

AMBIKA COTTON MILLS LIMITED

**ANNUAL REPORT
2013 - 2014**

AMBIKA COTTON MILLS LIMITED

CIN No.L17115TZ1988PLC002269

website - www.acmills.in, Email -id - ambika@acmills.in

ANNUAL REPORT 2013 - 2014

BOARD OF DIRECTORS

Sri. P.V. Chandran
Sri. K.N. Sreedharan
Dr. K. Venkatachalam
Sri. R. Soundararaja Perumal
Mrs. Bhavya Chandran
Sri. G. Udayakumar (Nominee
Director of IDBI Bank Ltd.)
Mrs. Vidya Jyothish Pillai

REGISTERED OFFICE

9A, Valluvar Street
Sivanandha Colony
Coimbatore - 641 012.

PLANT

Kanniyapuram
Dindigul

AUDITORS

L. Venkatasubbu & Co.,
Chartered Accountants,
Coimbatore

BANKERS

IDBI Bank Ltd.
The Bank of Nova Scotia
Bank of Baroda
Corporation Bank
Axis Bank Ltd.

AMBIKA COTTON MILLS LIMITED

Registered Office: No .9 A , Valluvar street, Sivanandha Colony, Coimbatore.

CIN No.L17115TZ1988PLC002269

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DIRECTORS' REPORT

Your directors have great pleasure in submitting the Twenty Sixth Annual Report together with the audited accounts for the year ended 31st March 2014

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2014 are furnished below :

	CURRENT YEAR 2014 Rs.	PREVIOUS YEAR 2013 Rs.
Sales & Other Income	4770831958	3980542390
Profit Before Finance Cost and Depreciation	1033063175	868785478
Less: Finance Cost	120261790	187886952
Gross Profit For the Year	912801385	680898526
Less : Depreciation	316237718	274332117
Profit before Tax	596563667	406566409
Less : Tax Expense	115184093	96725946
Profit after Tax	481379574	309840463
Add: Surplus in Statement of Profit and Loss	779880500	634906720
	1261260074	944747183
Less: Appropriation		
Transfer to General Reserve	100000000	100000000
Proposed Dividend on Equity Shares	73437500	55812500
Dividend Tax	12480703	9054183
Prior Period Dividend & Dividend Tax	453	0
Surplus Carried over in Statement of Profit and Loss	1075341418	779880500

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

DIVIDEND

The directors are pleased to recommend a dividend of 125% (Rs.12.50/- per share) for the year ended 31st March 2014 for your approval. The outflow on account of Equity Dividend would be Rs.734.37 Lakh (Previous year Rs.558.13 Lakh) and dividend tax Rs.124.81 Lakh (Previous year Rs.90.54 Lakh). The total payout will be Rs.859.18 Lakh (Previous year Rs.648.67 Lakh). The payout ratio for the year works out to 15.26% as compared to 18.01% (exclusive of dividend tax) on the basis of PAT of FY 2014 & 2013.

OPERATIONS:

The Company's Total Income and Gross profit amounted to Rs.47708 Lakh (Previous year Rs.39805 Lakh) and Rs.9128 Lakh (Previous year Rs.6809 Lakh). This represents growth in total income of 19.85% as compared to 2.03% in the previous year and growth in Gross Profit of 34.06% as against 15.50% in the previous year.

For the year Company's Direct Export Turnover amounted to Rs.29582 Lakh as compared to Rs.24475 Lakh in the previous year representing a growth of 20.87% (Previous Year 6.80 %). In terms of percentage the export turnover constituted 64.38% of the net sales as against 63.57% in the previous year.

The Company's constant focus on speciality yarn and versatile product mix, catering to the market leaders both in the domestic market and as well as in the international market, differing from majority yarn producers, has largely contributed to the overall improved financial performance of the company.

The Company has invested so far as upto 31.03.2014 Rs.22.30 Crores towards modernization of its Unit - I and implemented EHT facility (110 KVA Sub-Station) at a cost of Rs. 6.49 Crores ensuring dedicated electric supply exclusively to support the operations of Unit - II, III & IV within the factory premises of the company. Further the company has prepaid Rs.16.80 Crores of Term loans in the current year, thereby reducing the high cost term loans and the remaining term loans are covered under Technology Upgradation Fund Scheme(TUFS). All the investments and prepayment of Term loans are out of Company's internal accruals.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report covering matters listed in Clause 49 of the Listing Agreement for the year under review is given as a separate statement in the Annual Report.

DEPOSITS:

The Company has not accepted any deposits from the public.

DIRECTORS:

In compliance with the requirements of the Companies Act, 2013 and Listing Agreement, Independent Directors Sri K.N.Sreedharan, Sri K.Venkatachalam and Sri R.Soundararaja Perumal are appointed to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting and are not liable to retire by rotation.

Mrs.Vidya Jyothish Pillai, Director retires by rotation and being eligible offers herself for re-appointment.

The notice convening the AGM includes the proposal / re- appointment of Directors

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

AUDITORS:

The Auditors, M/s L.Venkatasubbu & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting . As per the provisions of the Companies Act, 2013, they are eligible to be appointed for a maximum further period of three years . Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013 and further submitted the Peer Review Certificate dt: 13.11.2013 issued to them by Institute of Chartered Accountants of India (ICAI). The Board recommends the appointment of L.Venkatasubbu & Co, Chartered Accountants, as auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

COST AUDIT:

The company's cost records are audited by Mr.G.Sivagurunathan, Cost Accountant, Coimbatore for the financial year ended 31.03.2013 and in respect of the same has submitted his report to the Central Government on 20.08.2013. He was re-appointed to conduct cost audit of cost records of the company for the financial year 2013-14.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act 1956, your directors state that: -

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Company has selected such accounting policies, applied them consistently, made judgments 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 financial year and of the profit of the company for that year.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Company has prepared the attached annual statement of accounts for the year ended 31st March 2014, on a going concern basis.

PARTICULARS OF EMPLOYEES:

The statement relating to the employees who have drawn remuneration of the category specified in Section 217(2A) of the Companies Act, 1956 is enclosed herewith.

DISCLOSURES OF PARTICULARS:

Particulars relating to conservation of energy, Technology absorption, Foreign Exchange Earning and outgo pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are set out separately and form part of this report.

By order of the Board

Sd/-

(P.V.CHANDRAN)

Chairman and Managing Director

DATE : 09.08.2014

PLACE : Coimbatore

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE I

Particulars pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988.

A. CONSERVATION OF ENERGY

- a) Energy Conservation measures taken: Usage of Energy is constantly monitored and the need to conserve the same is emphasized.
- b) Additional Investments and proposals being Implemented for reduction of consumption of Energy: The Company has installed 27.4 MW of wind energy capacity for captive consumption. This would meet 100% power requirement of the spinning segment.
- c) Impact of measures (a) & (b) above for reduction of Energy Consumption and consequent impact on cost of production.
 - i) substantial savings in energy cost.
 - ii) The consumption of energy has been closely monitored and as a result wastage is avoided.
 - iii) Efficiency of the Internal Generation of Electricity is maintained.
- d) Total energy consumption and energy consumption per unit of production as prescribed in Form A:

	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
1. ELECTRICITY:		
a. Purchased:		
Units (in Lakhs)	168.73	120.12
Total Amount (Rs. in Lakhs)	1097.93	858.91
Rate per Unit (Excluding Demand charges & other cost)	6.51	7.15
b. Own Generation:		
1. Through Diesel Generator:		
Units (in Lakhs)	11.78	27.78
Units per litre of Diesel Oil	3.65	3.69
Rate per Unit	14.34	10.44
2. Wind Energy (Units)	469.06	472.64
3. Coal	Nil	Nil
4. Furnace Oil	Nil	Nil
5. Others/Internal Generation	Nil	Nil
c. Consumption per unit of Production (Electricity Units per Kg)	4.79	4.92
d. Technology Absorption:	Indigenous Technology alone is used, Knowhow acquired for manufacture a different speciality yarn and absorbed	
e. Foreign Exchange Earnings (Rs. In Lakhs)	29582	24475
Foreign Exchange Outgo (Rs. In Lakhs)	29776	16033

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT (Contd.,)

ANNEXURE II

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2014.

Name	Age (years)	Designation/ Nature of duties	Remuneration including commission (Rs in Lakh)	Experience (Years)	Date of Joining	Last Employment/ Designation/ Period
P.V. Chandran	64	Chairman and Managing Director/ Overall Management of the Company	143.00	42	06.10.1988	-

By order of the Board

Sd/-

(P.V.CHANDRAN)

Chairman and Managing Director

DATE : 09.08.2014
PLACE : Coimbatore

AMBIKA COTTON MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall Review

In Fiscal 2013-14, the global economic condition remained weak and uncertain . The macro economic situation was bleak and witnessed inflationary pressure. The Indian rupee witnessed high volatility depreciating against USD and causing substantial economic losses. The slide was mainly caused on account of slowing down of economic decisions by the Government. Further the global environment also remained subdued.

2. Industry Outlook

The demand for Cotton Yarn was consistent throughout the year and the trend is expected to remain for the current year . The Company's focus is to continue to manufacture speciality Cotton Yarn to derive the optimum use of production facilities created.

3. Opportunities

The Company by concentrating and focusing on manufacture of speciality yarn has created specific markets for its products and continued good demand for its products ensures sustained profitable operations.

4. Challenges

- (i) Good economic environment
- (ii) Freeing of Government regulatory controls with regard to exports

5. Company Outlook.

Despite the adverse economic scenario the Company continues to have good demand for its products and further strengthened its production base by modernizing one of its units and installed EHT line (110 KVA Sub-Station) for smooth flow of quality power. These measures will continue to support the operations of the company.

6. Risks and Concerns

The continued policy of Government controlling free exports and volatile economic environment have a bearing on the overall performance of the company.

AMBIKA COTTON MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.,)

7. Discussion on Financial Performance with Respect to Overall Performance

The key financial data are furnished below for the current year as compared to the previous year

	Current Year	Previous Year
	2014	2013
	Rs.	Rs.
1. Increase in Net Sales (Rs. in Lakh)	7451	914
2. Increase in Net Sales (%)	19.35	2.43
3. Increase in Exports (Rs. in Lakh)	5108	1559
4. Increase in Exports (%)	20.87	6.80
5. Operating Profit Margin before Tax(%)	22.48	22.57
6. Operating Profit Margin after Tax (%)	19.97	20.05
7. Cash Profit Margin before Tax (%)	19.86	17.69
8. Cash Profit Margin after Tax (%)	17.36	15.17
9. Net Profit Margin before Tax (%)	12.98	10.56
10. Net Profit Margin after Tax (%)	10.48	8.05

*Profit Margin calculations are on the basis of Net Sales

8. Internal control, systems and adequacy.

The Company has put in place effective control systems in respect of all its operations and such systems are continuously reviewed and upgraded.

9. Human Resources Development

The Company places its utmost value on the human resource and contribution from the employees is always fine-tuned towards to achieve the overall organisation performance by constant education, training and various incentive schemes, which are in vogue.

10. Safety and Environment

The Company ensures high safety and environmental standards in all its operations at all the units. Safety needs are continuously monitored and preventive actions are initiated through departmental safety committees consisting of plant staff and workmen.

11. Cautionary Statement

Certain Statements in this report on Management's Discussion may be forward looking statements and which have been issued as required by applicable Securities Laws and Regulations. There are several factors which would be beyond the control of Management and as such, may affect the actual results which could be different from that envisaged.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT

1. Brief statement on Company's philosophy on code on Governance:

The Corporate Governance Policy of the Company is to ensure transparency, accountability and integrity in all its operations and in respect of all matters concerned with shareholders, employees, the Government and the financial institutions / banks and a consistent effort to broad base and improves upon these aspects on continuous basis.

2. Board of Directors

The Board consists of 7 Directors and the details are given below –

Name of the Director	Executive/Non Executive / Independent	No. of outside Directorship in Public Limited Companies	Membership held in Committee of Directors	Chairmanship held in Committee of Directors
Sri. P.V. Chandran	Chairman and Managing Director (Promoter & Executive)	Nil	Nil	Nil
Sri. K.N. Sreedharan	Director (Non Executive and Independent)	1	1	1
Dr. K. Venkatachalam	Director (Non Executive and Independent)	1	1	Nil
Sri R.Soundararaja Perumal	Director (Non Executive and Independent)	Nil	Nil	Nil
Mrs. Bhavya Chandran	Director (Promoter Group)	Nil	Nil	Nil
Mrs.Vidya Jyothish Pillai	Director (Promoter Group)	Nil	Nil	Nil
Sri. G. Udayakumar	Director, (Nominee representing IDBI Bank LTD.)	Nil	Nil	Nil

This does not include Membership / Chairmanship of Committee of Directors of Ambika Cotton Mills Limited.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

3. (A) Number of Board Meetings and Attendance Record of Directors:

Number of Board Meetings held during 2013-2014: 4			
S.No.	Date of Board Meeting	S.No.	Date of Board Meeting
1.	30.05.2013	2.	07.08.2013
3.	26.10.2013	4.	01.02.2014

(B) Attendance Record of Directors:

S.No	Name of the Director	Number of Meetings held	Number of Meetings attended	Whether attended last AGM held on 27th September, 2013
1.	Sri. P.V. Chandran, Chairman and Managing Director	4	4	Yes
2.	Sri. K.N. Sreedharan, Director	4	4	Yes
3.	Dr.K.Venkatachalam, Director	4	4	Yes
4.	Sri.R.Soundararaja Perumal, Director	4	4	Yes
5.	Mrs. Bhavya Chandran, Director	4	3	No
6.	Sri.G.Udayakumar (Nominee Director, IDBI Bank Limited)	4	2	No
7.	Mrs. Vidya Jyothish Pillai, Director	4	3	No

4. Audit Committee:

The Audit Committee consists of Three Directors chaired by Sri. K.N. Sreedharan, a Chartered Accountant by profession, Dr.K.Venkatachalam, Sri R. Soundararaja Perumal.

Members' attendances at the meetings were as follows.

Name of the Directors	Category	No. of Meetings attended during the year 2013-14
Sri. K. N. Sreedharan	Independent / Non Executive	4
Dr. K.Venkatachalam	Independent / Non Executive	4
Sri. R. Soundararaja Perumal	Independent / Non Executive	4

During the year, the Audit Committee held its meetings on 30.05.2013, 07.08.2013, 26.10.2013 & 01.02.2014.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

5. Remuneration Committee:

The Remuneration Committee consists of Three Directors viz., Sri K.N. Sreedharan, Dr.K.Venkatachalam & Sri R.Soundararaja Perumal.

6. Shareholders Committee and Share Transfer System:

(A) The Share Transfer committee consists of the following Directors.

Name of the Directors	Category	No. of Meetings attended during the year 2013-14
Sri. P.V. Chandran	Promoter Director & Executive	5
Dr. K.Venkatachalam	Independent Director	5
Sri. R.Soundararaja Perumal	Independent Director	5

Shareholders complaints received during the year : Nil

(B) Share Transfer System :

Share Transfer Applications in respect of shares held in physical form are given effect after approval of the Share Transfer Committee.

7. Management Discussion and Analysis forms part of the Directors' Report:

8. General Body Meetings:

Location and time, where last three Annual General Meetings held

Year	Location	Date	Time
2011	Hotel Sree Annapoorna, 75 East Arokiyasamy Road R.S.Puram, Coimbatore - 641 002	27.09.2011	12 Noon
2012	Hotel Sree Annapoorna, 75 East Arokiyasamy Road, R.S.Puram, Coimbatore - 641 002	28.09.2012	12 Noon
2013	The Residency, 1076, Avinashi Road, Coimbatore - 641 018.	27.09.2013	12 Noon

All the Resolutions set out in the respective Notices were passed by the members. There were no resolutions put through by Postal Ballet last year.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

9. Any non-compliance, penalties or strictures imposed:

There has been no non-compliance by the Company nor were any penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets during the last three years.

10. Means of Communication:

Publications of Financial Results are generally made in dailies Business Line, Dinamani & Dinamalar.

11. General Information to Shareholders:

Annual General Meeting (AGM) Date, Time and Venue	Wednesday, 24 th September 2014 at 12.00 Noon at The Residency, 1076, Avinashi Road, Coimbatore – 641018.	
Financial Calendar (tentative) :		
Results for Quarter ending	June 30, 2014	2 nd Week of August, 2014
	September 30, 2014	2 nd Week of November, 2014
	December 31, 2014	2nd Week of February, 2015
	March 31, 2015	Last week of May 2015 (Audited).
	AGM	September 2015.
Date of Book Closure	17.09.2014 to 24.09.2014 (Both days inclusive) for Dividend. The dividend if declared will be paid to those members whose name appears in the Register of Members as on Tuesday, 16.09.2014 in respect of shares held in physical form and in respect of shares held in dematerialized form on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours on Tuesday 16.09.2014.	
Dividend Payment Date	Within thirty days from the date of AGM	
Listing on Stock Exchanges	Listed in National Stock Exchange, Bombay Stock Exchange, Annual Listing Fee has been paid to the Stock Exchanges.	
Stock Code	531978 (BSE) , AMBIKCO (NSE)	
Demat ISIN Number in NSDL & CDSL for Equity Shares	ISIN Number: INE540G01014.	

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

Stock Market Data :

Month	The Stock Exchange Mumbai (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
Apr-13	218.85	181.50	210.00	185.05
May-13	217.75	198.05	218.00	196.50
June-13	224.50	202.25	230.00	200.10
Jul-13	222.00	201.00	211.00	201.10
Aug-13	231.00	190.00	235.00	183.10
Sep-13	232.00	208.25	230.00	205.00
Oct-13	253.00	205.00	253.00	205.00
Nov-13	255.00	235.00	260.65	235.00
Dec-13	279.00	250.00	274.00	250.00
Jan-14	308.00	269.00	310.00	270.00
Feb-14	310.00	290.00	313.20	283.00
Mar-14	310.00	279.90	309.75	280.00

Registrar & Share Transfer Agents	SKDC Consultants Ltd., Kanapathy Towers, 3 rd Floor, 1391/ A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
Share Transfer System	Presently, the share transfers which are received in physical form are processed and the Share Certificates returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board of Directors of the Company have delegated powers of approving transfer of securities to the Company's Registrars and Transfer Agents subject to placing of summary statement of transfer/ transmission of securities etc. of the Company at meetings of the Share Transfer Committee. The Company has obtained and filed with the Stock Exchange(s) the half yearly certificates from a Company Secretary in practice for due compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange(s).

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

Pattern of Share Holding as on 31.03.2014

S.No.	Category	No. of Shares	% of Shareholding
1.	Promoters	2827000	48.119
2.	Banks, Financial Institutions, Mutual Funds	444101	7.559
3.	Foreign Institutional Investors / NRIs	14607	0.249
4.	Corporate Bodies	819879	13.955
5.	Public		
	1. Individuals (holding nominal share capital upto Rs.1.00 Lakh)	744149	12.667
	2. Individuals (Holding nominal share capital in excess of Rs.1.00 Lakh)	916928	15.607
6.	Any other (Specify)		
	a. Directors and their relatives	100	0.002
	b. Clearing Members	44665	0.760
	c. Hindu Undivided Families	63571	1.082
	Total	5875000	100.000

Distribution of Share Holding as on 31.03.2014				
No. of Equity shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 to 500	3094	89.47	317045	5.40
501 to 1000	152	4.40	124196	2.11
1001 to 2000	88	2.54	134018	2.28
2001 to 3000	34	0.98	88396	1.51
3001 to 4000	13	0.38	46118	0.78
4001 to 5000	12	0.35	56125	0.96
5001 to 10000	21	0.61	158315	2.69
10001 and above	44	1.27	4950787	84.27
Total	3458	100	5875000	100.00
Dematerialisation of Shares	98.692% of the Company's paid-up Equity Share Capital has been dematerialized up to March 31, 2014. Trading in Equity shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities & Exchange Board of India (SEBI).			
Liquidity	The Shares are actively traded in Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE)			
Outstanding GDR/ Warrants/Convertible Instruments	Nil			

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

Plant Location	The Company has four Units and its locations are given below:
	Unit-I-Natham Main Road, Kanniyapuram, Dindigul-624 308 Unit - II - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308 Unit - III - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - II). Unit - IV - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308 (Adjacent to Unit - III)
Investor Correspondence/ Query Information :	
For Transfer Shares	SKDC Consultants Ltd., Kanapathy Towers, 3 rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
Any other matter	Regd.Office: 9-A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012

12. Disclosure

1. Materially Significant related party transactions that may have potential conflict with the interest of the company: The Company do not have any such transactions.
2. Details of remuneration for the year ended 31.03.2014
 - (a) Non executive directors

S.No.	Name of the Director	Sitting Fees (Rs.)
1.	Sri.K.N. Sreedharan	120000
2.	Dr.K. Venkatachalam	120000
3.	Sri.R. Soundararaja Perumal	120000
4.	Vidya Jyothish Pillai	45000
5.	Sri.G.Udayakumar (Amount paid to IDBI Bank Limited)	30000
6.	Bhavya Chandran	60000
	Total	495000

(b) Chairman and Managing Director and Executive Director

Name of the Director	Salary (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Sri. P.V. Chandran	2400000	11900000	60000	14360000

3. Shares of the company held by non-executive directors: Dr. K.Venkatachalam holds 100 Shares of the company as on 31st March 2014.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

DECLARATION REGARDING COMPLIANCE BY BOARD OF DIRECTORS AND STAFF WITH THE COMPANY'S CODE OF CONDUCT.

This is to confirm that the Company has adopted a Code of Conduct for its Board and Staff of the Company and a declaration to the effect that the same have been complied with has been received from them in respect of the Financial Year Ended 31.03.2014.

Place : Coimbatore
Date : 09.08.2014

Sd/-
(P.V.CHANDRAN)
Chairman and Managing Director

COMPLIANCE CERTIFICATE FROM THE AUDITORS OF THE COMPANY

To the Members of Ambika Cotton Mills Limited

We have examined the compliance of conditions of Corporate Governance by Ambika Cotton Mills Limited (the company), for the year ended on 31st March 2014, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing agreement.

We state that in respect of investor grievance during the year ended 31st March, 2014, no grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholder's & Investor's Grievances Committee.

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

For L. VENKATASUBBU & CO.,
CHARTERED ACCOUNTANTS
FIRM REGN.No.004627s

Sd/-
(L.VENKATASUBBU)
PARTNER
MEMBERSHIP No : 019791

Place : Coimbatore
Date : 24.05.2014

AMBIKA COTTON MILLS LIMITED

INDEPENDENT AUDITORS' REPORT

To

The Members of Ambika Cotton Mills Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of Ambika Cotton Mills Limited (“the Company”) which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated:13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant of the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

AMBIKA COTTON MILLS LIMITED

INDEPENDENT AUDITORS' REPORT (Contd.,)

- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31 March, 2014
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss ,and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss , and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with General Circular 15/2013 dated 13 September 2013 , issued by the Ministry of Corporate Affairs , in respect of Section 133 of the Companies Act ,2013.;
 - e. On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For L. VENKATASUBBU & CO.,
CHARTERED ACCOUNTANTS
FIRM REGN.No.004627s

Sd/-

(L.VENKATASUBBU)

PARTNER

MEMBERSHIP No : 019791

DATE : 24.05.2014

PLACE : Coimbatore

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Re: Ambika Cotton Mills Limited ("the Company")

1. In respect of its fixed assets
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the Management during the year at reasonable intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories
 - a. As explained to us, inventories have been physically verified by the Management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records.
3. The Company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained U/s 301 of the Act, and hence Para 4(iii) of the Order is not applicable.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
5. According to the Information & Explanations given to us, there are no transaction in excess of Rs.5,00,000/- (Rupees Five Lakh only) in respect of any party which need to be entered in a Register in pursuance of Section 301 of the Act, and hence Para 4(v) of the Order is not applicable.
6. The Company has not accepted any deposits from the public .
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. The Central Government has prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.,)

9. According to the information and explanations given to us in respect of statutory and other dues:
- The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
 - No undisputed arrears of statutory dues were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
 - Disputed dues are as under

Name of the Statute	Nature of Demand	Amount Rs. in Lakhs	Period	Forum where dispute is pending
Income -Tax Act, 1961	Reopening of assessment	26.12	Assessment year 1998-99	Madras High Court,
Service Tax	Freight charges	4.80	From 16.11.1997 to 01.06.1998	CESTAT, Chennai
Customs Act	Interest for payment of duty	7.06	Assessment year 2005-06	CESTAT, Chennai
Central Excise	Demand for Used Spares on de-bonding	2.18	04.03.2005 (date of de-bonding)	CESTAT, Chennai
Service Tax	Payment of Foreign agents' Commission	2.96	From 18.04.2006 to 29.02.2008	CESTAT, Chennai
Central Excise	Modvat Credit	11.33	From 20.05.1999 to 06.08.1999	Madras High Court
Central Excise	Cenvat Credit of Excise Duty	33.80	From 07.12.2008 to 06.07.2009	CESTAT, Chennai
Central Excise	Cenvat Credit of Service Tax	28.90	From 01.10.2005 to 30.06.2006	Madras High Court
Customs Act	De-bonding of Unit-II from 100% EOU	312.23	Assessment year 2005-06	Madurai Bench of Madras High Court
Customs Act	De-bonding of Unit-II from 100% EOU	97.77	Assessment year 2005-06	Madurai Bench of Madras High Court
Sales Tax	Non-filing of Form "H" and Bill of Lading in respect of Exports	4.96	Assessment year 1996-1997	Deputy Commissioner of Appeals, (CT) Madurai

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

10. The Company has no accumulated losses and has not incurred cash losses during the Financial Year covered by our audit or in the immediately preceding Financial Year.
11. According to the information and explanations given to us the Company has not defaulted in repayment of dues to Financial Institutions or Banks.
12. According to the information and explanations given to us no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund / Society. Therefore, clause 4(xiii) of the Order is not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. However, in respect of investments made by the company in shares/ mutual fund units in the nature of investments, the company holds the same in its own name.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
16. The Company has not availed any new Term Loans during the year and hence its application for the purpose for which it was obtained does not arise.
17. According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have, prima-facie, not been used during the year for long term investment and vice versa.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not raised any money by way of issue of debentures and therefore the question of creation of security in respect of the same does not arise.
20. The Company has not raised any money by way of Public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For L.VENKATASUBBU & CO.,
CHARTERED ACCOUNTANTS
FIRM REGN.No.004627s

Sd/-

(L.VENKATASUBBU)

PARTNER

MEMBERSHIP No : 019791

Place : Coimbatore

Date : 24.05.2014

AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	Note No	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	58750000	58750000
Reserves and surplus	4	2540580566	2145119648
		2599330566	2203869648
Non-Current Liabilities			
Long-term borrowings	5	309330940	616351940
Deferred tax liabilities (Net)	6	411872757	447663880
		721203697	1064015820
Current Liabilities			
Short-term borrowings	7	386099089	9992310
Trade payables	8	326470806	494701878
Other current liabilities	9	418775052	380675253
Short-term provisions	10	95781794	71986360
		1227126741	957355801
TOTAL		4547661004	4225241269
II. ASSETS			
Non-Current Assets			
Fixed assets			
(i) Tangible assets	11A	2884597705	2907165753
(ii) Intangible assets	11B	3971738	5957608
(iii) Capital work-in-progress		9956742	3630988
Long-term loans and advances	12	88298636	101817344
		2986824821	3018571693
Current Assets			
Current investments	13	718500	570000
Inventories	14	1329023248	921847843
Trade receivables	15	57045650	65290534
Cash and cash equivalents	16	27437036	15278346
Short Term Loans & Advances	17	146384334	203563764
Other current assets	18	227415	119089
		1560836183	1206669576
TOTAL		4547661004	4225241269
Significant accounting policies	2		
See accompanying notes forming part of the Financial Statements			

As per our report of even date attached

For L.VENKATASUBBU & CO
Chartered Accountants
Firm Regn. No. 004627s

Sd/-
(L.VENKATASUBBU)
PARTNER
MEMBERSHIP NO : 019791

Place : Coimbatore
Date : 24.05.2014

Sd/-
(P.V.CHANDRAN)
CHAIRMAN AND MANAGING DIRECTOR

Sd/-
(R.SOUNDARARAJA PERUMAL)
DIRECTOR

For and on behalf of the Board

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

Particulars	Note No	Year Ended	Year Ended
		31.03.2014	31.03.2013
		Rs.	Rs.
I. Revenue from operations	19	4768585094	3977882734
II. Other income	20	2246864	2659656
III. Total Revenue (I+II)		4770831958	3980542390
IV. Expenses:			
Cost of materials consumed	21	2859179075	2380056366
Purchases of Stock-in-Trade		0	0
Changes in inventories of finished goods and work-in-progress	22	-83785677	-30728055
Employee benefits expense	23	240786956	211725831
Finance costs	24	120261790	187886952
Depreciation and amortization expense		316237718	274332117
Other expenses	25	721588429	550702770
Total expenses		4174268291	3573975981
V. Profit before exceptional and extraordinary items and tax (III - IV)		596563667	406566409
VI. Exceptional Items		0	0
VII. Profit before extraordinary items and tax (V - VI)		596563667	406566409
VIII. Extraordinary items		0	0
IX. Profit before tax (VII - VIII)		596563667	406566409
X Tax expense			
(1) Current tax			
(i) MAT		125038582	82398071
(ii) MAT credit reversed		25643561	42008935
(2) Deferred tax		-35791123	-28745958
(3) Prior period Income tax		293073	1064898
		115184093	96725946
XI. Profit (Loss) for the period from continuing operations (IX -X)		481379574	309840463
XII. Profit / (loss) from Discontinuing operations		0	0
XIII. Profit (Loss) for the period (XI + XII)		481379574	309840463
XIV. Earnings per equity share (Face value of Rs.10/-)			
(1) Basic		81.94	52.74
(2) Diluted		81.94	52.74

Significant accounting policies 2

See accompanying notes forming part of the Financial Statements

As per our report of even date attached

For L.VENKATASUBBU & CO
Chartered Accountants
Firm Regn. No. 004627s

Sd/-
(L.VENKATASUBBU)
PARTNER
MEMBERSHIP NO : 019791

Place : Coimbatore

Date : 24.05.2014

Sd/-
(P.V.CHANDRAN)
CHAIRMAN AND MANAGING DIRECTOR

Sd/-
(R.SOUNDARARAJA PERUMAL)
DIRECTOR

For and on behalf of the Board

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

Particulars	Year Ended 31.03.2014 Rs.	Year Ended 31.03.2013 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	596563667	406566409
Adjustment for		
Depreciation	316237718	274332117
Finance Cost	120261790	187886952
Increase in carrying amount of Investments	-12500	-28460
Sale of Plant & Machinery	-14164044	0
Foreign Currency Fluctuation on revaluation	-25585399	-3593554
Foreign Currency Fluctuation in cash and cash Equivalents on Revaluation	5437	0
Investments Income :		
Interest/Dividend Received	-2234364	-2631196
Operating Profit Before Working Capital Changes	991072305	862532268
Changes in Working capital		
Adjustments for		
Inventories	-407175405	-94637802
Trade and other receivables	81648348	61411590
Trade Payables	-130051639	177177648
Cash generated from operations	535493609	1006483704
Direct Taxes paid	-157285552	-132373895
Net Cash from operating activities	378208057	874109809
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-309788905	-86283176
Capital work in progress`	-6325754	-3630988
Sale of Fixed assets	32269149	0
Capital Advances	-3089408	0
Acquisitions of Companies	0	0
Purchase of Investments	-136000	0
Sale of Investments	0	0
Interest Received	2227089	2623921
Dividend Received	7275	7275
Net cash used in Investing activities	-284836554	-87282968

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

Particulars	Year Ended	Year Ended
	31.03.2014	31.03.2013
	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	0	0
Proceeds from Long Term borrowings	0	0
Proceeds from Working Capital borrowings	376106779	-275307186
Foreign currency fluctuation on revaluation	25781521	-11041
Repayment of Long Term borrowings	-307021000	-311132990
Repayment of Finance/ Lease Liabilities	0	0
Dividend Paid	-55812886	-17625000
Interest Paid	-120261790	-187886952
Net Cash Used in Financing Activities	-81207376	-791963169
Net increase in Cash and Cash Equivalents	12164127	-5136328
Cash and Cash Equivalents as at 1st April (Opening Balance)	15278346	20414674
Increase on account of foreign currency revaluation	-5437	0
Cash and Cash Equivalents as at 31st March (Closing Balance)	27437036	15278346

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006
2. Cash and cash equivalents include balances with scheduled banks on dividend account Rs.14.42 Lakh (Previous year Rs.13.32 Lakh) which are not available for use by the Company.

As per our report of even date attached
For L.VENKATASUBBU & CO

Chartered Accountants

Firm Regn. No. 004627s

Sd/-

(L.VENKATASUBBU)

PARTNER

MEMBERSHIP NO : 019791

For and on behalf of the Board

Sd/-

(P.V.CHANDRAN)

CHAIRMAN AND MANAGING DIRECTOR

Sd/-

(R.SOUNDARARAJA PERUMAL)

DIRECTOR

Sd/-

(Dr.K.VENKATACHALAM)

DIRECTOR

Sd/-

(RADHEYSHYAM PADIA)

COMPANY SECRETARY

Place : Coimbatore

Date : 24.05.2014

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 1

Corporate Information

Ambika Cotton Mills Limited is engaged in manufacturing and selling speciality cotton yarn catering to the needs of manufacturers of premium branded shirts and t-shirts. Exports constitute significant portion of the operations. The company operates with total installed spindle capacity of 109872 Spindles of which 100800 Spindles constitutes compact facility housed in four units. The company has installed 27.4 MW wind power capacity for captive consumption of spinning segment. The Spinning Plants are located at Kanniyapuram, Dindigul and Windmills are located in Tirunelveli, Dharapuram and Theni in the State of Tamilnadu.

Note 2

Significant Accounting Policies

(a) Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and generally accepted accounting principles and comply in all material respects with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 Circular 08/2014 dated April 4, 2014 and other relevant provisions of the Companies Act, 1956.

(b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

(c) Fixed Assets (Tangible/Intangible)

Fixed Assets are stated at cost of acquisition including any attributable cost of bringing the assets to its working condition for its intended use and net of Cenvat or any other claim receivable less accumulated depreciation.

(d) Depreciation and amortization

Depreciation has been provided on fixed assets:

- i. At pro-rata rates on the basis of assets put into use in the First/Second half of the year on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956.
- ii. In respect of new projects at pro-rata rates from the month from which the assets are put into use on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

- iii. Plant & Machinery are depreciated at the rates applicable to continuous process plants.
- iv. The rates specified under schedule XIV of the Companies Act, 1956 are considered as the minimum rates and if the estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the estimate of the useful life / remaining useful life.
- v. Intangible assets viz., Knowhow is amortized over the period of estimated useful life of 4 years.

(e) Inventories

Inventories are valued as under

- i. Raw materials: At cost or net realisable value whichever is lower.
- ii. Finished Goods: At an estimated cost or net realisable value whichever is lower.
- iii. Work in Progress: At an estimated cost or net realisable value whichever is lower.
- iv. Waste Cotton: At net realisable value.
- v. Stores, Spares and Packing materials: At cost or net realisable value whichever is lower.
- vi. Cost of Raw materials is determined on weighted average cost basis and for Stores, Spares and Packing materials is determined on specific identification of individual costs.
- vii. Cost of finished goods and work in progress is estimated and determined by taking materials, labour cost and other related overheads.

(f) Revenue Recognition

- i. Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer which coincides with despatch of goods.
- ii. Dividend income on investments is accounted for when the right to receive the payment is established and interest income is recognized on time proportionate basis.

(g) Foreign Currency Transactions

- i. Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction
- ii. Foreign currency monetary items at the balance sheet date are reported using the closing rate
- iii. Exchange differences arising on the settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or expense in the year in which they arise.
- iv. The Foreign currency fluctuation risks are mitigated by entering into forward contracts.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

(h) Government Grants

- i. Government Grants are recognized when there is a reasonable assurance that the company would comply with the conditions attached for such grant and further the grant would be received
- ii. Revenue grants are recognized in the Statement of Profit and Loss.
- iii. Interest reimbursement under Technology Upgradation Fund Scheme (TUFS) is directly credited to respective term loan interest accounts, being reimbursement of expenditure incurred.

(i) Investments

The investments in equity shares and mutual fund units are of current investments and are carried at lower of cost and fair value.

(j) Employee benefits

Employee benefits consist of provident fund and gratuity. The company's contribution to provident fund is considered as defined contribution plan and charged as an expense based on the amount of contribution required to be made. For defined benefit plan the company contributes to group gratuity scheme formulated by Life Insurance Corporation of India as demanded by the said corporation to discharge its liability on account of employee post employment benefits.

(k) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

(l) Segment reporting

The company is primarily engaged in manufacturing cotton yarn. The power generated from windmills is meant for captive consumption for manufacturing of cotton yarn. In terms of Accounting Standard -17 (Segment Reporting), one of the criteria for segment reporting is segment assets constituting 10% or more of the total assets of all the segments and accordingly the Company has identified two reportable segments viz., Textiles and Windmills as business segments and inter segment revenue is value of power adjusted by State Government Corporation (TANGEDCO) in electricity bills of spinning segment.

(m) Earnings per Share

Earnings per share is calculated by dividing the profit after tax by number of equity shares outstanding during the year.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

(n) Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 and inclusive of MAT credit reversed and exclusive of MAT credit carried forward.

(o) Deferred Tax Liability

Deferred tax liability is measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance sheet date.

(p) MAT Credit Entitlement

Income-tax paid under section 115JB of the Income-tax Act, 1961 is entitled for due set-off in the subsequent 10 assessment years against normal tax liability over and above the MAT liability of the concerned assessment year.

(q) Impairment

The carrying amounts of assets are reviewed at each Balance sheet date to ascertain if there is any indication of impairment, wherein the carrying cost of asset exceeds its recoverable value, based on internal / external factors and such impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired and reversed if there has been a change in the estimate of recoverable amount.

(r) Derivative Contracts

The Company enters into derivative contracts in the nature of Foreign Currency Forward contracts with an intention to hedge its existing assets & liabilities, Firm commitments and highly probable transactions in foreign currency. Gains arising on the same are not recognized until realized on grounds of prudence.

(s) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 3

Share Capital	As at 31.03.2014		As at 31.03.2013	
	Number of Shares	Rs.	Number of Shares	Rs.
a. Authorised Equity Shares of Rs.10/ each with voting rights	10000000	100000000	10000000	100000000
b. Issued Equity Shares of Rs.10/ each with voting rights	5875000	58750000	5875000	58750000
c. Subscribed and fully paid up Equity Shares of Rs.10/ each with voting rights	5875000	58750000	5875000	58750000

Notes :

- The company has only one type of share capital viz.. Equity Share Capital having a face value of Rs.10/- per share.
- There are no issue / buyback of shares during the reporting period , hence a reconciliation of the outstanding number of shares at the beginning and at the end does not arise.
- The issued Equity Share Capital carries equal voting rights and entitlement to dividends
- No shares are held by a holding company or its ultimate holding company or its subsidiary or associates
- Shareholders holding more than 5% of Share Capital

Name of the Shareholder	31.03.2014		31.03.2013	
	No. of Shares	% of holding	No. of Shares	% of holding
1. C. Bhavani	2272466	38.68	2272466	38.68
2. P.V. Chandran	554534	9.44	460628	7.84
3. IDFC Mutual Fund	444101	7.56	521125	8.87
4. Raghu Trading and Investment Co. Private Ltd	389490	6.63	332116	5.65

- No shares are reserved for issue under options and contracts / commitments for the sale of shares/disinvestments
- For the period of five years immediately preceding the date as at which the Balance sheet is prepared, no shares are (a) allotted as fully paid up pursuant to contract (s) without payment being received in cash, (b) allotted as fully paid up way of bonus shares, (c) bought back.
- There are no securities convertible into equity / preference shares
- There are no calls unpaid & forfeited shares.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 4	As at	As at
Reserves & Surplus	31.03.2014	31.03.2013
	Rs.	Rs.
(a) Securities Premium Reserve		
As per last Balance Sheet	197258148	197258148
	<u>197258148</u>	<u>197258148</u>
(b) General Reserve		
Opening Balance	1167981000	1067981000
Add : Transfer from Surplus in Statement of Profit & Loss	100000000	100000000
Closing Balance	<u>1267981000</u>	<u>1167981000</u>
(c) Surplus in Statement of Profit & Loss		
Opening Balance	779880500	634906720
Add : Profit after tax for the year	481379574	309840463
Less : Provision for Dividend	-73437500	-55812500
Provision for Tax on Dividend	-12480703	-9054183
Prior Period Dividend & Dividend Tax	-453	0
Transfer to General Reserve	-100000000	-100000000
Closing Balance	<u>1075341418</u>	<u>779880500</u>
Total (a+b+c)	<u>2540580566</u>	<u>2145119648</u>

Non-Current Liabilities

Note 5

Long - term Borrowings

(i) Secured

Term Loans from Banks	616351940	927476940
Less : Repayable within 1 year included under		
Other Current Liabilities	<u>-307021000</u>	<u>-311125000</u>
	<u>309330940</u>	<u>616351940</u>

Nature of Security

1. Rupee Term Loans from IDBI Bank Ltd., Bank of Baroda, Corporation Bank, & Axis Bank Ltd, are secured by a first charge by way of joint mortgage by deposit of title deeds of the Company's immovable properties both present and future and is further secured by a pari passu second charge by way of hypothecation of Company's all movable properties (save and except book debts) including movable plant and machinery, machinery spares, tools and accessories and other movables both present and future, subject to prior charges created and / or to be created in favour of the Company's Term Loan Lenders / Bankers on specific assets securing the term loan / working capital extended by them.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

2. Rupee Term Loan from Bank of Baroda, relating to Windmills located at Theni is secured by a First Charge over the Assets created out of the Term Loan and further secured by second charge over the fixed assets and current assets of the company. Second charge over the fixed assets created out of the term loan is extended to other banks.

Loans Guaranteed by Directors : Nil

Terms of Repayment : All term loans are repayable in quarterly installments as specified in loan documents

Period and amount of continuing Default : Nil

(ii) Unsecured	0	0
Note 6	As at	As at
Deferred Tax Liability	31.03.2014	31.03.2013
	Rs.	Rs.
Opening Balance	447663880	476409838
Add : Transfer to / from Statement of Profit & Loss	-35791123	-28745958
	<u>411872757</u>	<u>447663880</u>

Note No 7

Short term Borrowings

(i) Secured

Loans Repayable on Demand

From Banks

386099089	9992310
<u>386099089</u>	<u>9992310</u>

Nature of Security

Working Capital Loans from Banks are secured jointly by a first charge by way of Hypothecation of all stock of raw materials, process stocks, finished goods, stores and spares and receivables including export receivables, present and future book debts, outstanding moneys, receivables, claims, bills, contracts, engagements securities, and other rights and assets and are further secured jointly by second charge created and / or to be created by way of Mortgage by deposit of title deeds of all immovable properties of the Company, both present and future, and by way of hypothecation of Plant & Machinery of the Company both present and future.

Loans Guaranteed by Directors Nil

Period and amount of continuing Default Nil

(ii) Unsecured	0	0
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AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 8	As At	As At
Trade Payables	31.03.2014	31.03.2013
	Rs.	Rs.
a. Acceptances	253573240	428248065
b. Other than Acceptances	72897566	66453813
	<u>326470806</u>	<u>494701878</u>

Note 9

Other Current Liabilities

a. Current maturities of long-term debt	307021000	311125000
b. Interest accrued but not due on borrowings	568902	1938449
c. Unpaid dividends	1441517	1332025
d. Other Payables		
(i) Statutory remittances	12501611	2243472
(ii) Advances from Customers	17426209	7550558
(iii) Liability for Expenses	79815813	56485749
	<u>418775052</u>	<u>380675253</u>

Note 10

Short Term Provisions

a. Provision for Income Tax (net of Advance tax & TDS Rs.115174991/- (Previous year Rs.75278394/-)	9863591	7119677
b. Provision for dividend	73437500	55812500
c. Provision for dividend tax	12480703	9054183
	<u>95781794</u>	<u>71986360</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 11. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2013 Rs.	Additions (Sold/Adjusted) during the year Rs.	As at 31.03.2014 Rs.	Upto 31.03.2013 Rs.	Provided (withdrawn) during the year Rs.	As at 31.03.2014 Rs.	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
A. TANGIBLE ASSETS								
Land	94602667	7933508	102536175	0	0	0	102536175	94602667
Building	564418968	12128695	576547663	134444972	18944079	153389051	423158612	429973996
Plant & Machinery	3958945004	279752624	4115623964	1587412856	292290729	1774735026	2340888938	2371532148
Electrical Fittings	266870	-123073664	266870	266870	-104968559	266870	0	0
Furniture & Fixtures	750929	100360	851289	558146	53887	612033	239256	192783
Office Equipments	5983445	152060	6135505	4497603	402154	4899757	1235748	1485842
Vehicles	22292633	9721658	32014291	12914316	2560999	15475315	16538976	9378317
Total As At 31.03.2014	4647260516	309788905	4833975757	1740094763	314251848	1949378052	2884597705	2907165753
Total As At 31.03.2013	4568920818	78339698	4647260516	1467748516	272346247	1740094763	2907165753	3101172302
B. INTANGIBLE ASSETS								
Knowhow	7943478	0	7943478	1985870	1985870	3971740	3971738	5957608
Total As At 31.03.2014	7943478	0	7943478	1985870	1985870	3971740	3971738	5957608
Total As At 31.03.2013	0	7943478	7943478	0	1985870	1985870	5957608	0

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 12	As At	As At
Long Term Loans and Advances	31.03.2014	31.03.2013
	Rs.	Rs.
a. Capital Advances	3089408	0
b. Security Deposits		
i. Electricity Deposit	9441111	25731824
ii. In Fixed Deposit with bank (for guarantee)	371800	0
iii. Other Deposits	486620	436620
c. MAT credit entitlement	6000000	75648900
d. CENVAT Credit receivable	14909697	0
	<u>88298636</u>	<u>101817344</u>

Note 13

Current Investments

a. Equity Shares (Quoted)		
i. Cholamandalam Investment and Finance Company Ltd (650 Equity Shares of Rs.10/- each) (Previous year 650 equity shares of Rs.10/- each)	65000	65000
ii. City Union Bank Ltd., (5000 Equity Shares of Rs.1/- each) (Previous year 5000 equity shares of Rs.1/- each)	17500	17500
b. Investments in Mutual Fund units		
LIC Nomura MF Equity Fund- Dividend Plan* (48317.566 Units of Rs. 10 each) (Previous Year 50,000 Units of Rs.10 each LICMF Systematic Asset Allocation Fund-Dividend) *(On switch over of 50,000 Units of LICMF Systematic Asset Allocation Fund-Dividend)	500000	487500
c. Equity Shares (Unquoted)		
Suryadev Alloys & Power Private Limited (1000 Equity Shares of Rs. 10/- each) (Previous year Nil)	136000	0
	<u>718500</u>	<u>570000</u>

(Market value of quoted investments - Equity

Shares Rs.456645 /- (Previous year Rs.439625/-)

Net asset value of Mutual Fund units Rs.579270/-

(Previous year Rs.487500 /-)

Mode of valuation : Carried at lower of cost and fair value

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 14	As At	As At
Inventories	31.03.2014	31.03.2014
	Rs.	Rs.
a. Raw Materials (at cost or net realisable value whichever is lower)	1025321865	706873091
b. Work-in-progress (at an estimated cost or net realisable value whichever is lower)	115896993	90973603
c. Finished Goods (at an estimated cost or net realisable value whichever is lower)	121967304	66692541
d. Waste Cotton (at net realisable value)	9995650	6408126
e. Packing Materials (at cost or net realisable value whichever is lower)	11426203	14413885
f. Stores and Spares (at cost or net realisable value whichever is lower)	44415233	36486597
	<u>1329023248</u>	<u>921847843</u>
Details of Raw Materials		
Raw Cotton	1019676353	706769472
Modal	5645512	103619
	<u>1025321865</u>	<u>706873091</u>
Details of Work in progress		
Cotton in process	115896993	90973603
	<u>115896993</u>	<u>90973603</u>
Details of Finished goods		
Cotton Yarn	120096325	66144882
Knitted Fabrics	1870979	547659
	<u>121967304</u>	<u>66692541</u>
Note 15		
Trade Receivables		
(Unsecured considered good)		
a. Due for a period more than six months	354923	3492279
b. Others	56690727	61798255
	<u>57045650</u>	<u>65290534</u>
Note 16		
Cash and Cash Equivalents		
a. Cash on hand	2414914	2599610
b. Balances with Banks		
(i) In Current accounts	16999378	5705697
(ii) In EEFC accounts	571412	26686
(iii) In demand deposit accounts	6009815	5614328
(iv) In earmarked accounts		
- Unpaid dividend accounts	1441517	1332025
	<u>27437036</u>	<u>15278346</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 17	As At	As At
Short-Term Loans & Advances	31.03.2014	31.03.2013
	Rs.	Rs.
(Unsecured and considered good)		
a. Staff Advance	0	584146
b. Advance for supply of materials	10733622	19939083
c. Interest reimbursement receivable (TUFS)	20640760	14878403
d. EB receivable (due from TANGEDCO)	186698	51048889
e. Balances with Government authorities		
i. Duty drawback receivable	36436143	30351610
ii. Cenvat & Service tax credit receivable	15241525	20594709
iii. MAT credit carried forward	32147239	42141900
iv. VAT & Sales tax receivable	4153530	1543442
f. Pre-paid Expenses	17340308	11081572
g. Others		
i. Cotton Purchase debit Note	3798778	281035
ii. LC Opening charges for Import of cotton	3418981	5014049
iii. Forward cover receivable.	2286750	6104926
	<u>146384334</u>	<u>203563764</u>

Note 18

Other Current Assets

Interest accrued on Deposits

Bank	214895	105589
Others	12520	13500
	<u>227415</u>	<u>119089</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 19	Year Ended	Year Ended
Revenue from Operations	31.03.2014	31.03.2013
	Rs.	Rs.
(i) Sale of Products (Refer Note (i) below)	4595223866	3850130556
(ii) Other Operating Revenue (Refer Note (ii) below)	173361228	127752178
	<u>4768585094</u>	<u>3977882734</u>
Less: Excise Duty	0	0
	<u>4768585094</u>	<u>3977882734</u>
(i) Sale of Products Comprises		
Cotton Yarn	4205012953	3506378022
Knitted Fabrics	39450342	34915849
Waste Cotton	350760571	308836685
	<u>4595223866</u>	<u>3850130556</u>
(ii) Other Operating Revenue		
a. DEPB (For Export)	677106	7458375
b. Duty draw back	89682719	71804025
c. Trading Profit - Cotton & Yarn	56620758	4319599
d. Profit on Sale of Machinery	14164044	0
e. Rent	330000	330000
f. Sundry Parties Written Off	3793243	0
g. Wind Energy	8093358	43840179
	<u>173361228</u>	<u>127752178</u>
Note 20		
Other Income		
a. Interest (Refer Note (i) below)	2227089	2623921
b. Dividend	7275	7275
c. Increase in value of Investments	12500	28460
	<u>2246864</u>	<u>2659656</u>
Interest Income Comprises of		
From banks on deposits	688671	508835
Other Interest	1538418	2115086
Total Interest Income	<u>2227089</u>	<u>2623921</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 21	Year Ended	Year Ended
Cost of Materials Consumed	31.03.2014	31.03.2013
	Rs.	Rs.
Opening Stock	706873091	644600572
Add : Purchases	3425681941	2473243115
	<u>4132555032</u>	<u>3117843687</u>
Less : Sales	248054092	30914230
	<u>3884500940</u>	<u>3086929457</u>
Less : Closing Stock	1025321865	706873091
Cost of Materials Consumed	<u>2859179075</u>	<u>2380056366</u>
Materials Consumed Comprises of		
Raw Cotton	2854784182	2377748421
Modal	4394893	2307945
	<u>2859179075</u>	<u>2380056366</u>
Note 22		
Changes in Inventories of Finished goods and Work-in-Progress		
Opening Stock Work in progress	90973603	83524389
Opening Stock Finished Goods	66692541	43916882
Opening Stock of Waste Cotton	6408126	5904944
Total (A)	<u>164074270</u>	<u>133346215</u>
Closing Stock Work in progress	115896993	90973603
Closing Stock Finished Goods	121967304	66692541
Closing Stock of Waste Cotton	9995650	6408126
Total (B)	<u>247859947</u>	<u>164074270</u>
Increase / Decrease in Stock (A - B) (-)/(+)	-83785677	-30728055

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 23	Year Ended	Year Ended
Employee Benefits Expense	31.03.2014	31.03.2013
	Rs.	Rs.
Salaries & Wages	183170369	145132277
Contribution to Provident Fund & Other Funds	11701492	10875248
Staff Welfare Expenses	45915095	55718306
	<u>240786956</u>	<u>211725831</u>

Note 24

Finance Costs

a. Interest Expense		
(i) Fixed Term loans	70583040	97011566
(ii) Working Capital Loans	37128875	71713953
b. Other Borrowing Costs	337485	1224252
c. Net Gain/Loss on Foreign Currency transactions	12212390	17937181
	<u>120261790</u>	<u>187886952</u>

Note 25

Other Expenses

Stores Consumed	58955229	48742502
Power & Fuel	261056941	207990704
Materials Sizing & Fabrication	1561262	1677018
Freight Inwards	2368133	1249864
Machinery Maintenance	10200330	9426368
Building Maintenance	46345764	31338010
Vehicle Maintenance	11783643	9378151
Printing & Stationary	881275	934959
Postage & Telephone	2989764	1848552
Travelling Expenses	3315446	3025631
Insurance	10218195	6848617
Licence Fees & Taxes	5687677	6853758
Bank Charges	8463540	5810457
Professional & Legal Charges	2876757	1745333
Salary to Managing Director	14300000	7500000
Salary to Director	0	120000
Auditors Remuneration	337080	330900
Foreign Exchange Fluctuation	95171222	40377741
Freight Outwards	50492268	43285583
Packing Materials	65232950	54442369
Brokerage & Commission	61244972	58968198
Sundry Parties Written Off	0	609654
Advertisement	747713	454440
Security Service Charges	3818839	2970675
Miscellaneous Expenses	3539429	4773286
	<u>721588429</u>	<u>550702770</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 26

Other Additional Information:

i	Commitment and Contingent Liabilities: -
a.	Commitment : In respect of contract remains to be executed on capital account Rs.745 Lakh (Previous year Rs. 1384 Lakh). (Advance and other expenditure incurred Rs. 130 Lakh (Previous year Rs.1.23 Lakh)
b.	Contingent Liabilities : Export Bills discounted / lodged with the Bank Rs.1363 Lakh (Previous year Rs.3876 Lakh)
c.	In respect of Assessment Year 1998-1999, the claim of the company for deduction of proportionate export profits from book profits was allowed by the Income-tax department while completing the original assessment. The same was revised in the reassessment proceedings and the department has raised a demand of Rs.26.12 Lakh and the order raising the demand has been stayed by Madras High Court pursuant to the writ filed by the company. In a similar case the Supreme Court has upheld the principles of claim contested by the Company.
d.	In respect of assessment year 2004-05 the Income tax department sought to re-open the assessment U/ s 147 of the Income Tax Act 1961 in respect of claim of depreciation @ 80% in respect of the windmills. However, the company has filed a writ before Hon'ble Madras High Court and the matter is pending. No demand is raised so far. In similar cases, ITAT, Chennai has allowed the appeals in favour of the assesseees.
e.	The Central Excise department has raised a demand towards service tax of Rs.4.80 Lakh in respect of Freight charges paid by the Company, which was earlier held unconstitutional by Hon'ble Apex Court. The matter is contested before CESTAT, Chennai.
f.	The Central Excise department has raised a demand of Rs.7.06 Lakh on account of interest in respect of an Advance License for annual requirement. The matter is stayed by CESTAT Chennai. However the demand is paid by the company to redeem the License.
g.	The Central Excise department has raised a demand of Rs.1.09 Lakh and further a penalty of Rs.1.09 Lakh proposing to levy the same in respect of used spares on de-bonding of 100 % EOU and the matter is presently pending before CESTAT Chennai.
h.	The Central Excise department has raised a Service Tax demand of Rs.2.12 Lakh, Interest Rs.0.31Lakh and Penalty Rs.0.53 Lakh for payment of commission to Foreign Agents and the matter is presently pending before CESTAT Chennai.
i.	The Central Excise department has not accepted claim of Modvat credit of Rs.11.33 Lakh made by the Company in respect of its erstwhile 100% EOU unit and the matter is pending before Madras High Court.
j.	The Central Excise department has not accepted claim of Cenvat Credit of Excise duty of Rs.33.80 Lakh made by the Company in respect of capital goods for the reason that during the impugned period cotton yarn was exempted and the matter is presently pending before CESTAT Chennai. However in a similar matter the Gujarat High Court allowed the claim of the assessee.
k.	The Central Excise department has not accepted claim of Cenvat Credit of Service Tax of Rs.28.90 Lakh made by the Company in respect of Windmills for the reason that windmills are situated outside the factory and the matter is pending before Madras High Court. In the company's own case , for a different year , the claim was allowed by Commissioner Central Excise (Appeals) , Madurai.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 26 (Contd...)

Other Additional Information:

l.	The Sales Tax Department in respect of Assessment Year 1996-97 has raised a demand of Rs.4.96 Lakh for non filing of certain forms and the matter is contested before Appellate Deputy Commissioner (Commercial Taxes), Madurai. The Company has remitted 25% of the disputed tax Rs.1.24 Lakh and for the balance 75% of the disputed tax demand Rs.3.72 Lakh has furnished a bank guarantee.		
m.	Details of EPCG Authorization & Export obligations	Export obligation to be fulfilled in USD*	Duty (Rs In Lakh)
	Opening Balance	1654624.05	115
	Add : New Authorizations obtained during the year	4541084.31	464
	Less : Obligation fulfilled during the year, pending redemption	5290498.69	495
	Closing Balance	905209.67	84
	* Obligation in USD is computed at 8 times of the Duty saved amount , to be fulfilled within a period of 8 years from the date of authorization. In the case of the company the above closing balance obligation in USD 905209.67 is in respect of authorizations obtained during the current financial year. The Obligation fulfilled Authorizations are pending for redemption.		
n.	In respect of Advance Authorization for import of Raw Material (Modal) the company has to fulfill an export obligation in USD 63917 and in the event of failure to fulfill the prescribed export obligation the company is liable to pay duty amount of Rs.842137 /- (previous year Rs. Nil) along with applicable rate of interest. In the opinion of the board the present level of exports of the company would be sufficient to fulfill the prescribed export obligation fixed under the authorization.		
o.	The Company has de-bonded one of its units (Unit – II) from 100 % EOU after completion of initial period of 5 Years and after fulfillment of export obligation by achieving Positive NFEP (Net Foreign Exchange) in accordance with EXIM policy. The de-bonding involved payment of duty under EPCG License (for capital goods) and Advance License (For Raw materials imported) Schemes . The de-bonding was completed after obtaining “ No Dues Certificate from the Assistant Commissioner, Central Excise , Dindigul and final exit order from the Deputy Commissioner , MEPZ , Chennai .The Export Obligation , for duty discharge , fixed both under EPCG Scheme and advance License Scheme are also fulfilled and the respective licenses are redeemed from JDGFT , Coimbatore . Subsequent to the above fulfillment, the Central Excise Department has raised a Demand of Rs.410 Lakh towards de- bonding of Unit – II and the same is contested by way of writ before Hon’ble Madurai Bench of Madras High Court and the matter is stayed by the High Court.		
p.	TANGEDCO (Tamilnadu Generation and Distribution Corporation Limited) has raised a demand for self generation tax in respect of electricity generated by windmills amounting to Rs.309 Lakh (Previous year Rs. 90 Lakh) and the matter has been stayed by Madras High court and pursuant to the same TANGEDCO kept the demand in abeyance. TANGEDCO has further raised a demand of Rs. 139 Lakh for cross subsidy in respect of power sourced from outside and the same has been set aside by Madras High court and TANGEDCO has preferred an appeal before Division bench of Madras High Court and the matter is pending. The company has fully provided for these demands.		

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 26 (Contd...)

Other Additional Information:

ii.	Auditors' Remuneration	2014 Rs.	2013 Rs.
	Audit Fees	337080	330900
	Total	337080	330900

iii.	a. Earnings Per Share (EPS)	2014	2013
	Profit after Tax as per Statement of Profit and Loss (Rs. in Lakhs)	4814	3098
	Average No. of Equity Shares (Face Value Rs.10/- each)	5875000	5875000
	Earning Per Share (EPS) (Basic) (Rs.)	81.94	52.74
	Earning Per Share (EPS) (Diluted) (Rs.)	81.94	52.74
	b. Dividend Proposed to be distributed to Equity Shareholders		
	Amount of Dividend (in Rs)	73437500	55812500
	Amount per Share (in Rs.)	12.50	9.50

iv.	Details of TUFs Interest Reimbursement (Rs. In Lakh)				
	Opening Balance	Receivable for the year	Total Receivable	Received during for	Closing Balance
	(1)	(2)	(3) (1+2)	(4)	(5) (3 - 4)
	149	283	432	226	206
	(314)	(414)	(728)	(579)	(149)
	(Figures in bracket relates to previous year)				

- v. In terms of information available with the company there are 1 (one) party (Previous Year 3 (three) parties) who are duly registered under Micro, Small and Medium Enterprises Development Act, 2006 and in respect of whom the amount payable Outstanding as on 31.03.2014 is Rs.16,18,363/ - (Previous year Rs.611023/-) and the same was settled within the agreed dates, which is not more than 45 days from the day of acceptance or deemed acceptance of the goods.
- vi. Vehicle maintenance includes cost of expenditure exclusively incurred to provide transport to the employees from their place to work spot Rs.116 Lakh (Previous year Rs.94 Lakh) and staff welfare expenses include quarterly bonus paid amounting to Rs.146 Lakh (Previous year Rs.334 Lakh).
- vii. Reversal of Deferred tax liability is on account of timing difference of depreciation amounting to Rs.358 Lakh (Previous year Rs. 287 Lakh).

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 26 (Contd...)

Other Additional Information:

- viii. a. The year - end Foreign Currency Exposures that have not been hedged by a derivative instrument or otherwise are given below.

Particulars	As at 31.03.2014		As at 31.03.2013	
	Assets	Liabilities	Assets	Liabilities
(i) In USD	215877	10426824	836549	8772834
(ii) In INR(Lakh)	129	6247	455	4770

- viii. b. Outstanding Forward Exchange Contracts entered into by the company as on 31.03.2014.

Currency	Amount	Buy/ Sell	Cross Currency
USD	1866469	Sell	INR
USD	(1015942)	Sell	INR

Figures in brackets relate to the previous year

ix. Employee Benefits:

- a. Company's Contribution to Provident Fund: Rs.117.01 Lakh (Previous Year Rs. 108.75 Lakh)
- b. Statement on Defined Benefit Plan - Gratuity (Covered under LIC Employees Cash Accumulation Scheme). The Following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March 2014.

(i) Present value of obligations

Particulars	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
Obligations at the beginning of the year	1109754	1241098
Interest Cost	88780	99288
Current Service Cost	140388	335342
Benefit paid	(463755)	(248540)
Actuarial (Gain) /Loss on obligations	540216	(317434)
Obligations at the end of the year	1415383	1109754

(ii) Fair value of Plan assets

Particulars	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
Fair Value of the plan assets, beginning of the year	1767909	1784187
Expected return on plan assets	130940	143078
Contributions	20962	89184
Benefit paid	(463755)	(248540)
Actuarial (Gain) /Loss on plan Assets	0	0
Fair Value of the plan assets, end of the year	1456056	1767909

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 26 (Contd...)

Other Additional Information:

(iii) Expenses to be recognized for the current year

Particulars	31.03.2014 (Rs.)	31.03.2013 (Rs.)
Current Service Cost	140388	335342
Interest Cost	88780	99288
Expected return on plan assets	(130940)	(143078)
Actuarial (gain)/ loss for the year	540316	(317434)
Expense to be recognized in statement of Profit and Loss	638544	(25882)

(iv) Actuarial Assumption

	For 31.03.2014	For 31.03.2013
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	3.00%

The above figures are on the basis of actuarial valuations of Life Insurance Corporation of India.

x. Segment Reporting

(i) Business segment

(Rs. in Lakh)

Particulars	Textiles		Windmills		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Gross Segment Revenue	47605	39341	2762	3110	50367	42451
Less: Intersegment Revenue	0	0	2681	2672	2681	2672
Total Revenue	47605	39341	81	438	47686	39779
Segment Result	6089	4386	1058	1532	7147	5918
Less: Finance Cost					1203	1879
Add: Unallocable Other Income net of Expenditure					22	27
Profit before Tax					5966	4066
Less : Tax Expense					1152	968
Profit for the Year					4814	3098
Segment Assets	36427	31270	8128	9804	44555	41074
Unallocated Assets					922	1178
Total Assets					45477	42252
Segment Liabilities	4914	9241	327	161	5241	9402
Unallocated Liabilities					14242	10811
Total Liabilities					19483	20213
Other information						
Capital Expenditure	3098	783	0	0	3098	783
Unallocated						
Capital Expenditure	0	0	0	0	0	0
Depreciation	1958	1539	1204	1204	3162	2743
Unallocated Depreciation	0	0	0	0	0	0
Non - Cash Expenses other than depreciation	0	0	0	0	0	0

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 26 (Contd...)

Other Additional Information:

(ii) Geographic Segment

(Rs. in Lakh)

Particulars	Europe	East Asia & South East Asia	South Asia (Other than India)	Others	India	Total
Sale of Goods	2674 (1468)	23221 (22328)	3687 (-)	- (679)	16370 (14026)	45952 (38501)
(Figures in bracket relates to previous year)						

xi. Value of Imported and Indigenous Raw Materials and Spare parts consumed and percentage there of :	2014		2013	
	Value (Rs. in Lakh)	% to Total	Value (Rs. in Lakh)	% to Total
i) Raw Materials				
Imported	23554	82.38	14524	61.02
Indigenous	5038	17.62	9277	38.98
Total	28592	100.00	23801	100.00
ii) Spare Parts				
Imported	119	20.17	138	28.34
Indigenous	471	79.83	349	71.66
Total	590	100.00	487	100.00

		2014 (Rs. in Lakh)	2013 (Rs. in Lakh)
xii	a. Earnings in Foreign Exchange	29582	24475
	b. Expenditure in Foreign Currency		
	i) For Import of Capital Goods	877	371
	ii) For Import of Raw Materials	28040	14657
	iii) For Import of Spares	144	83
	iv) For Interest & Bank Charges	309	444
	v) For Commission	403	404
	vi) Knowhow & License fee	3	74
	Total expenditure in foreign currency	29776	16033

xiii. Previous year figures have been re-grouped and re-classified wherever necessary.

xiv. Figures are rounded to the nearest rupee.

For and on behalf of the Board

Sd/-
(P.V. CHANDRAN)
Chairman and Managing Director

Sd/-
(Dr. K. VENKATACHALAM)
Director

Sd/-
(R. SOUNDARARAJA PERUMAL)
Director

Sd/-
(RADHEYSHYAM PADIA)
Company Secretary

Place : Coimbatore

Date : 24.05.2014