

DIGJAM LIMITED

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DIGJAM

August 24, 2020

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

Symbol "DIGJAMLTDD"

Dear Sir,

Sub: - Non-submission of Statement of Modified Opinion with the Financial Results for the year ended March 31, 2020

This refers to your email dated August 24, 2020 in respect of non-submission of Statement of Modified Opinion with the Financial Results (Quick Results) for the year ended March 31, 2020 submitted on July 30, 2020.

Your kind attention is drawn to page nos. 11 to 14 of our disclosure which was submitted to NSE on dated July 30, 2020 at 15:55:51 regarding 'Financial Results updates' which already contains 'Statement of Impact of Audit Qualification (for audit report with modified opinion) submitted alongwith the Annual Audited Financial Results'.

Further, as far as signatories in the aforesaid 'Statement of Impact of Audit Qualification' is concerned, it may kindly be noted that as per the Resolution Plan approved by the Hon'ble NCLT, Ahmedabad vide its Order dated May 27, 2020, during the Interim Period i.e. 180 days from the approval of the Resolution Plan, all the decisions which could otherwise have been taken by the Company's Board shall be taken by the Monitoring Committee. Hence, Sri Sunil Kumar Agarwal, the Chairman of the Monitoring Committee has signed the same.

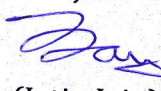
Further, as on date of signing of the aforesaid statement, there was no MD, CFO and Audit Committee Chairman and hence, only Company Secretary and Statutory Auditors have signed the same. A copy of the submitted 'Statement of Impact of Audit Qualification' is attached herewith for your kind reference.

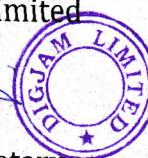
We request you to kindly take the same into your consideration and remove the aforesaid query from your records.

A line in confirmation from your end will highly oblige.

Thanking you,

Yours faithfully,
For DIGJAM Limited


(Jatin Jain)
Company Secretary



ANNEXURE I**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in lacs)
	1.	Turnover / Total Income	88.84	88.84
	2.	Total Expenditure	1,847.39	Not quantifiable
	3.	Net Profit / (Loss)	(1,758.55)	Not quantifiable
	4.	Earnings Per Share	(2.01)	Not quantifiable
	5.	Total Assets	19,397.00	Not quantifiable
	6.	Total Liabilities	18,245.14	Not quantifiable
	7.	Net Worth	1,151.86	Not quantifiable
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.a Audit Qualification (each audit qualification separately):				
	a.	Details of Audit Qualification: As per Note 3A, 3B and 38 of the financial statements, the carrying value of the Company's Property, Plant and Equipment and Intangible Assets are Rs. 16,817 lacs and Rs. 2.95 lacs respectively. In accordance with Ind AS-36 "Impairment of Assets", an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired, if such indication exists, the entity shall estimate the recoverable amount of the asset. 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 Corporate Insolvency Resolution Process ("CIRP") at the year end, we have been informed that the Management has not performed an assessment to determine any impairment to the carrying value of these assets. Consequently, we are unable to conclude if any impairment needs to be recognized to the carrying value of these assets and its consequential effects on the financial statements.		
	b.	Type of audit Qualification: Disclaimer of opinion		
	c.	Frequency of qualification: Second time		
	d.	For Audit Qualification(s) where impact is quantified by the auditor, Management's views: Not Quantified by the Auditor		
	e.	For Audit Qualification(s) where impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of qualification: NA		
	(ii)	If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.		



	(iii) Auditors comment on (i) and (ii) above: Refer section II.a (a) above
II.b	Audit Qualification (each audit qualification separately):
a.	Details of Audit Qualification: <p>As referred in Note 5 and Note 36 to the financial statements, the company's inventories as at 31st March, 2020 are carried at Rs. 2216.43 lacs, being the lower of cost and net realizable value based on management/Resolution Professional's estimates. Amid Covid-19 it was impracticable for us to attend the management's physical inventory count that was carried out at the year end, also even after performing alternative audit procedures we have not been able to obtain sufficient and appropriate audit evidence to test the methods and assumptions used by the management in determining the net realizable values and therefore we are unable to conclude if the value of inventories is fairly stated in the financial statements.</p>
b.	Type of audit Qualification: Disclaimer of opinion
c.	Frequency of qualification: Second time
d.	For Audit Qualification(s) where impact is quantified by the auditor, Management's views: <p>Not Quantified by the Auditor</p>
e.	For Audit Qualification(s) where impact is not quantified by the auditor:
	(i) Management's estimation on the impact of qualification: NA
	(ii) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year
	(iii) Auditors comment on (i) and (ii) above: Refer section II.b (a) above
II.c	Audit Qualification (each audit qualification separately):
a.	Details of Audit Qualification: <p>We draw attention to Note 34 and Note 40 to the financial statements, which indicate that the company's production has been suspended since October 2018. The company has incurred a net loss of Rs. 1,744.68 lacs during the year ended 31st March, 2020 and, as of that date, the company's current liabilities exceeded its current assets by Rs. 12,185.11 lacs. The Note further refers to the current status of the Corporate Insolvency Resolution Process which is initiated on 28th April, 2019 and the resolution plan was approved by NCLT subsequent to the year end on 27th May, 2020, pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.</p> <p>However the resolution plan is yet to be implemented till the date of audit report. 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 realize its assets and discharge its liabilities in the normal course of business.</p>
b.	Type of audit Qualification: Disclaimer of opinion
c.	Frequency of qualification: Second time
d.	For Audit Qualification(s) where impact is quantified by the auditor, Management's views: <p>Not Quantified by the Auditor</p>
e.	For Audit Qualification(s) where impact is not quantified by the auditor:



	(i) Management's estimation on the impact of qualification: NA
	(ii) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.
	(iii) Auditors comment on (i) and (ii) above: Refer section II.c (a) above
II.d	Audit Qualification (each audit qualification separately):
a.	Details of Audit Qualification: We draw attention to Note 6 to the financial statements. As stated in the Note, the company has trade receivable amounting to Rs. 181.14 lacs as at 31st March, 2020. In view of suspension of operations since a long period, uncertainty of resumption of future operations and absence of confirmation as at the year end, we have not been able to obtain sufficient and appropriate audit evidence regarding the recoverability of the balance trade receivables of Rs. 181.14 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.
b.	Type of audit Qualification: Disclaimer of opinion
c.	Frequency of qualification: Second time
d.	For Audit Qualification(s) where impact is quantified by the auditor, Management's views: Not Quantified by the Auditor
e.	For Audit Qualification(s) where impact is not quantified by the auditor:
	(i) Management's estimation on the impact of qualification: NA
	(ii) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.
	(iii) Auditors comment on (i) and (ii) above: Refer section II.d (a) above
II.e	Audit Qualification (each audit qualification separately):
a.	Details of Audit Qualification: We draw attention to Note 37 to the financial statements, the Company has not provided for the Interest on borrowings, inter corporate deposits and interest payable to MSME after 26th April, 2019 in the view of Moratorium as per Section 14 of the Code. The same is not in compliance with Ind AS - 23 "Borrowing Costs". Had the provision for interest been recognized, finance cost and total expenses, would have been higher, consequently, Loss and total comprehensive Loss would have been higher. It would further affect the other financial liability and other equity. We are unable to conclude the amount of consequential effects, if any, on the financial statements.
b.	Type of audit Qualification: Disclaimer of opinion
c.	Frequency of qualification: First time
d.	For Audit Qualification(s) where impact is quantified by the auditor, Management's views: Not Quantified by the Auditor
e.	For Audit Qualification(s) where impact is not quantified by the auditor:

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	(I) Management's estimation on the impact of qualification: NA
	(II) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company was under IBC and CIRP has been initiated during the year under review.
	(iii) Auditors comment on (I) and (II) above: Refer section II.e (a) above
III.	Signatories:
	<div> <p>Sunil Kumar Agarwal On behalf of the Monitoring Committee Place: Ahmedabad Dated: July 30, 2020</p> </div> <div>  </div>
	<div> <p>Jatin Jain Company Secretary Place: Jamnagar Dated: July 30, 2020</p> </div> <div>  </div>
	<div> <p>Sarvesh Kumar Bajpai Partner S.K. Bajpai & Company Statutory Auditors Place: Agra Dated: July 30, 2020</p> </div> <div>   </div>