 31st March, 2019, the carrying value of the Company's Property, Plant and Equipment and Intangible Assets are Rs. 17,078.60 and Rs. Rs. 5.37 lacs respectively. In accordance Ind AS 36 "Impairment of Assets", in view of the uncertainty of resumption of the Company's operations, the Management is required to make an assessment of impairment to the carrying value of its assets. Pending resolution of the Corporate Insolvency Resolution Process as referred in Note 33 of the financial statements, we have been informed that the Management has not performed an analysis to determine any impairment to the carrying value of these assets. Consequently we are unable to conclude if any impairment needs to be recognised to the carrying value of these assets and its consequential effects on the financial statements.
3. We refer to Note 6 of the financial statements. As stated in the Note, the Company has trade receivables amounting to Rs. 327 lacs as at March 31, 2019, (of which Rs. 187 lacs has been recovered/adjusted subsequently until the date of this report). In view of suspension of operations, uncertainty of resumption of future operations and absence of confirmations as at the year end, we have not been able to obtain sufficient appropriate audit evidence regarding the recoverability of the balance trade receivables of Rs. 172 lacs and therefore are unable to conclude on the reasonableness of the carrying value of the trade receivables and the consequential effects, if any, on the financial statements.



	4. We draw attention to Note 34 to the financial statements, which indicates that the Company's production has been suspended since October 2018, the Company has incurred a net loss of Rs. 4,333.59 lacs during the year ended 31 March 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 10,733.83 lacs. This indicates existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going-concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Note further refers to the current status of the Corporate Insolvency Resolution Process which is initiated subsequent to the year, and the basis for preparing the financial statements using the going concern assumption. Pending the completion of the Corporate Insolvency Resolution Process and in accordance with Insolvency and Bankruptcy Code 2016 ("Code") we have not been able to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of going concern assumption in the preparation of the financial statements. In view of the matters stated above, some of the factors required to be evaluated by us as per our Firms' policy for continuance of our engagement with the Company as the statutory auditors are not met. Therefore, we are unable to continue as auditors of the Company.
5. In case of any concerns, efforts made by the auditor prior to resignation (including approaching the Audit Committee/Board of Directors along with the date of communication made to the Audit Committee/Board of Directors)	Since the Company is in Corporate Insolvency Resolution Process, power of Audit Committee and Board of Directors are suspended and vests with Interim Resolution Professional / Resolution Professional. We have had several meetings with Mr. Parag Sheth, Interim Resolution Professional and Mr Satish Shah, CFO, between August 2019 till December 2019 and also a meeting with Mr. Sunil Agarwal, Resolution Professional to



		discuss the above matters and also to understand the progress on the proceedings in Corporate Insolvency Resolution Process at National Corporate Law Tribunal ("NCLT"). Committee of Creditors meeting held at UCO Bank premises of December 3, 2019, subsequently draft of our audit report was shared via email with IRP on December 18, 2019 and final draft (hard copy) of our audit report was shared with RP in our meeting held on January 9, 2020 at his office.
6.	In case the information requested by the auditor was not provided, then following shall be disclosed	
	(a) Whether the inability to obtain sufficient appropriate audit evidence was due to a management - imposed limitation or circumstances beyond the control of the management.	Yes. Subsequent to March 31, 2019, based on a petition filed by an operational creditor, a Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code 2016 ("Code") has been initiated for the Company vide Order dated April 26, 2019 of the NCLT. Pending the completion of the Corporate Insolvency Resolution Process and in accordance with Insolvency and Bankruptcy Code 2016 ("Code"), (i) management has not performed impairment assessment of the carrying value of Property, Plant and Equipment and Intangible assets in accordance with Ind AS 36 "Impairment of Assets", (ii) we have not been able to obtain sufficient appropriate audit evidence to test the methods and assumptions used by the management in determining the net realisable value of Inventories, (iii) we have not been able to obtain sufficient appropriate audit evidence regarding the recoverability of the outstanding net trade receivables, and (iv) detailed assessment for use of going concern assumption for preparation of financial statements.
	(b) Whether the lack of information would have significant impact on the financial statements/results.	Yes – the outcome of the assessment of impairment to the carrying value of its Property, Plant and Equipment and Intangibles, net realisable value of inventories, the recoverability of trade receivables and use of going concern assessment have a significant impact on the financial statements / results.
	(c) Whether the auditor has performed alternative procedures to obtain appropriate evidence for the purposes of audit/limited review as laid down in SA 705 (Revised)	NA



Deloitte Haskins & Sells LLP

	(d) Whether the lack of information was prevalent in the previous reported financial statements/results. If yes, on what basis the previous audit/limited review reports were issued	No.
7.	Any other facts relevant to the resignation:	None.

Declaration

1. We hereby confirm that the information given in this letter and its attachments is correct and complete.
2. We hereby confirm that there is no other material reason other than those provided above for my resignation/ resignation of my firm.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

Kartikeya Raval

Kartikeya Raval
(Partner)

Encl:



Encl:

1. Audit Report for the year ended March 31, 2019
2. Limited review reports for the quarter and period ended June 30, 2018, September 30, 2018 and December 31, 2018
3. Communication to the RP for our intention to resign as Auditors of the Company.