

AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT
2012 - 2013

AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT 2012 - 2013

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

REGISTERED OFFICE

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

PLANT

Kanniyapuram
Dindigul

AUDITORS

M/s. 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 : 9-A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012.

NOTICE OF THE MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held on Friday the 27th September 2013 at 12.00 Noon at The Residency, 1076, Avinashi Road, Coimbatore - 641 018.

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2013 and Statement of Profit and Loss for the year ended on that date and reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mrs. Bhavya Chandran who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting and to fix their remuneration.

B. SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

Resolved that pursuant to section 309 (3) and all other applicable provisions read with Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary, consent be and is hereby accorded for variation of annual payment of remuneration to Sri. P.V. Chandran, Chairman and Managing Director of the Company at Rs. 2,00,000/- per month plus commission at the rate of 2% of the net profit of the company.

Further Resolved that the above annual remuneration is not subject to any ceiling and that the variation be effective from 01.04.2013 and accordingly applicable in respect of computation of his remuneration from the financial year 2013-14 onwards.

Further Resolved that Sri P.V. Chandran be entitled to sitting fees for the meetings of the Board of Directors or the Committee thereof attended by him and he will not be entitled to any perquisites as before.

BY ORDER OF THE BOARD

Sd/-

(P. V. CHANDRAN)

Chairman and Managing Director

Place : Coimbatore

Date : 07.08.2013

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Register of Members of the Company will remain closed from Monday 23rd September 2013 to Friday 27th September 2013 (Both the days inclusive). The dividend if declared will be paid to those members whose name appears in the Register of Members as on Friday, 27.09.2013 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 Saturday 21st September 2013.
3. Members are requested to notify the changes if any in their address immediately.
4. Shareholders seeking any information with regard to the accounts are requested to write to the company at least seven days before the date of the meeting so as to enable the company to keep the information ready.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956 as amended, dividend for the Financial year 2005-2006 and thereafter which remain unpaid/unclaimed for a period of 7 (Seven) years will be transferred to the Investor Education and Protection Fund (the Fund) constituted by the Central Government under Section 205C of the Companies Act, 1956. Unpaid/Unclaimed Equity Dividend for the financial year 2005-2006 will fall due for transfer to the said Fund on 27th October 2013. As regards unclaimed dividend for the financial years up to 2004-2005 the same have already been transferred to the said Fund. It may kindly be noted that once the unpaid/unclaimed dividend is transferred to the above said Fund of the Central Government, no claim shall lie in respect thereof.
6. Notes on Directors seeking appointment / reappointment as required under Clause 49 (VI) (A) of the listing agreement entered into with the Stock Exchanges:

Mrs. Bhavya Chandran

Mrs. Bhavya Chandran holds Masters Degree in Business Management and she is Daughter of Sri. P.V. Chandran, Chairman and Managing Director of the Company. She has specialized in Finance and International Business and her reappointment as a director would facilitate in the overall operations of the Company.

BY ORDER OF THE BOARD

Place : Coimbatore

Date : 07.08.2013

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

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...)

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

- (i) At the 24th Annual General Meeting of the Company held on 28.09.2012, Sri. P.V. Chandran was reappointed as the Chairman and Managing Director of the Company to hold the office for a period of 5 years with effect from 01.04.2012 to 31.03.2017 at a remuneration of Rs. 2.00 Lakh per month and 2% of the net profits of the company subject to a maximum remuneration of Rs. 75.00 Lakh per annum. He was also entitled to sitting fees for the meetings of the Board of Directors or the Committee thereof attended by him and not entitled to any perquisites.
- (ii) The Board of Directors at their meeting held on 07.08.2013, have varied the remuneration of Sri. P.V. Chandran, by withdrawing the ceiling of maximum remuneration of Rs. 75.00 Lakh per annum, effective from financial year 2013-14.
- (iii) The varied remuneration is as under :
 - 1. Monthly remuneration of Rs. 2.00 Lakh per month plus 2% of the net profits of the company.
 - 2. In addition he will be entitled to sitting fees for the meetings of the Board of Directors or the Committee thereof attended by him.
 - 3. He will not be entitled to any perquisites.
 - 4. To be effective from financial year 2013-14.
- (iv) Accordingly Directors recommend the Resolution at Item No. 5.
- (v) No other Director is interested in the Resolution except Sri. P.V. Chandran, Mrs. Bhavya Chandran and Mrs. Vidya Jyothish be considered as concerned or interested in passing the Resolution.

BY ORDER OF THE BOARD

Sd/-

(P. V. CHANDRAN)

Chairman and Managing Director

Place : Coimbatore

Date : 07.08.2013

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT

Your directors have great pleasure in submitting the Twenty Fifth Annual Report together with the audited accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2013 are furnished below:

	CURRENT YEAR	PREVIOUS YEAR
	2013	2012
	Rs.	Rs.
Sales and Other Income	398,05,42,390	390,12,85,314
Profit Before Finance Cost and Depreciation	86,87,85,478	78,67,26,186
Less : Finance Cost	18,78,86,952	19,71,94,036
Gross Profit For the Year	68,08,98,526	58,95,32,150
Less: Depreciation	27,43,32,117	26,80,13,695
Profit Before Tax	40,65,66,409	32,15,18,455
Less : Tax Expenses	9,67,25,946	8,26,97,109
Profit after Tax	30,98,40,463	23,88,21,346
Add : Surplus in Statement of Profit and Loss	63,49,06,720	53,02,25,734
	94,47,47,183	76,90,47,080
Less : Appropriation		
Transfer to General Reserve	10,00,00,000	10,00,00,000
Interim Dividend	0	1,17,50,000
Dividend Tax on Interim Dividend	0	19,06,144
Proposed Dividend on Equity Shares	5,58,12,500	1,76,25,000
Dividend Tax	90,54,183	28,59,216
Surplus Carried over in Statement of Profit and Loss	77,98,80,500	63,49,06,720

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

DIVIDEND

The directors are pleased to recommend a dividend of 95% (Rs.9.50/- per share) for the year ended 31st March 2013 for your approval. The outflow on account of Equity Dividend would be Rs.558.13 Lakh (Previous year Rs.293.75 Lakh) and dividend tax Rs.90.54 Lakh (Previous year Rs.47.65 Lakh). The total payout will be Rs.648.67 Lakh (Previous year Rs.341.40 Lakh). The payout ratio for the year works out to 18.01% as compared to 12.30% (exclusive of dividend tax) on the basis of PAT of FY 2012 & 2013.

OPERATIONS

The Company's Total Income and Gross profit amounted to Rs.39805 Lakh (Previous year Rs.39013 Lakh) and Rs.6809 Lakh (Previous year Rs.5895 Lakh). This represents growth in total income of 2.03% as compared to 19.22% in the Previous year and growth in Gross Profit of 15.50% as against decline of 29.85% in the Previous year as compared to the previous year.

For the year Company's Direct Export Turnover amounted to Rs.24475 Lakh as compared to Rs.22916 Lakh in the previous year representing a growth of 6.80%. In terms of percentage the export turnover constituted 63.57% of the net sales as against 60.97% in the previous year.

The performance of the Company would exhibit that its constant efforts towards focusing on manufacturing of high quality speciality yarn has substantially strengthened its operational base both in our country and outside India ensuring constant demand for the products of the company. The usual factors, which continue to have a bearing over the operations of the company, in recent periods, such as volatility in cotton prices, fluctuation in foreign currency rates, adequate uninterrupted supply of power and cost of interest have a cumulative bearing over the operational performance of the company. The company would continue to make fine performance in the coming years on account of its strategic policies over sustaining of its operations. In order to strengthen and modernize its production base the company has embarked on, in modernizing its Unit-I at a cost of Rs.13.84 Crores, which will be met fully out of internal accruals of the company.

MANAGEMENT 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

Mrs. Bhavya Chandran Director retires by rotation and being eligible offers herself for re-appointment.

Sri.G.Udayakumar Director was appointed as a director of the Company with effect from 27.06.2012 as a Nominee Director of IDBI Bank Ltd in the place of Smt. Seethalakshmi Nagarajan.

The Remuneration of Sri. P.V. Chandran, Chairman and Managing Director of the Company is varied to provide for a remuneration of Rs. 2.00 Lakh per month plus commission at the reate of 2% of the net profit of the company without ceiling, as against the earlier ceiling of Rs. 75.00 Lakh per annum.

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

AUDITORS

M/s. L.Venkatasubbu & Co., Chartered Accountants, Auditors of the Company are to retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished the necessary certificate in terms of Section 224 of the Companies Act, 1956.

COST AUDIT

The company's cost records are audited by Mr.G.Sivagurunathan, Cost Accountant, Coimbatore for the financial year ended 31.03.2012 and in respect of the same has submitted his report to the Central Government on 31.12.2012. He was re-appointed to conduct cost audit of cost records of the company for the financial year 2012-13 and 2013-14 upon his furnishing a certificate to the effect that he is independent, free from any disqualification and his appointment if appointed, will be within the limits as specified under the Companies Act, 1956.

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 period.
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 safe guarding 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 2013, 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

Place : Coimbatore

Date : 30.05.2013

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

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 25.9 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 31.03.2013	YEAR ENDED 31.03.2012
1. ELECTRICITY:		
a. Purchased:		
Units (in Lakhs)	120.12	89.35
Total Amount (Rs. in Lakhs)	984.79	841.50
Rate per Unit (inclusive of Demand charges & other cost per unit Rs.1.37 (Previous year Rs.3.07))	8.20	9.42
b. Own Generation:		
1. Through Diesel Generator:		
Units (in Lakhs)	27.78	49.00
Units per litre of Diesel Oil	3.69	3.66
Rate per Unit	10.44	9.35
2. Wind Energy	472.64	468.71
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.	4.92	4.96
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)	24475	22916
Foreign Exchange Outgo (Rs. In Lakhs)	16033	8774

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 2013.

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	63	Chairman and Managing Director/ Overall Management of the Company	75.00	41	06.10.1988	-

BY ORDER OF THE BOARD

Place : Coimbatore
Date : 30.05.2013

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

AMBIKA COTTON MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall Review

Fiscal 2012-13 witnessed falling gross domestic product coupled with high inflation causing economic deterioration leading to tightening of monetary policy measures. The Indian economy witnessed high imports and fall in capital inflows resulting in negative Current Account balances leading to depreciation of rupee impacting the financial results of entities having business profile of Exports/imports on account of fall in value of rupee.

2. Industry Outlook

The demand for cotton yarn remained stable for the year and such trend is expected to remain for the current year as well. Clothing made out of cotton offers the most comfortable wear ensuring continued demand and more so for the speciality quality yarn. However this positive scenario is subject to various factors such as volatility in cotton prices.

3. Opportunities

The demand for speciality yarn made out of premium cottons by top end customers engaged in manufacturing premium shirts and t-shirts is on the growth path and catering such demand ensures continued demand.

4. Challenges

- (i) Stable and positive economic environment
- (ii) Stability in cotton prices
- (iii) Government regulatory controls
- (iv) Rupee depreciation against USD and its volatility
- (v) Bank lending at reasonable interest rate
- (vi) Quality power without interruption and due set off of windmill power for captive consumption.

5. Company Outlook

The company has focused in catering to the demands of manufacturers of premium shirts and t-shirts by manufacturing speciality cotton yarn. This focus has ensured stable and continued demand for its products. The present adverse economic environment have considerable impact over the financial performance of the company.

6. Risks and Concerns

Government policy of controlling free exports, sudden rupee depreciation against USD, sustaining the high bank interest, volatility in cotton prices, wind grid connectivity and due set-off, uninterrupted power 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
	2013	2012
	Rs.	Rs.
1. Increase in Net Sales (Rs. in Lakh)	914	5736
2. Increase in Net Sales (%)	2.43	18.01
3. Increase in Exports (Rs. in Lakh)	1559	5100
4. Increase in Exports (%)	6.80	28.63
5. Operating Profit Margin before Tax (%)	22.57	20.93
6. Operating Profit Margin after Tax (%)	20.05	18.73
7. Cash Profit Margin before Tax (%)	17.69	15.68
8. Cash Profit Margin after Tax (%)	15.17	13.48
9. Net Profit Margin before Tax (%)	10.56	8.55
10. Net Profit Margin after Tax (%)	8.05	6.35

*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 and Executive)	Nil	Nil	Nil
Mrs.Vidya Jyothish	Director (Promoter Group and Executive)	Nil	Nil	Nil
Sri. G. Udayakumar	Director, (Nominee representing IDBI Bank LTD.) (Non Executive and Independent)	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 2012-2013: 4			
S.No.	Date of Board Meeting	S.No.	Date of Board Meeting
1	29.05.2012	2	14.08.2012
3	10.11.2012	4	14.02.2013

(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 28th September, 2012
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	4	4	No
6	Sri.G.Udayakumar (Nominee Director, IDBI Bank Limited)	4	2	No
7.	Mrs.Vidya Jyothish	4	4	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 2012-13
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 29.05.2012, 14.08.2012, 10.11.2012 & 14.02.2013.

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 2012-13
Sri. P.V. Chandran	Promoter Director & Executive	2
Dr. K.Venkatachalam	Independent Director	2
Sri. R.Soundararaja Perumal	Independent Director	2

Shareholders complaints received during the year - 1 and disposed off by the Registrar.

(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
2010	Hotel Sree Annapoorna, 75 East Arokiyasamy Road R.S.Puram, Coimbatore - 641 002	27.09.2010	12 Noon
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

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.

11. Information of Directors Appointed/Reappointed:

Reappointment of Director Mrs. Bhavya Chandran

Mrs. Bhavya Chandran holds Masters Degree in Business Management and she is Daughter of Sri. P.V. Chandran, Chairman and Managing Director of the Company. She has specialized in Finance and International Business and her reappointment as a director would facilitate in the overall operations of the Company.

12. General Information to Shareholders:

Annual General Meeting (AGM) Date, Time and Venue	Friday, 27th September 2013 at 12.00 Noon at The Residency, 1076, Avinashi Road, Coimbatore - 641 018.	
Financial Calendar (tentative) :		
Results for Quarter ending	June 30, 2013	2nd Week of August, 2013
	September 30, 2013	2nd Week of November, 2013
	December 31, 2013	2nd Week of February, 2014
	March 31, 2014	Last week of May 2014 (Audited)
	AGM	September 2014
Date of Book Closure	23.09.2013 to 27.09.2013 (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 Friday, 27.09.2013 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 Saturday 21st September 2013.	
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-12	156.00	142.80	157.00	142.00
May-12	191.95	147.95	187.00	145.00
June-12	187.90	160.60	188.85	166.00
Jul-12	200.65	170.25	199.95	170.60
Aug-12	215.00	171.20	200.80	171.30
Sep-12	190.95	173.00	189.00	172.00
Oct-12	200.10	181.95	203.00	180.00
Nov-12	217.00	191.05	212.50	191.25
Dec-12	213.50	193.15	212.50	192.05
Jan-13	232.00	201.00	232.90	200.25
Feb-13	227.00	190.10	227.90	195.00
Mar-13	205.00	185.05	213.90	181.25

Registrar & Share Transfer Agents	SKDC Consultants Ltd., Kanapathy Towers, 3rd 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 31.03.2013

S.No.	Category	No. of Shares	% of Shareholding
1	Promoters	2733094	46.521
2	Banks, Financial Institutions, Mutual Funds	521125	8.870
3	Foreign Institutional Investors / NRIs	0	0
4	Corporate Bodies	815946	13.888
5	Public		
	1. Individuals (holding Nominal share capital upto Rs.1.00 lakh)	842957	14.347
	2. Individuals (Holding nominal share capital in excess of Rs.1.00 lakh)	865713	14.736
6.	Any other (Specify)		
	a. Directors and their relatives	100	0.002
	b. Non Resident Indians	18596	0.317
	c. Clearing Members	10460	0.178
	d. Hindu Undivided Families	67009	1.141
	Total	5875000	100.00

Distribution of Share Holding as on 31.03.2013				
No. of Equity shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 to 500	3896	89.79	4290730	7.30
501 to 1000	198	4.57	1567900	2.67
1001 to 2000	97	2.24	1454470	2.48
2001 to 3000	39	0.90	1035940	1.76
3001 to 4000	14	0.32	504980	0.86
4001 to 5000	18	0.41	851300	1.45
5001 to 10000	34	0.78	2553810	4.35
10001 and above	43	0.99	46490870	79.13
Total	4339	100.00	58750000	100.00
Dematerialisation of Shares	98.633% of the Company's paid-up Equity Share Capital has been dematerialized upto March 31, 2013. 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, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
Any other matter	Regd.Office: 9-A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012

13. 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 31.03.2013

(a) Non executive directors

S.No.	Name of the Director	Sitting Fees (Rs.)
1.	Sri.K.N. Sreedharan	1,20,000
2.	Dr.K. Venkatachalam	1,20,000
3.	Sri.R. Soundararaja Perumal	1,20,000
4.	Sri.G.Udayakumar (Amount paid to IDBI Bank Limited)	30,000
	Total	3,90,000

(b) Chairman and Managing Director and Executive Director

Sl.No.	Name of the Director	Salary (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
1.	Sri. P.V. Chandran	24,00,000	51,00,000	60,000	75,60,000
2.	Mrs. Bhavya Chandran	1,20,000	-	30,000	1,50,000

3. Shares of the company held by non-executive directors: Dr. K. Venkatachalam holds 100 Shares of the company as on 31st March 2013.

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 31.03.2013.

Place : Coimbatore

Date : 30.05.2013

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 2013, 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, 2013, 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 : 30.05.2013

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 2013, 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 the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). 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. 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 31st March, 2013
- (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 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 Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and
 - e. On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Sd/-

(L.VENKATASUBBU)
PARTNER

MEMBERSHIP No : 019791

Place : Coimbatore

Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date)

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 Companies Act, 1956 and hence Para 4(v) of the Order is not applicable.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act.
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, Wealth 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 31st, 2013 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 Chennai
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 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
Central Excise	Cenvat Credit of Service Tax	3.74	From 28.06.2010 to 31.08.2010	Commissioner of Central Excise (Appeals), 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 Companies (Auditor's Report) Order 2003 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 : 30.05.2013

AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2013

Particulars	Note No	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	5,87,50,000	5,87,50,000
Reserves and surplus	4	214,51,19,648	190,01,45,868
		220,38,69,648	195,88,95,868
Non-Current Liabilities			
Long-term borrowings	5	61,63,51,940	92,74,84,930
Deferred tax liabilities (Net)	6	44,76,63,880	47,64,09,838
		106,40,15,820	140,38,94,768
Current Liabilities			
Short-term borrowings	7	99,92,310	28,52,99,496
Trade payables	8	49,47,01,878	33,89,78,898
Other current liabilities	9	38,06,75,253	36,18,48,852
Short-term provisions	10	7,19,86,360	3,16,53,318
		95,73,55,801	101,77,80,564
TOTAL		422,52,41,269	438,05,71,200
II. ASSETS			
Non-Current Assets			
Fixed assets			
(i) Tangible assets	11 A	290,71,65,753	310,11,72,302
(ii) Intangible assets	11 B	59,57,608	0
(iii) Capital work-in-progress		36,30,988	0
Long-term loans and advances	12	2,61,68,444	3,11,09,110
Other non-current assets	13	7,56,48,900	14,57,99,735
		301,85,71,693	327,80,81,147
Current Assets			
Current investments	14	5,70,000	5,41,540
Inventories	15	92,18,47,843	82,72,10,041
Trade receivables	16	6,52,90,534	10,52,70,311
Cash and cash equivalents	17	1,52,78,346	2,04,14,674
Short term loans & advances	18	20,35,63,764	14,89,43,057
Other current assets	19	1,19,089	1,10,430
		120,66,69,576	110,24,90,053
TOTAL		422,52,41,269	438,05,71,200

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

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

For and on behalf of the Board

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

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

Sd/-
(R.SOUNDARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

Place : Coimbatore
Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2013

Particulars	Note No	Year Ended	Year Ended
		31.03.2013	31.03.2012
		Rs.	Rs.
I. Revenue from operations	20	397,75,52,734	389,43,91,008
II. Other income	21	29,89,656	68,94,306
III. Total Revenue (I+II)		<u>398,05,42,390</u>	<u>390,12,85,314</u>
IV. Expenses:			
Cost of materials consumed	22	238,00,56,366	238,20,62,876
Purchases of Stock-in-Trade		0	0
Changes in inventories of finished goods and work-in-progress	23	-3,07,28,055	-20,93,370
Employee benefits expense	24	21,17,25,831	19,59,07,046
Finance costs	25	18,78,86,952	19,71,94,036
Depreciation and amortization expenses		27,43,32,117	26,80,13,695
Other expenses	26	55,07,02,770	53,86,82,576
Total Expenses		<u>357,39,75,981</u>	<u>357,97,66,859</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		40,65,66,409	32,15,18,455
VI. Exceptional Items		0	0
VII. Profit before extraordinary items and tax (V - VI)		40,65,66,409	32,15,18,455
VIII. Extraordinary items		0	0
IX. Profit before tax(VII -VIII)		40,65,66,409	32,15,18,455
X Tax expenses			
(1) Current tax			
(i) MAT		8,23,98,071	6,43,35,758
(ii) MAT credit reversed		4,20,08,935	89,53,158
(2) Deferred tax		-2,87,45,958	10,64,134
(3) Prior period Income tax		10,64,898	83,44,059
		<u>9,67,25,946</u>	<u>8,26,97,109</u>
XI. Profit (Loss) for the period from continuing operations (IX -X)		<u>30,98,40,463</u>	<u>23,88,21,346</u>
XII. Profit / (loss) from Discontinuing operations		0	0
XIII. Profit (Loss) for the period (XI + XII)		<u>30,98,40,463</u>	<u>23,88,21,346</u>
XIV. Earnings per equity share (Face value of Rs.10/-)			
(1) Basic		52.74	40.65
(2) Diluted		52.74	40.65

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

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

Place : Coimbatore
Date : 30.05.2013

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 31.03.2013

Particulars	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	40,65,66,409	32,15,18,455
Adjustment for Depreciation	27,43,32,117	26,80,13,695
Interest Paid	18,78,86,952	19,71,94,036
Increase in carrying amount of Investments	-28,460	0
Decrease in carrying amount of investments	0	40,960
Foreign Currency Fluctuation on revaluation	-35,93,554	25,45,476
Foreign Currency Fluctuation in cash and cash Equivalents on Revaluation	0	-364
Investments Income: Interest/Dividend Received	-26,31,196	-65,84,306
Operating Profit Before Working Capital Changes	<u>86,25,32,268</u>	<u>78,27,27,952</u>
Changes in Working capital Adjustments for Inventories	-9,46,37,802	67,70,53,068
Trade and other receivables	6,14,11,590	13,21,66,902
Trade Payables	17,71,77,648	-14,79,46,038
Cash generated from operations	<u>100,64,83,704</u>	<u>144,40,01,884</u>
Direct Taxes paid	-13,23,73,895	-9,00,28,860
Net Cash from operating activities	<u>87,41,09,809</u>	<u>135,39,73,024</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-8,62,83,176	-5,55,07,690
Capital work in progress	-36,30,988	58,33,500
Acquisitions of Companies	0	0
Purchase of Investments	0	0
Sale of Investments	0	0
Interest Received	26,23,921	65,79,081
Dividend Received	7,275	5,225
Net cash used in Investing activities	<u>-8,72,82,968</u>	<u>-4,30,89,884</u>

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

Particulars	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 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	-27,53,07,186	-62,04,82,433
Foreign currency fluctuation on revaluation	-11,041	0
Repayment of Long Term borrowings	-31,11,32,990	-46,98,67,970
Repayment of Finance/ Lease Liabilities	0	0
Dividend Paid	-1,76,25,000	-2,93,75,000
Interest Paid	-18,78,86,952	-19,71,94,036
Net Cash Used in Financing Activities	-79,19,63,169	-131,69,19,439
Net increase in Cash and Cash Equivalents	-51,36,328	-60,36,299
Cash and Cash Equivalents as at 1st April (Opening Balance)	2,04,14,674	2,64,50,609
Increase on account of foreign currency revaluation	0	364
Cash and Cash Equivalents as at 31st March (Closing Balance)	1,52,78,346	2,04,14,674

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.13.32 Lakh (Previous year Rs.13.50 Lakh) which are not available for use by the Company.

As per our report of even date attached

For L.VENKATASUBBU & CO
Chartered Accountants

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

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

Sd/-
(R.SOUNDARARAJA PERUMAL)
DIRECTOR

For and on behalf of the Board

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

Place : Coimbatore
Date : 30.05.2013

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 of which 25.9 MW is meant 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 notified Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 of India.

(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.
- 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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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. Forward exchange contracts outstanding at the balance sheet date are stated at fair values and any gains or losses are recognized in the statement of profit and loss.
- v. 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 consists 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 Instruments

Forward exchange contracts are entered only to hedge risks associated with foreign currency fluctuations in the regular course of business activity to crystallize the liability or receivable as the case may be.

(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 a 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 31.03.2013		As at 31.03.2012	
	Number of Shares	Rs.	Number of Shares	Rs.
a. Authorised				
Equity Shares of Rs.10/ each with voting rights	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
b. Issued				
Equity Shares of Rs.10/ each with voting rights	58,75,000	5,87,50,000	58,75,000	5,87,50,000
c. Subscribed and fully paid up				
Equity Shares of Rs.10/ each with voting rights	58,75,000	5,87,50,000	58,75,000	5,87,50,000
		<u>5,87,50,000</u>		<u>5,87,50,000</u>

Notes :

- i. The company has only one type of share capital viz.. Equity Share Capital having a face value of Rs. 10/- per share.
- ii. 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 .
- iii. The issued Equity Share Capital carries equal voting rights and entitlement to dividends.
- iv. No shares are held by a holding company or its ultimate holding company or its subsidiary or associates.
- v. Shareholders holding more than 5% of Share Capital

Name of the Shareholder	31.03.2013		31.03.2012	
	No. of Shares	% of holding	No. of Shares	% of holding
1. C. Bhavani	22,72,466	38.68	22,72,466	38.68
2. P.V. Chandran	4,60,628	7.84	4,06,799	6.92
3. IDFC Sterling Equity Fund	5,21,125	8.87	4,80,000	8.17
4. Raghu Trading and Investment Co. Private Ltd	3,32,116	5.65	3,34,589	5.70

- vi. No shares are reserved for issue under options and contracts / commitments for the sale of shares/ disinvestments.
- vii. 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.
- viii. There are no securities convertible into equity / preference shares.
- ix. There are no calls unpaid & forfeited shares.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 4

Reserves & Surplus	As at	As at
	31.03.2013	31.03.2012
	Rs.	Rs.
(a) Securities Premium Reserve	19,72,58,148	19,72,58,148
As per last Balance Sheet	<u>19,72,58,148</u>	<u>19,72,58,148</u>
(b) General Reserve		
Opening Balance	106,79,81,000	96,79,81,000
Add : Transfer from Surplus in Statement of Profit & Loss	10,00,00,000	10,00,00,000
Closing Balance	<u>116,79,81,000</u>	<u>106,79,81,000</u>
(c) Surplus in the Statement of Profit & Loss		
Opening Balance	63,49,06,720	53,02,25,734
Add : Profit after tax for the year	30,98,40,463	23,88,21,346
Less : Interim dividend	0	-1,17,50,000
Tax on Interim Dividend	0	-19,06,144
Provision for Final Dividend	-5,58,12,500	-1,76,25,000
Provision for Tax on Final Dividend	-90,54,183	-28,59,216
Transfer to General Reserve	-10,00,00,000	-10,00,00,000
Closing Balance	<u>77,98,80,500</u>	<u>63,49,06,720</u>
Total (a+b+c)	<u>214,51,19,648</u>	<u>190,01,45,868</u>

Non-Current Liabilities

Note 5

Long - term Borrowings

(i) Secured

Term Loans from Banks	61,63,51,940	92,74,84,930
	<u>61,63,51,940</u>	<u>92,74,84,930</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 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

Deferred Tax Liability	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
Opening Balance	47,64,09,838	47,53,45,704
Add: Transfer to/ from Statement of Profit & Loss	-2,87,45,958	10,64,134
	<u>44,76,63,880</u>	<u>47,64,09,838</u>

Note No 7

Short term Borrowings

(i) Secured

Loans Repayable on Demand

From Banks	99,92,310	28,52,99,496
	<u>99,92,310</u>	<u>28,52,99,496</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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Notes to the Financial Statements

Note 8

Trade Payables

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
a. Acceptances	42,82,48,065	28,36,28,083
b. Sundry Creditors	6,64,53,813	5,53,50,815
	<u>49,47,01,878</u>	<u>33,89,78,898</u>

Note 9

Other Current Liabilities

a. Current maturities of long-term debt	31,11,25,000	30,91,93,000
b. Advance for supplies	75,50,558	1,02,16,057
c. Liability for Expenses	6,06,67,670	3,10,89,328
d. Sundry creditors for capital works	0	1,00,00,000
e. Unpaid dividends	13,32,025	13,50,467
	<u>38,06,75,253</u>	<u>36,18,48,852</u>

Note 10

Short Term Provisions

a. Provision for Income Tax (net of Advance tax & TDS Rs. 75278394/- Previous year Rs.52566656/-)	71,19,677	1,11,69,102
b. Provision for dividend	5,58,12,500	1,76,25,000
c. Provision for dividend tax	90,54,183	28,59,216
	<u>7,19,86,360</u>	<u>3,16,53,318</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 11. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2012 Rs.	Additions (Sold/Adjusted) during the year Rs.	As at 31.03.2013 Rs.	Upto 31.03.2012 Rs.	Provided (withdrawn) during the year Rs.	As at 31.03.2013 Rs.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
A. TANGIBLE ASSETS								
Land	9,13,21,250	32,81,417	9,46,02,667	0	0	0	9,46,02,667	9,13,21,250
Building	55,96,53,332	47,65,636	56,44,18,968	11,61,46,168	1,82,98,804	13,44,44,972	42,99,73,996	44,35,07,164
Plant & Machinery	389,03,10,159	6,86,34,845	395,89,45,004	133,60,27,089	25,13,85,767	158,74,12,856	237,15,32,148	255,42,83,070
Electrical Fittings	2,66,870	0	2,66,870	2,66,870	0	2,66,870	0	0
Furniture & Fixtures	6,85,539	65,390	7,50,929	5,11,325	46,821	5,58,146	1,92,783	1,74,214
Office Equipments	53,09,594	6,73,851	59,83,445	39,43,985	5,53,618	44,97,603	14,85,842	13,65,609
Vehicles	2,13,74,074	9,18,559	2,22,92,633	1,08,53,079	20,61,237	1,29,14,316	93,78,317	1,05,20,995
Total As At 31.03.2013	456,89,20,818	7,83,39,698	464,72,60,516	146,77,48,516	27,23,46,247	174,00,94,763	290,71,65,753	310,11,72,302
Total As At 31.03.2012	451,34,13,128	5,55,07,690	456,89,20,818	119,97,34,821	26,80,13,695	146,77,48,516	310,11,72,302	331,36,78,307
B. INTANGIBLE ASSETS								
Knowhow	0	79,43,478	79,43,478	0	19,85,870	19,85,870	59,57,608	0
Total As At 31.03.2013	0	79,43,478	79,43,478	0	19,85,870	19,85,870	59,57,608	0
Total As At 31.03.2012	0	0	0	0	0	0	0	0

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 12	As at	As at
Long Term Loans and Advances	31.03.2013	31.03.2012
	Rs.	Rs.
Security Deposits (unsecured)		
a. Electricity Deposit	2,57,31,824	2,56,11,954
b. In Fixed Deposit with bank (for guarantee)	0	51,60,536
c. Other Deposits	4,36,620	3,36,620
	<u>2,61,68,444</u>	<u>3,11,09,110</u>
Note 13		
Other Non Current Assets		
MAT credit Carried Forward	7,56,48,900	14,57,99,735
	<u>7,56,48,900</u>	<u>14,57,99,735</u>
Note 14		
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)	65,000	65,000
ii. City Union Bank Ltd., (5000 Equity Shares of Rs.1/- each) (Previous year 5000 equity shares of Rs.1/- each)	17,500	17,500
b. Investments in Mutual Fund units		
LICMF Systematic Asset Allocation Fund-Dividend (50000 Units of Rs.10/- each) (Previous year 50000 Units of Rs.10/ each)	4,87,500	4,59,040
	<u>5,70,000</u>	<u>5,41,540</u>
(Market value of quoted investments - Equity Shares Rs.439625 /- (Previous year Rs.348965/-) Net asset value of Mutual Fund units Rs.487500/- (Previous year Rs.459040 /-) Mode of valuation : Carried at lower of cost and fair value		

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 15	As at	As at
Inventories	31.03.2013	31.03.2012
	Rs.	Rs.
a. Raw Materials (at cost or net realisable value whichever is lower)	70,68,73,091	64,46,00,572
b. Work-in-progress (at an estimated cost or net realisable value whichever is lower)	9,09,73,603	8,35,24,389
c. Finished Goods (at an estimated cost or net realisable value whichever is lower)	6,66,92,541	4,39,16,882
d. Waste Cotton (at net realisable value)	64,08,126	59,04,944
e. Packing Materials (at cost or net realisable value whichever is lower)	1,44,13,885	1,15,19,066
f. Stores and Spares (at cost or net realisable value whichever is lower)	3,64,86,597	3,77,44,188
	<u>92,18,47,843</u>	<u>82,72,10,041</u>
Details of Raw Materials		
Raw Cotton	70,68,73,091	64,46,00,572
	<u>70,68,73,091</u>	<u>64,46,00,572</u>
Details of Work in progress		
Cotton in process	9,09,73,603	8,35,24,389
	<u>9,09,73,603</u>	<u>8,35,24,389</u>
Details of Finished goods		
Cotton Yarn	6,61,44,882	4,36,11,909
Knitted Fabrics	5,47,659	3,04,973
	<u>6,66,92,541</u>	<u>4,39,16,882</u>
Note 16		
Trade Receivables		
(Unsecured considered good)		
a. Due for a period more than six months	34,92,279	57,279
b. Others	6,17,98,255	10,52,13,032
	<u>6,52,90,534</u>	<u>10,52,70,311</u>
Note 17		
Cash and Cash Equivalents		
a. Cash on hand	25,99,610	37,73,656
b. Balances with Banks		
i. In Current accounts	57,05,697	1,52,53,151
ii. In EEFC accounts	26,686	37,400
iii. In demand deposit accounts	56,14,328	0
iv. In earmarked accounts		
- Unpaid dividend accounts	13,32,025	13,50,467
	<u>1,52,78,346</u>	<u>2,04,14,674</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 18	As at	As at
Short-Term Loans & Advances	31.03.2013	31.03.2012
(Unsecured and considered good)	Rs.	Rs.
a. Staff Advance	5,84,146	5,87,676
b. Advance for supply of materials	1,99,39,083	76,25,067
c. Interest reimbursement receivable (TUFS)	1,48,78,403	3,14,00,425
d. EB Receivable (due from State Government)	5,10,48,889	3,53,28,594
e. Balances with Government authorities		
i. Duty drawback receivable	3,03,51,610	1,71,78,930
ii. Cenvat & Service tax credit receivable	2,05,94,709	1,79,11,890
iii. Income tax refund due	0	6,650
iv. MAT credit carried forward	4,21,41,900	1,40,00,000
v. VAT & Sales tax receivable	15,43,442	67,802
f. Pre-paid Expenses	1,10,81,572	48,39,129
g. Others		
i. Cotton Purchase debit note	2,81,035	14,72,855
ii. LC Opening charges for Import of cotton	50,14,049	66,64,671
iii. Forward cover receivable	61,04,926	1,18,59,368
	<u>20,35,63,764</u>	<u>14,89,43,057</u>
Note 19		
Other Current Assets		
Interest accrued on Deposits		
Bank	1,05,589	1,01,430
Others	13,500	9,000
	<u>1,19,089</u>	<u>1,10,430</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 Rs.
Note 20		
Revenue from Operations		
(i) Sale of Products (Refer Note (i) below)	385,01,30,556	375,87,22,353
(ii) Other Operating Revenue (Refer Note (ii) below)	12,74,22,178	13,56,68,655
	<u>397,75,52,734</u>	<u>389,43,91,008</u>
Less: Excise Duty	0	0
	<u>397,75,52,734</u>	<u>389,43,91,008</u>
(i) Sale of Products Comprises of		
a. Cotton Yarn	350,63,78,022	344,52,12,907
b. Knitted Fabrics	3,49,15,849	3,23,52,891
c. Waste Cotton	30,88,36,685	28,11,56,555
	<u>385,01,30,556</u>	<u>375,87,22,353</u>
(ii) Other Operating Revenue Comprises of		
a. DEPB (For Export)	74,58,375	8,19,98,700
b. Duty draw back	7,18,04,025	2,84,25,602
c. Trading Profit - Cotton & Yarn	43,19,599	50,90,468
d. Wind Energy	4,38,40,179	2,01,53,885
	<u>12,74,22,178</u>	<u>13,56,68,655</u>
Note 21		
Other Income		
a. Interest (Refer Note (i) below)	26,23,921	65,79,081
b. Dividend	7,275	5,225
c. Rent	3,30,000	3,10,000
d. Increase in value of Investments	28,460	0
	<u>29,89,656</u>	<u>68,94,306</u>
(i) Interest Income Comprises of		
a. From banks on deposits	5,08,835	51,19,366
b. Other Interest	21,15,086	14,59,715
Total Interest Income	<u>26,23,921</u>	<u>65,79,081</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 Rs.
Note 22		
Cost of Materials Consumed		
Opening Stock	64,46,00,572	133,18,03,302
Add : Purchases	247,32,43,115	171,39,99,074
	<u>311,78,43,687</u>	<u>304,58,02,376</u>
Less : Sales	3,09,14,230	1,91,38,928
	<u>308,69,29,457</u>	<u>302,66,63,448</u>
Less : Closing Stock	70,68,73,091	64,46,00,572
Cost of Materials Consumed	<u>238,00,56,366</u>	<u>238,20,62,876</u>
Materials Consumed Comprise		
Raw Cotton	238,00,56,366	238,20,62,876
	<u>238,00,56,366</u>	<u>238,20,62,876</u>
Note 23		
Changes in Inventories of Finished goods and Work-in-Progress		
Opening Stock of Work in progress	8,35,24,389	6,22,25,578
Opening Stock of Finished Goods	4,39,16,882	6,67,70,221
Opening Stock of Waste Cotton	59,04,944	22,57,046
Total (A)	<u>13,33,46,215</u>	<u>13,12,52,845</u>
Closing Stock of Work in progress	9,09,73,603	8,35,24,389
Closing Stock of Finished Goods	6,66,92,541	4,39,16,882
Closing Stock of Waste Cotton	64,08,126	59,04,944
Total (B)	<u>16,40,74,270</u>	<u>13,33,46,215</u>
Increase / Decrease in Stock (A - B) (-)/(+)	-3,07,28,055	-20,93,370
Note 24		
Employee Benefits Expense		
Salaries & Wages	15,37,81,026	14,31,02,678
Contribution to Provident Fund & Other Funds	1,08,75,248	1,13,52,652
Staff Welfare Expenses	4,70,69,557	4,14,51,716
	<u>21,17,25,831</u>	<u>19,59,07,046</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	Year Ended 31.03.2013 Rs	Year Ended 31.03.2012 Rs
Note 25		
Finance Costs		
a. Interest Expense		
i. Fixed Term loans	9,70,11,566	12,06,94,280
ii. Working Capital Loans	7,17,13,953	3,72,07,918
b. Other Borrowing Costs	12,24,252	9,48,128
c. Net Gain/Loss on Foreign Currency transactions	1,79,37,181	3,83,43,710
	18,78,86,952	19,71,94,036
Note 26		
Other Expenses		
Stores Consumed	4,87,42,502	3,74,70,608
Power & Fuel	20,79,90,704	14,16,11,212
Materials Sizing & Fabrication	16,77,018	11,91,122
Freight Inwards	12,49,864	11,43,924
Machinery Maintenance	94,26,368	79,40,130
Building Maintenance	3,13,38,010	2,95,67,738
Vehicle Maintenance	93,78,151	79,52,551
Printing & Stationary	9,34,959	10,17,388
Postage & Telephone	18,48,552	16,60,671
Travelling Expenses	30,25,631	16,40,774
Insurance	68,48,617	73,61,933
Licence Fees & Taxes	66,09,948	52,57,859
Bank Charges	58,10,457	36,04,481
Professional & Legal Charges	17,45,333	21,47,359
Salary to Managing Director	75,00,000	75,00,000
Salary to Director	1,20,000	1,20,000
Auditors Remuneration	3,30,900	3,30,900
Foreign Exchange Fluctuation	4,03,77,741	11,63,92,888
Freight Outwards	4,32,85,583	3,45,44,954
Packing Materials	5,44,42,369	5,61,27,427
Brokerage & Commission	5,89,68,198	6,19,45,345
Sundry Parties Written Off	6,09,654	29,47,843
Decrease in value of investments	0	40,960
Advertisement	4,54,440	6,26,105
Security Service Charges	29,70,675	31,83,892
Miscellaneous Expenses	50,17,096	53,54,512
	55,07,02,770	53,86,82,576

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27

Other Additional Information:

i	Commitment and Contingent Liabilities: -
a.	Commitment : In respect of contract remains to be executed on capital account Rs.1384 Lakh (Previous year Rs. Nil). (Advance and other expenditure incurred Rs.1.23 Lakh).
	Contingent Liabilities:
b.	Export Bills discounted / lodged with the Bank Rs.3876/- Lakh (Previous year Rs.3499 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 department sought to re-open the assessment U/s 147 of the Act in respect of claim of depreciation @ 80% in respect of the windmills. However, the company has filed the writ before Hon'ble Madras High Court and the matter is pending. No demand is raised so far.
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 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.0.31 Lakh 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.
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.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

i.	The Central Excise department has not accepted claim of Cenvat Credit of Service tax of Rs.1.87 Lakh together with interest which is not quantified and further levied a penalty of Rs.1.87 Lakh in respect of business auxiliary services for windmills as such windmills are situated outside the factory and the matter is pending before CCE (Appeals), Madurai.
m.	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.
n	During the year the company had obtained EPCG Licenses and fulfilled Export Obligation of USD 1834770 (duty amount Rs.134 Lakh) for Import of capital goods and spares and same are in the process of redemption. The company has to fulfill Export Obligation in USD 1654624 involving duty amount of Rs. 115 Lakh computed at eight times of the duty saved amount within a period of eight years from the date of License.
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 the 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 Assistant Commissioner, Central Excise, Dindigul and final exit order from 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.

ii	Auditors' Remuneration	Rs.	Rs.
	Audit Fees	3,30,900	3,30,900
	Total	3,30,900	3,30,900

- iii. Related Party Transactions & Disclosure : Salary to Mrs. Bhavya Chandran
Rs. 1.20 Lakh (Previous Year Rs.1.20 Lakh)

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

iv.	a. Earnings Per Share (EPS)	2013	2012
	Profit after Tax as per Statement of Profit and Loss (Rs. in Lakhs)	3,098	2,388
	Average No. of Equity Shares (Face Value Rs.10/- each)	58,75,000	58,75,000
	Earning Per Share (EPS) (Basic) (Rs.)	52.74	40.65
	Earning Per Share (EPS) (Diluted) (Rs.)	52.74	40.65
	b. Dividend Proposed to be distributed to Equity Shareholders		
	Amount of Dividend (in Rs)	5,58,12,500	1,76,25,000
	Amount per Share (in Rs.)	9.50	3.00

v.	Details of TUFS Interest Reimbursement (Rs. In Lakh)				
	Opening Balance	Receivable for the year	Total Receivable	Received during the year	Closing Balance
	(1)	(2)	3 (1+2)	(4)	(5) (3 - 4)
	314	414	728	579	149
	(651)	(546)	(1197)	(883)	(314)
	(Figures in bracket relates to previous year)				

- vi. In terms of information available with the company there are 3 (Three) parties (Previous Year 4 (four) 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 31.03.2013 is Rs.611023/- (Previous year Rs.449048/-) and the same are settled within the agreed dates, which is not more than 45 days from the day of acceptance or deemed acceptance of the goods.
- vii. Vehicle maintenance includes cost of expenditure exclusively incurred to provide transport to the employees from their place to work spot Rs.94 Lakh (Previous year Rs.74 Lakh) and staff welfare expenses include quarterly bonus paid amounting to Rs.334 Lakh (Previous year Rs.165 Lakh)
- viii. Reversal of Deferred tax liability is on account of timing difference of depreciation amounting to Rs.287 Lakh (Previous year Rs. Nil)

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

ix. Particulars of Hedged and Un-Hedged Foreign Currency Exposure.

Particulars	As at 31.03.2013		As at 31.03.2012	
	Assets	Liabilities	Assets	Liabilities
Foreign Currency Exposure in				
(i) USD				
Hedged	--	--	15,24,726	10,00,000
Unhedged	8,36,549	97,88,775	--	1,05,06,470
Total	8,36,549	97,88,775	15,24,726	1,15,06,470

Note: The hedge of foreign currency exposures are by way of forward contracts to crystallize the Receivables / Payables as the case may be.

x. Employee Benefits:

a. Company's Contribution to Provident Fund: Rs.108.75 Lakh (Previous Year Rs. 113.53 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 2013.

(i) Present value of obligations

Particulars	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Obligations at the beginning of the year	12,41,098	1,39,143
Interest Cost	99,288	11,131
Current Service Cost	3,35,342	1,34,970
Benefit paid	(2,48,540)	(1,86,028)
Actuarial (Gain) /loss on obligations	(3,17,434)	11,41,882
Obligations at the end of the year	11,09,754	12,41,098

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

(ii) Fair value of Plan assets

Particulars	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Fair Value of the plan assets, beginning of the year	17,84,187	10,07,425
Expected return on plan assets	1,43,078	81,078
Contributions	89,184	8,81,712
Benefit paid	(2,48,540)	(1,86,028)
Actuarial (Gain) / Loss on obligations	-	-
Fair Value of the plan assets, end of the year	17,67,909	17,84,187

(iii) Expenses to be recognized for the current year

Particulars	31.03.2013 (Rs.)	31.03.2012 (Rs.)
Current Service Cost	3,35,342	1,34,970
Interest Cost	99,288	11,131
Expected return on plan assets	(1,43,078)	(81,078)
Actuarial (gain)/loss for the year	(3,17,434)	11,41,882
Expense to be recognized in statement of Profit and Loss	(25,882)	12,06,905

(iv) Actuarial Assumption

	For 31.03.2013	For 31.03.2012
Discount Rate	8.00%	8.00%
Salary Escalation	3.00%	3.00%

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

xi. Segment Reporting:

(Rs. in Lakh)

(i) Business segment

Particulars	Textiles		Windmills		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Gross Segment Revenue	39337	38742	3111	2135	42448	40877
Less: Intersegment Revenue	0	0	2672	1933	2672	1933
Total Revenue	39337	38742	439	202	39776	38944
Segment Result	4383	4358	1532	760	5915	5118
Less: Finance Cost					1879	1972
Add : Unallocable Other Income net of Expenditure					30	69
Profit before Tax					4066	3215
Less : Tax Expense					968	827
Profit for the Year					3098	2388
Segment Assets	31270	31430	9805	10778	41075	42208
Unallocated Assets					1179	1598
Total Assets					42254	43806
Segment Liabilities	9242	7113	161	100	9403	7213
Unallocated Liabilities					71	112
Total Liabilities					9474	7325
Other information						
Capital Expenditure	783	550	0	0	783	550
Unallocated Capital Expenditure	0	0	0	0	0	0
Depreciation	1539	1476	1204	1204	2743	2680
Unallocated Depreciation	0	0	0	0	0	0
Non - Cash Expenses other than depreciation	0	0	0	0	0	0

(ii) Geographic Segment

(Rs. in Lakh)

Particulars	Europe	East Asia & South East Asia	Others	India	Total
Sale of Goods	1468 (1425)	22328 (20767)	679 (724)	14026 (16028)	38501 (38944)

(Figures in bracket relates to previous year)

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

xii. Value of Imported and Indigenous Raw Materials and Spare parts consumed and percentage thereof:	2013		2012	
	Value (Rs. in Lakh)	% to Total	Value (Rs. in Lakh)	% to Total
i) Raw Materials				
Imported	14524	61.02	7897	33.15
Indigenous	9277	38.98	15924	66.85
Total	23801	100.00	23821	100.00
ii) Spare Parts				
Imported	138	28.34	56	14.93
Indigenous	349	71.66	319	85.07
Total	487	100.00	375	100.00

		2013 (Rs. in Lakh)	2012 (Rs. in Lakh)
xiii	a. Earnings in Foreign Exchange	24475	22916
	b. Expenditure in Foreign Currency		
	i) For Import of Capital Goods	371	398
	ii) For Import of Raw Materials	14657	7565
	iii) For Import of Spares	83	134
	iv) For Interest & Bank Charges	444	338
	v) For Commission	404	339
	vi) Knowhow & License fee	74	0
	Total expenditure in foreign currency	16033	8774

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

xv. 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 : 30.05.2013

AMBIKA COTTON MILLS LIMITED

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

L.F. NO. :

NAME OF THE SHAREHOLDER / PROXY*

ADDRESS :

No. of Shares held :

I hereby record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company held on Friday, 27th September 2013 at 12.00 Noon at The Residency, 1076, Avinashi Road, Coimbatore - 641 018.

SIGNATURE OF THE SHAREHOLDER / PROXY

Strike out whichever is not applicable.

PROXY

L.F. No.

I / We of being a member / members of AMBIKA COTTON MILLS LIMITED hereby appoint of or failing him as my / our proxy to vote for me / us and on my / our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Friday the 27th September 2013 at 12.00 Noon and at any adjournment thereof.

Signed this day of 2013

by the said

NOTE : The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting. The proxy need not be a member of the Company.

Affix
Re. 1/-
Revenue
Stamp.

Signature.

CUT HERE

