

# **AMBIKA COTTON MILLS LIMITED**

**ANNUAL REPORT  
2016 - 2017**

# AMBIKA COTTON MILLS LIMITED

CIN No.L17115TZ1988PLC002269

website - [www.acmills.in](http://www.acmills.in), Email -id - [ambika@acmills.in](mailto:ambika@acmills.in)

## ANNUAL REPORT 2016 - 2017

BOARD OF DIRECTORS	Sri. P.V. Chandran (DIN : 00628479) Sri. K.N. Sreedharan (DIN : 00321585) Dr. K. Venkatachalam (DIN : 01062171) Sri. R. Soundararaja Perumal (DIN : 02087219) (Upto 26.03.2017) Sri.E.M. Nagasivam (DIN : 07894618) (From 12.08.2017) Mrs. Bhavya Chandran (DIN : 02080649) Mrs. Vidya Jyothish Pillai (DIN : 05215930)
REGISTERED OFFICE	9A, Valluvar Street Sivanandha Colony Coimbatore - 641 012.
PLANT	Kanniyapuram Dindigul - 624 308.
AUDITORS	L. Venkatasubbu & Co., (Upto conclusion of 29th AGM) Chartered Accountants, Coimbatore - 641 001.  Srikishen & Co., (From conclusion of 29th AGM) Chartered Accountants, Coimbatore-641 006.
BANKERS	IDBI Bank Ltd. Axis Bank Ltd. HDFC Bank Ltd. Kotak Mahindra Bank Ltd. ICICI Bank Ltd. State Bank of India

## AMBIKA COTTON MILLS LIMITED

Registered Office : No.9 A , Valluvar Street, Sivanandha Colony, Coimbatore - 641 012.

CIN No.L17115TZ1988PLC002269

website - [www.acmills.in](http://www.acmills.in), Email -id - [ambika@acmills.in](mailto:ambika@acmills.in)

### DIRECTORS' REPORT

Your directors have great pleasure in submitting the Twenty Ninth Annual Report together with the audited accounts for the year ended 31st March 2017.

### FINANCIAL RESULTS

The Financial results for the year ended 31st March 2017 are furnished below:

	(Rs. in Lakhs)	
	CURRENT YEAR	PREVIOUS YEAR
	2016-17	2015-16
Sales & Other Income	52939.73	49408.24
Profit Before Finance Cost and Depreciation	10512.87	9409.20
Less: Finance Cost	383.95	521.53
Gross Profit For the Year	10128.92	8887.67
Less : Depreciation	2934.86	2991.96
Profit before Tax	7194.06	5895.71
Less : Tax Expense	1629.03	1450.19
Profit after Tax	5565.03	4445.52
Add: Surplus in Statement of Profit and Loss	16264.68	13881.02
	21829.71	18326.54
Less: Appropriation		
Transfer to General Reserve	1000.00	1000.00
Interim Dividend	0.00	881.25
Dividend Tax on Interim Dividend	0.00	179.40
Proposed Dividend on Equity Shares	0.00	0.00
Dividend Tax	0.00	0.00
Prior Period Dividend & Dividend Tax	0.00	1.21
Surplus Carried over in Statement of Profit and Loss	20829.71	16264.68

### PERFORMANCE AND STATE OF AFFAIRS

The Company's Total Income and Gross profit amounted to Rs. 52939.73 Lakhs (Previous year Rs. 49408.24 Lakhs) and Rs. 10128.92 Lakhs (Previous year Rs. 8887.67 Lakhs). This represents growth of 7.15% in total income as compared to 0.35% decline in the previous year and growth of 13.97% in Gross Profit as against decline of 4.53% in the previous year.

For the year Company's Direct Export Turnover amounted to Rs. 24965.35 Lakhs as compared to Rs. 25960.52 Lakhs in the previous year representing a decline of 3.83% (Previous Year decline of 9.01 %). In terms of percentage the export turnover constituted 48.39% of the net sales as against 53.71% in the previous year.

The improved financial performance for the year was on account of continued strengthening of core production process, better generation and evacuation of wind power coupled with outsourced power at favorable prices. The Company is continuously working on strategies into product innovation and enhanced productivity. The strong financial performance of the Company demonstrates the varied customer base and product diversity.

# **AMBIKA COTTON MILLS LIMITED**

## **DIRECTORS' REPORT (Contd...)**

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During the year the Company has invested Rs.1752 Lakhs towards strengthening of its manufacturing operations of spinning segment and has invested Rs.1007 Lakhs in Knitting segment. This knitting facility would knit fabrics upto 8,000 kgs per day as of now and 90% of the output is exported. This total investment of Rs.2759 Lakhs was fully met out of internal accruals.

The Company is not carrying any long term debt.

The implementation of spinning phase is still pending on account of uncertainty of use of land and appropriate clearance from authorities. However, the Company has planed to invest further an estimated amount of Rs. 2000 Lakhs in Knitting segment, to augment the knitting capacity further 16,000 Kgs per day. The investment will be made out of internal accruals.

### **TRANSFER TO RESERVES**

The Company proposes to transfer Rs.10.00 Crores to the General Reserve out of the amount available for appropriation.

### **DIVIDEND**

The Company has not recommended any dividend in view of transit to IND AS as dividend declared is not recognized as a liability until approved by the shareholders. However, the Company would consider and pay interim dividend in such a way that the stream of cash flow in the form of dividend to the share holders would be protected.

### **BUYBACK OF SHARES**

The Board of Directors at their meeting held on 11th November, 2016 approved the buyback of equity shares of the Company in accordance with Section 68 of the Companies Act,2013 and SEBI ( Buyback of Securities ) Regulations ,1998 and the buyback announcement was made on 22nd November,2016. The Company, as proposed , has bought back through Stock Exchanges, 150000 Equity Shares of Rs. 10/- each, which have been extinguished subsequently.

The aggregate amount spent on buyback amounted to Rs. 1611.52 Lakhs consisting of (i) Consideration paid towards buyback Rs.1573.22 Lakhs and (ii) Other transaction cost Rs.38.30 Lakhs.

In terms of Section 69 of the Companies Act,2013, Rs.15.00 Lakhs being the nominal value of Equity Shares bought back was transferred to Capital Redemption Reserve Account from Share Premium account and the balance cost of buyback Rs.1596.52 Lakhs was also met out of Share Premium Reserve .

### **DIRECTORS**

In terms of requirement of Section 149 of the Companies Act, 2013, the Independent Directors of the company are Sri.K.N.Sreedharan, Dr.K.Venkatachalam and Sri.E.M. Nagasivam.

Sri R. Soundararaja Perumal resigned from the Board with effect from 27.03.2017 and the Board wishes to place on record its appreciation for services rendered during his tenure of office.

Sri.E.M.Nagasivam was co-opted as an independent director of the Company by the Board Directors of Company at the meeting held on 12.08.2017 on the recommendation of Nomination and Remuneration Committee.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs.Bhavya chandran (DIN 02080649) Director, who retires by rotation and being eligible, offers herself for reappointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (3) (c) of the Companies Act 2013, your directors state that: -

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. Accounting policies selected have been applied consistently. Reasonable and prudent judgments have been made so as to give a true and fair view of the state of affairs of the Company as at the end of 31st March, 2017 and of the profit of the Company for the year ended on that date;

# **AMBIKA COTTON MILLS LIMITED**

## **DIRECTORS' REPORT (Contd...)**

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- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis;
- v. Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

### **MEETINGS OF THE BOARD**

The Board held four meetings during the Financial Year 2016- 17 namely, May 28, 2016, August 6, 2016, November 11, 2016 and February 1, 2017.

### **DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section(6).

### **DEPOSITS**

The Company has not accepted any deposits from the public and therefore furnishing of details in terms of Rule 8(v) &(vi) of Companies (Accounts) Rules, 2014 does not arise.

### **AUDITORS**

The Statutory Auditor, M/s L.Venkatasubbu & Co., Chartered Accountants, have already completed more than ten years as statutory Auditors of the Company. Accordingly, as per section 139 of the Companies Act, 2013, M/s. L.Venkatasubbu & Co., will cease to be the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting. Hence, the Board, based on the recommendation of the Audit Committee, proposes the appointment of Sri Kishen & Co., Chartered Accountants, ICAI Registration No.004009S as the Statutory auditors for a continues period of five years from the conclusion of 29th AGM till the conclusion of 34th AGM subject to approval of share holders.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013 and further submitted the Peer Review Certificate dt:04.08.2016 issued to them by Institute of Chartered Accountants of India (ICAI).

### **AUDITORS' REPORT**

The Auditors' Report to the Shareholders does not contain any reservation, qualification or adverse remark.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Companies ( Appointment and Remuneration of Managerial Personnel ) Rules 2014, the Company has appointed Sri.S.R.Balaaji, Practising Company Secretary to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as Annexure A to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

# **AMBIKA COTTON MILLS LIMITED**

## **DIRECTORS' REPORT (Contd...)**

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### **COST AUDITOR AND COST AUDIT REPORT**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, cost audit records are maintained by the Company. As required under Companies Act, 2013, a resolution seeking approval of the members in this regard is included in the Notice convening the Annual General Meeting.

Cost Audit Report for the year ended 31st March, 2017 will be submitted in due course.

### **INTERNAL FINANCIAL CONTROLS**

The Company has in place internal financial controls systems, commensurate with the size and nature of its operations to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances.

### **AUDIT COMMITTEE**

The Audit Committee was constituted by the Board at its meeting held on 31.01.2001. The Committee now comprises of Directors Sri. K.N.Sreedharan, Dr .K.Venkatachalam and Mrs .Vidya Jyothish Pillai . The Audit Committee was reconstituted and Mrs .Vidya Jyothish Pillai was co-opted as a member of Audit Committee in the place caused by resignation of Director.

### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has in place a vigil mechanism /Whistle Blower Policy for Directors and Employees to report genuine concerns about any wrongful conduct with respect to the Company of its business or affairs. The details of the Vigil Mechanism / whistle Blower Policy are available on the Company's website [www.acmills.in](http://www.acmills.in)

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The Corporate Social Responsibility Committee consists of Directors Sri. P.V.Chandran Dr.K.Venkatachalam and Mrs.Bhavya Chandran as members of the committee. The Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, which has been approved by the Board, the details of the same are made available on the Company's website [www.acmills.in](http://www.acmills.in).

### **NOMINATION AND REMUNERATION COMMITTEE**

Nomination and Remuneration Committee presently consists of Directors Sri.K.N.Sreedharan ,Dr. K.Venkatachalam, and Mrs. Bhavya Chandran.

The Company has formulated the policy in this regard prescribing the criteria for determining qualifications positive attributes and independence of a director and the main attribute focused on is positive value creation and contribution in respect of ongoing activities of the Company and its value enhancement with adequate qualifications and independence. Details of the policy are made available in the Corporate Governance Report and on the Company's website [www.acmills.in](http://www.acmills.in).

### **RISK MANAGEMENT POLICY**

The Risk Management Committee consists of Directors Sri.P.V.Chandran, Dr.K.Venkatachalam and Mrs. Vidya Jyothish Pillai. The company has developed and adopted a detailed Enterprise Risk Management Policy to sustain the operations of the Company and the same is disclosed in the website of the Company, [www.acmills.in](http://www.acmills.in).

# **AMBIKA COTTON MILLS LIMITED**

## **DIRECTORS' REPORT (Contd...)**

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### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders relationship committee consists of Directors Dr.K.Venkatachalam , Mrs. Vidya Jyothish Pillai and Mrs. Bhavya Chandran. The Company has formulated policy for early resolution of stakeholders' grievances and the same is made available in the company's website [www.acmills.in](http://www.acmills.in).

### **APPOINTMENT OF KEY MANAGERIAL PERSONNEL**

There is no appointment of Key Managerial personnel during the year.

### **SUBSIDIARIES**

The company does not have any subsidiaries.

### **SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no Significant Material Orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

### **LOANS, GUARANTEES AND INVESTMENTS**

The Company has not made any investments or given any loans or guarantees or provided any security in connection with a loan to any person or body corporate, as defined under Section 186 of the Companies Act, 2013.

### **RELATED PARTY TRANSACTIONS**

The Company does not have any related party transactions as defined in Section 188 of the Companies Act, 2013 hence Form AOC-2 is not enclosed.

### **MATERIAL CHANGES AND COMMITMENTS**

There were no Material changes and Commitments affecting the financial position of the Company that have occurred between the end of the financial year March 31,2017 to which the financial statements relate and the date of this report.

### **CHANGE IN THE NATURE OF BUSINESS**

There were no changes in the nature of business during the year under review as prescribed in Rule 8(ii) of the Companies (Accounts) Rules, 2014.

### **BOARD EVALUATION**

The Board has carried out an annual Performance evaluation of its own performance and that of its Committees and individual Directors .Further the independent Directors have carried out review of performance of non- independent directors and the Board as a whole, performance of the Chairperson and further made an assessment of quality , quantity and timelines of flow of information between the Company management and the Board for effective and reasonable performance of its duties.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure – I.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars relating to Conservation of Energy, Technology absorption, Foreign Exchange Earning and outgo, as required to be disclosed under the Act, are set out in Annexure – II to this report.

# **AMBIKA COTTON MILLS LIMITED**

## **DIRECTORS' REPORT (Contd...)**

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### **CSR EXPENDITURE**

The requirement to spend in this regard is Rs.121.59 Lakhs( Previous year Rs. 109.38 Lakhs) @ 2% of 3 years average net profit of the Company and the Company has spent Rs.123.02 Lakhs(Previous year Rs. 116.55 Lakhs) on various CSR activities which are into (i) Rural Development, (ii) Education (iii)Animal Protection (iv) Medical Support, (v) Relief to Poor and the details of expenditure are furnished in Annexure -III to this report.

### **PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed in Annexure IV to this report.

### **ADDITIONAL DISCLOSURES PURSUANT TO SEBI REGULATIONS**

The additional disclosures pursuant to Regulation 34 (3) and 53 (f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in respect (i) Management Discussion and Analysis (ii) Corporate Governance Report (iii) Related Party Disclosures for the year under review are given as a separate statement in the Annual Report.

DATE : 12/08/2017  
PLACE : Coimbatore

By order of the Board  
Sd/-  
**(P.V.CHANDRAN)**  
Chairman and Managing Director  
(DIN : 00628479)



# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE -I

#### FORM NO. MGT - 9

Extract of Annual Return

As on the financial year ended on 31.03.2017

[ Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 ]

#### I. Registration and other details :

(i) CIN	L17115TZ1988PLC002269
(ii) Registration Date	06.10.1988
(iii) Name of the Company	Ambika Cotton Mills Limited
(iv) Category/Sub-Category of the Company	Public Company limited by shares
(v) Address of the Registered office and contact details	No.9A, Valluvar Street, Sivanandha Colony, Coimbatore - 641012 Phone : +91 422 2491504, E-mail : ambika@acmills.in
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006. Phone: +91 422 4958995, 2539835 Email: info@skdc-consultants.com

#### II. Principal business activities of the company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

S.No	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Cotton Yarn	5205	88.58

#### III. Particulars of holding, subsidiary and associate companies

S.No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
--NA--					

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category- wise Share holding

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% Change during the year*
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/Hindu Undivided Family	2857100	0	2857100	48.631	2857100	0	2857100	49.906	1.275
b) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
<b>Sub Total(A)(1)</b>	<b>2857100</b>	<b>0</b>	<b>2857100</b>	<b>48.631</b>	<b>2857100</b>	<b>0</b>	<b>2857100</b>	<b>49.906</b>	<b>1.275</b>
<b>(2) Foreign</b>									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	2857100	0	2857100	48.631	2857100	0	2857100	49.906	1.275
<b>* - Consequent to reduction of capital by way of buyback of shares</b>									
<b>B. Public shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds/UTI	1529	0	1529	0.026	1738	0	1738	0.030	0.004
b) Financial Institutions /Banks	972	0	972	0.017	3109	0	3109	0.054	0.037
c) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) Foreign Institutional Investors	81505	0	81505	1.387	19736	0	19736	0.345	-1.042

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
g) Foreign Venture Capital Investors									
h) Qualified Foreign Investor									
i) Any Other (specify)									
Foreign Portfolio Investment - Corporate	152991	0	152991	2.604	228916	0	228916	3.999	1.395
<b>Sub-Total (B)(1)</b>	<b>236997</b>	<b>0</b>	<b>236997</b>	<b>4.034</b>	<b>253499</b>	<b>0</b>	<b>253499</b>	<b>4.428</b>	<b>0.394</b>
<b>(2) Non-institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	939227	20033	959260	16.328	859347	20033	879380	15.360	-0.968
ii) Overseas									
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	1093673	44583	1138256	19.375	1090701	41843	1132544	19.782	0.407
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	516826	0	516826	8.797	432625	0	432625	7.557	-1.240
<b>c) Others (specify)</b>									
Directors & their relatives	0	100	100	0.002	0	100	100	0.002	0.000
Non resident Indians	79441	0	79441	1.352	93500	0	93500	1.633	0.281
Clearing members	15699	0	15699	0.267	16910	0	16910	0.295	0.028
Hindu Undivided family	70921	0	70921	1.207	59341	0	59341	1.037	-0.170
Trust	400	0	400	0.007	1	0	1	0.000	-0.007
<b>Sub-Total (B)(2)</b>	<b>2716187</b>	<b>64716</b>	<b>2780903</b>	<b>47.335</b>	<b>2552425</b>	<b>61976</b>	<b>2614401</b>	<b>45.666</b>	<b>-1.669</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2953184</b>	<b>64716</b>	<b>3017900</b>	<b>51.369</b>	<b>2805924</b>	<b>61976</b>	<b>2867900</b>	<b>50.094</b>	<b>-1.275</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs (C)</b>									
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>5810284</b>	<b>64716</b>	<b>5875000</b>	<b>100.000</b>	<b>5663024</b>	<b>61976</b>	<b>5725000</b>	<b>100.000</b>	<b>0.000</b>

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### (ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mrs.C.Bhavani (Spouse of Sri.P.V.Chandran)	2272566	38.681	0	2272566	39.695	0	1.014
2	Sri.P.V.Chandran	584534	9.950	0	584534	10.210	0	0.260
	Total	2857100	48.631	0	2857100	49.905	0	1.274

#### (iii) Change in Promoters' Shareholding (please specify, if there is no change).

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	At the beginning of the year	2857100	48.631	-	-
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	There is no change in the promoters share holding during the year			
	At the end of the year	2857100	48.631	2857100	49.905

**Note :** The year end increase in % of Share holding is on account of reduction in no of equity shares on consequent to buyback

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company*
1	Catamaran Advisors LLP (Previous Catamaran Management Services Private Limited )	240305	4.090	240305	4.197
2	Value Quest India Moat Fund Limited	142801	2.431	221150	3.863
3	Apple Finance Limited	180233	3.068	180233	3.148
4	Karvansarai Travel & Lifestyle Private limited	0	0	132052	2.307
5	VLS Finance Limited	100000	1.702	100000	1.747
6	Ajai Hari Dalmia	81325	1.384	76941	1.344
7	Saffron Agencies Limited	98598	1.678	66497	1.162
8	Kishan Gopal Motha	4500	0.079	31200	0.544
9	Narendra D Lodaya	35206	0.600	22745	0.397
10	Angel Holdings Pvt Ltd	34325	0.584	34325	0.584
11	Eicher Good earth Private Limited	130093	2.214	0	0
12	Morgan Stanley Asia(Singapore) PTE	57923	0.986	0	0
*	No of equity shares for calculation of above %	5875000		5725000	

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### (v) Shareholding of Directors and Key Managerial Personnel :

S. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		% Change in share holding during the year
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company	
1	<b>Sri P.V.Chandran (Chairman and Managing Director / Promoter Executive )</b>					
	At the beginning of the year	584534	9.950	-	-	0.260
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-
	At the end of the year	584534	9.950	584534	10.210	0.260
2	<b>Dr. K. Venkatachalam (Independent Director/Non- Executive)</b>					
	At the beginning of the year	100	0.002	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-
	At the end of the year	100	0.002	100	0.002	0.000
3	<b>Sri. Radhe Shyam Padia (Company Secretary)</b>					
	At the beginning of the year	31500	0.536	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-
	At the end of the year	31500	0.536	31500	0.550	0.014

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### (V) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1970.86	0	0	1970.86
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total( i+ii+iii)	1970.86	0	0	1970.86
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	1222.21	0	0	1222.21
Net Change	(-) 1222.21	0	0	(-) 1222.21
Indebtedness at the end of the financial year				
(i) Principal Amount	748.65	0	0	748.65
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	748.65	0	0	748.65

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### (VI) Remuneration of Directors and Key Managerial Personnel:

##### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

S. No	Particulars of remuneration	Name of MD / WTD / Manager	Total Amount
		<b>P.V.Chandran</b>	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	24.00	24.00
	(b) Value of perquisites under section 17(2) Income Tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission		
	- as % of profit	0	0
	- others, specify	0	0
5	Others, please specify	0	0
	Sitting Fees	0.60	0.60
	Total (A)	24.60	24.60
	Ceiling as per the Act	360.90	360.90



# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### B. Remuneration to other Directors

(Rs. in Lakhs)

S. No	Particulars of remuneration	Name of Directors					Total Amount
		Sri.K.N. Sreedharan	Dr.K. Venkatachalam	Sri.R. Soundararaja perumal	Mrs.Bhavya Chandran	Mrs.Vidya Jyothish Pillai	
1	<b>Independent Directors</b>						
	Fee for attending board committee meetings	1.20	1.20	0.90	--	--	3.30
	Commission	0	0	0	--	--	0
	Others, please specify	0	0	0	--	--	0
	<b>Total (1)</b>	<b>1.20</b>	<b>1.20</b>	<b>0.90</b>			<b>3.30</b>
2	<b>Other Non-Executive Directors</b>	--	--	--	--	--	--
	Fee for attending board committee meetings	--	--	--	0.60	0.60	1.20
	Commission	--	--	--	--	--	--
3	<b>Others, please specify</b>	--	--	--	--	--	--
	<b>Total (2)</b>	<b>--</b>	<b>---</b>	<b>---</b>	<b>0.60</b>	<b>0.60</b>	<b>1.20</b>
	<b>Total (B)=(1+2)</b>	<b>1.20</b>	<b>1.20</b>	<b>0.90</b>	<b>0.60</b>	<b>0.60</b>	<b>4.50</b>
	<b>Total Managerial Remuneration</b>						<b>29.10</b>
	<b>Overall Ceiling as per the Act</b>						<b>793.99</b>

#### C. Remuneration to key managerial personnel other than MD/Manager/WTD

(Rs. in Lakhs)

S. No	Particulars of remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	0	6.00	5.53	11.53
	(b) Value of perquisites under section 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-
	Others please specify				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify				
5	others, Please specify	0	6.00	5.53	11.53

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE -I (Contd...)

#### VII. Penalties / Punishment / Compounding of Offences :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT /COURT]	Appeal made, if any ( Give Details )
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

### ANNEXURE - II

Information as required under Rule 8(3) of the Companies (Accounts) Rules,2014.

#### A. CONSERVATION OF ENERGY

i) the steps taken or impact on conservation of energy:-

Usage of Energy is constantly monitored and the need to conserve the same is emphasized.

ii) the steps taken by the Company for utilizing alternative sources of energy:-

The Company has installed 27.4 MW of wind energy capacity for captive consumption. This would meet 100% power requirement of the spinning segment.

iii) the capital investment on energy conservation equipments. :- Nil

#### B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption :- Indigenous Technology alone is used.

ii) the benefits derived like product improvement , cost reduction , product development or import substitution -

Certain plant & machinery such as auto corner and compact systems are imported to facilitate for product improvement & development which has facilitated exports of products.

iii) In case of imported technology ( imported during the last three years reckoned from the beginning of the financial year):-

a) the details of technology imported : Nil

b) the year of import : NA

c) Whether the technology been fully absorbed : NA

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE - II (Contd...)

- d) if not fully absorbed , areas where absorption has not taken place and the reasons there of ; and : NA
- iv) the expenditure incurred on Research and Development : Not quantified

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and Foreign Exchange outgo during the year in terms of actual outflows.

	[Rs in Lakhs]
Foreign Exchange earned (inflow)	29831.24
Foreign Exchange used (outflow)	25184.49

### ANNEXURE - III

Information as required under Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

### ANNUAL REPORT ON CSR ACTIVITIES

- i. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The CSR policy of the Company is to undertake and implement the projects / programs as specified in Schedule- VII of the Companies Act, 2013. The details of the CSR policy of the Company are made available in the Company's website [www.acmills.in](http://www.acmills.in)

- ii. The composition of the CSR committee:

1. Sri. P.V.Chandran, Chairman and Managing Director
2. Dr. K. Venkatachalam, Independent Director
3. Sri. R. Soundararajaperumal, Independent Director (upto dt : 26.03.2017)
4. Mrs. Bhavya Chandran, (with effect from 27.05.2017)

- iii. Average net profit of the company for last three financial years

(Amount Rs in Lakhs) : 6079.27

- iv. Prescribed CSR Expenditure (two percent. of the amount as in item 3 above)

(Amount Rs in Lakhs) : 121.59

- v. Details of CSR spent during the financial year.

(1) The amount to be spent for the F.Y 2016-17 (Amount Rs in Lakhs) : 121.59

(2) Amount unspent, if any (Amount Rs in Lakhs) : 0.00

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE - III (Contd...)

(3) Manner in which the amount spent during the financial year is detailed below

(Rs. in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1. Local Area or Other 2. Specify The State And District Where Projects Or Programs Were Undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs sub-heads 1. Direct expenditure on projects or programs. 2. Overheads	Cumulative expenditure up to the reporting period	*Amount Spent : Direct or through implementing agency
1.	Childrens Traffic Park	Education	Local area Coimbatore Tamilnadu	121.59	Direct expenditure on projects / overheads	45.18	Direct
2	Animal Protection	Animal Protection	Local area Dindigul, Tamilnadu			13.78	
3	Water Supply	Relief to Poor	Local area Dindigul, Tamilnadu			14.11	
4	Relief to Poor	Relief to Poor	Local area Dindigul, Tamilnadu			38.07	
5	Public Toilets	Rural Development	Local area Dindigul, Tamilnadu			10.13	
6	School Upgradation	Education	Local area Dindigul, Tamilnadu			0.25	
7	Relief to Poor	Relief to Poor	Local area Coimbatore Tamilnadu			1.50	Through Indian Red Cross Society
	Total			121.59		123.02	

\*Details of implementing Agency

vi. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report. - NA

vii. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.

It is confirmed that the CSR projects are implemented in accordance with CSR objective and policy of the Company.

Sd/-  
P.V. Chandran  
Chairman and Managing Director  
(DIN : 00628479)

Sd/-  
Dr. K. Venkatachalam  
Independent Director  
(DIN : 01062171)

Date : 12/08/2017  
Place : Coimbatore

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd...)

### ANNEXURE - IV

Statement as per Rule 5(1) of the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The percentage increase in remuneration of each Director , Company Secretary and Chief Financial Officer ( CFO ) , ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-2017

S.No	Name of the Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2016-17 (Rs. in Lakhs)	% increase in Remuneration in the Financial year 2016-17	Ratio of Remuneration of each Director to median remuneration of employees
1	Sri.P.V.Chandran, Chairman and Managing Director	24.60	--	39.85:1
2	Sri. K.N.Sreedharan, Non- Executive - Independent	1.20	--	1.94:1
3	Dr.K.Venkatachalam, Non- Executive - Independent	1.20	--	1.94:1
4	Sri.R.Soundararajaperumal, Non- Executive - Independent	0.90	--	1.46:1
5	Mrs.Bhavya Chandran, Non- Executive - Promoter group	0.60	--	0.97:1
6	Mrs.Vidya Jyothish Pillai, Non- Executive - Promoter group	0.60	--	0.97:1
7	Sri. Radheshyam Padia, Company Secretary	6.00	--	9.72:1
8	Sri. M.Vijayakumar, CFO	5.53	NA	8.96:1

- (ii) The percentage increase in the median remuneration of the employees in the financial year : -3.92 %
- (iii) The number of permanent employees on the rolls of Company: 2149
- (iv) The explanation on the relationship between average increase in remuneration and company performance: The Profit after Tax for FY 2016-17 amounted to Rs.5565.03 Lakhs as compared to Rs. 4445.52 Lakhs for FY 2015-16, an increase of 25.18% whereas increase in employees' remuneration is 2.87%
- (v) Comparison of remuneration of the Key Managerial Personnel against the performance of the Company : The Profit after Tax for FY 2016-17 increased 25.18% as compared to FY 2015-16, whereas increase in Key Managerial Personnel remuneration is 2.73%.
- (vi) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year :

Particulars	31.03.2017	31.03.2016
Market capitalization of the Company (Rs. in Crores)	746.97	471.47
Issued Capital ( in Nos)	57,25,000	58,75,000
Closing Price at NSE ( in Rs. )	1,304.75	802.50
Price Earnings Ratio at the closing date	13.68	10.61

**Note:** Percentage Increase over decrease in market quotations of the shares of the company with the last public offer : The last offer for sale of shares was made in the year 1996 and hence not comparable .

# **AMBIKA COTTON MILLS LIMITED**

## **ANNEXURE TO DIRECTORS' REPORT (Contd...)**

### **ANNEXURE - IV (Contd...)**

- (vii) Percentage increase in the salaries of employees other than the Key Managerial Personnel ( KMP ) as compared to percentage increase in the KMP remuneration in the last financial year i.e 2016-17 : The increase in remuneration is 2.87 % for employees other than KMP while it is 2.73 % for KMP .
- (viii) The Key parameters for any variable component of the remuneration availed by the Directors: There are no variable component in the Managerial Remuneration.
- (ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year :- None and
- (x) Affirmation that the remuneration is as per the remuneration policy of the Company: Yes .

### **ANNEXURE - A**

#### **FORM NO. MR-3**

### **SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended 31<sup>st</sup> March, 2017**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

**The Members,**

M/s. Ambika Cotton Mills Limited (CIN : L17115TZ1988PLC002269)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Ambika Cotton Mills Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has during the audit period covering the Financial Year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliances-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: The members are requested to read this report along with my letter of even date annexed to this report.

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT (Contd..)

### ANNEXURE - A - SECRETARIAL AUDIT REPORT (Contd..)

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Ambika Cotton Mills Limited** (the Company) for the Financial Year ended on 31st March, 2017 according to the applicable provisions of:

(i)	The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii)	The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
(iii)	The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
(iv)	Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
(v)	The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
a.	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b.	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
c.	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; <i>Not applicable as the Company has not issued or allotted shares during the financial year under review.</i>
d.	The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; <i>Not applicable as the Company has not issued or allotted shares to its employees during the financial year under review.</i>
e.	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; <i>Not applicable as the Company has not issued Debt Securities during the financial year under review.</i>
f.	The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; <i>Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review.</i>
g.	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and <i>Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year review</i>
h.	The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi). The management has identified and confirmed the following laws as specifically applicable to the company.

1.	National Textile Policy, 2000
2.	The Textiles Committee Act, 1963
3.	Cotton Control Order, 1986
4.	Cotton Control (Amendment) Orders, 1987
5.	Cotton Control (Amendment) Orders, 1994
6.	Indian Standard specification for Cotton Bales
7.	Textiles (Development and Regulation) Order, 2001
8.	Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
9.	The Electricity Act, 2003

I have also examined compliance with the applicable clauses of the following:

(i)	Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
(ii)	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

# **AMBIKA COTTON MILLS LIMITED**

## **ANNEXURE TO DIRECTORS' REPORT (Contd..)**

### **ANNEXURE - A - SECRETARIAL AUDIT REPORT (Contd..)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The Board also has women directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that based on review of compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the company secretary of the company and taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the company which is commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;

Date : 27/05/2017  
Place : Coimbatore

Name of Company Secretary in Practice **S.R. Baalaji**  
**FCS NO. 5966**  
**C P NO. 3514**

### **ANNEXURE TO SECRETARIAL AUDIT REPORT OF EVEN DATE**

To

**The Members,**

**M/s. Ambika Cotton Mills Limited (CIN : L17115TZ1988PLC002269)**

**My Secretarial Audit Report of even date is to be read along with this letter.**

#### **Management's Responsibility**

1. It is the responsibility of the management of the company to maintain secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

#### **Auditor's Responsibility**

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis of our opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

#### **Disclaimer**

6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date : 27/05/2017  
Place : Coimbatore

Name of Company Secretary in Practice **S.R. Baalaji**  
**FCS NO. 5966**  
**C P NO. 3514**



# AMBIKA COTTON MILLS LIMITED

## ADDITIONAL DISCLOSURES PURSUANT TO SEBI REGULATIONS

Additional Disclosures pursuant to Regulations(34)(3) and 53(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

### A. RELATED PARTY TRANSACTIONS

Disclosure in terms of Accounting Standard -18 (AS-18) for Related Party transactions.

<b>Key Management Personnel</b>	Sri P.V.Chandran
<b>Relatives of Key Management Personnel</b>	Mrs.Vidya Jyothish Pillai (Daughter of Sri.P.V.Chandran)  Mrs. Bhavya Chandran (Daughter of Sri.P.V.Chandran)

(Rs in Lakhs)

<b>Nature of Transactions</b>	<b>Salary</b>	<b>Director Sitting Fees</b>	<b>Total</b>	<b>Balance Payable as at 31.03.2017</b>
Short term Employee benefits to Sri.P.V.Chandran	24.00	0.60	24.60	1.98
Ms.Vidya Jyothish Pillai	-	0.60	0.60	-
Ms. Bhavya Chandran	-	0.60	0.60	-

- Notes :
1. Remuneration to Sri.P.V.Chandran was approved by the shareholders at the 28th Annual General Meeting held on 23.09.2016 pursuant to Section 197 of the Companies Act, 2013
  2. The Sitting fees to Directors are approve by the Board of Directors at their Meeting held on 30.05.2011
  3. The above transactions are not related party transactions as defined in Companies Act, 2013.

### B. MANAGEMENT DISCUSSION AND ANALYSIS

#### 1. Industry Structure and Developments

India's textiles sector is one of the oldest industries in Indian economy and one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The Indian textiles industry is extremely varied, with the hand-spun and hand woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum.

The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. The textiles industry is also labour intensive and employs large number of persons.

The fundamental strength of the textile industry in India is its strong production base of wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool to synthetic / man-made fibres like polyester, viscose, nylon and acrylic

# AMBIKA COTTON MILLS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### 2. Opportunities and Threats

Cotton yarn accounts for the largest share in total yarn production; India's growing population has been a key driver of textile consumption growth in the country. It has been complemented by a young population which is growing and at the same time is exposed to changing tastes and fashion. Rising incomes has been a key determinant of domestic demand for the sector; with incomes rising in the rural economy as well, the upward push on demand from the income side is set to continue. The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Urbanization is expected to support higher growth due to change in fashion and trends. Complementing this factor is rising female workforce participation in the Country.

Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS) and cluster development activities TUFS for the textile sector to continue in the 12th Five Year plan with an investment target of USD24.8 billion.

### 3. Segment Wise Performance

The Contribution of Spinning segment and wind energy (captive power for spinning segment) are as under.

(Rs. in Lakhs)		
Segment	FY 2016-17	FY 2015-16
Spinning	5757	5657
Wind Energy	1743	583

The improved performance of wind energy and sustained performance of spinning segment has contributed to overall financial performance of the Company .

### 4. Outlook

The Company, on account of manufacturing specialty cotton yarn, continues to have good demand for its products and has created specific markets for its products. This ensures more sustained profitable operations. The company continues to strengthen its production base by modernization and adding balancing equipments and improvising production process. The Company has installed windmills for 100% of its captive requirements and installed EHT line (110 KVA Sub-Station) for smooth flow of quality power. The Company has commenced its operations in Knitting during the year. This would supplement the operation of spinning segment and a value proposition. These measures will continue to support the operations of the company.

### 5. Risks and Concerns

- (i) Positive economic environment
- (ii) Government policies.
- (iii) Evacuation of 100% Wind energy generated to State Grid and favourable wind season.
- (iv) Stability in Raw cotton prices.

### 6. Internal Control Systems and their Adequacy

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

# AMBIKA COTTON MILLS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### 7. (i) Discussion on Financial Performance with respect to Operational Performance

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

S.No	Particulars	Current Year 2017	Previous Year 2016
1	Increase in Net Sales (Rs. in Lakh)	3258.05	-37.48
2	Increase in Net Sales (%)	6.74	-0.08
3	Increase in Exports (Rs. in Lakh)	-995.18	-2571.78
4	Increase in Exports (%)	-3.83	-9.01
5	Operating Profit Margin before Tax(%)	20.38	19.47
6	Operating Profit Margin after Tax (%)	17.22	16.47
7	Cash Profit Margin before Tax (%)	19.63	18.39
8	Cash Profit Margin after Tax (%)	16.47	15.39
9	Net Profit Margin before Tax (%)	13.94	12.20
10	Net Profit Margin after Tax (%)	10.79	9.20

\*Profit Margin calculations are on the basis of Net Sales

### (ii) Operational performance in terms of Production and Sales quantities are given below.

Particulars	FY 2016-17		FY 2015-16	
	Qty ( In Lakh Kgs)		Qty ( In Lakh Kgs)	
	Production	Sales	Production	Sales
Cotton Yarn	180.98	173.39	176.33	165.23
Cotton Fabrics (Knitted)	9.46	9.25	7.68	7.67
Waste Cotton	63.58	63.40	66.33	67.04
Wind units for captive consumption	483.72 Lakh Units		370.12 Lakh units	

### 8. Material developments in Human resources/Industrial relations

The Company places its utmost value on the human resource and contribution from the employees is always fine-tuned towards to achieve the overall organization performance by constant education, training and various incentive schemes, which are in vogue. The company has cordial industrial relationship and have in total 2149 employees consisting of staff and workmen in its roll. 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.

### 9. Cautionary Statement

Certain Statements in this report on Management 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

## C. 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 improve upon these aspects on continuous basis.

### 2. Board of Directors

#### (A) Composition and Category of Directors

Name of the Director	Promoter /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 (Independent -Non Executive )	1	1	1
Dr. K. Venkatachalam	Director (Independent -Non Executive )	1	1	Nil
Sri R.Soundararaja Perumal (upto 26.03.2017)	Director (Independent -Non Executive )	Nil	Nil	Nil
Mrs. Bhavya Chandran	Director (Promoter Group-Non Executive)	Nil	Nil	Nil
Mrs.Vidya Jyothish Pillai	Director (Promoter Group-Non Executive)	Nil	Nil	Nil

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

#### (B) Number of Board Meetings and Attendance Record of Directors :

Number of Board Meetings held during the year 2016 - 2017 : 4			
S.No.	Date of Board Meeting	S.No.	Date of Board Meeting
1	28.05.2016	2	06.08.2016
3	11.11.2016	4	01.02.2017

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

### (C) Attendance Record of Directors :

S.No	Name of the Director	Number of Meetings held	Number of Meetings attended	Whether attended last AGM held on 23 <sup>rd</sup> September, 2016
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	3	Yes
5	Mrs. Bhavya Chandran, Director	4	4	Yes
6	Mrs.Vidya Jyothish Pillai, Director	4	4	Yes

### (D) Disclosure of Directors inter- se Relationships

The Directors Mrs.Bhavya Chandran and Mrs. Vidya Jyothish Pillai are daughters of Sri.P.V.Chandran Chairman and Managing Director of the Company.

### (E) Shares of the company held by Non-Executive Directors: Nil

### (F) Weblink of Familiarization Programmes imparted to independent Directors.

[www.acmills.in](http://www.acmills.in)

### 3. Audit Committee :

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Regulation 18 of SEBI (Listing Obligations and Other Disclosure Requirements) Regulations, 2015 as well as in Section 177 of the Companies Act, 2013.

The Composition of the Audit Committee was reconstituted and consists of Three Directors, Sri. K.N. Sreedharan, , Dr.K.Venkatachalam and Mrs. Vidya Jyothish Pillai. The reconstitution was necessitated on account of resignation of Sri R.Soundararaja Perumal on 27.03.2017.

During the year, the Audit Committee held its meetings on 28.05.2016, 06.08.2016, 11.11.2016 and 01.02.2017.

Members' attendances at the meetings were as follows.

Name of the Directors	Category	No. of Meetings attended during the year 2016-17
Sri. K.N. Sreedharan	Independent / Non Executive	4
Dr.K.Venkatachalam	Independent / Non Executive	4
Sri. R.Soundararaja Perumal	Independent / Non Executive	3

### 4.Nomination & Remuneration Committee

#### Brief description of Terms of reference:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and to recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

- d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Committee consisted of Directors, Chaired by, Dr.K.Venkatachalam, Mrs Bhavya Chandran and , Sri R. Soundararaja Perumal until his resignation . Consequent to resignation of Sri R.Soundararaja Perumal on 27.03.2017 , Sri.K.N.Sreedharan was co-optal in his place to the Nomination and Remuneration Committee.

During the year, the Nomination & Remuneration Committee held its meetings on 06.08.2016

Members' attendances at the meetings were as follows.

Name of the Directors	Category	No. of Meetings attended during the year 2016-17
Dr. K. Venkatachalam	Independent Director	1
Sri. R. Soundararaja Perumal	Independent Director	1
Mrs. Bhavya Chandran	Non-Executive Director-Promoter Group	1

### Performance Evaluation Criteria for Independent Directors:

The main attribute to be focused on is positive value creation and contribution in respect of ongoing activities of the Company and its value enhancement with adequate qualifications and independence.

## 5. Remuneration of Directors

- (a) Non executive Directors

S.No.	Name of the Director	Sitting Fees (Rs.)
1	Mrs.Vidya Jyothish Pillai	60,000
2	Mrs.Bhavya Chandran	60,000
	Total	1,20,000

- (b) Independent 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	90,000
	Total	3,30,000

- (c) Chairman and Managing Director

Name of the Director	Salary (Rs)	Commission (Rs)	Sitting Fees (Rs)	Total (Rs)
Sri. P.V. Chandran	24,00,000	0	60,000	24,60,000

## 6. Stakeholders Relationship Committee

- a. The Committee consists of Directors Mrs. Vidya Jyothish Pillai & Mrs .Bhavya Chandran. and Dr.K.Venkatachalam. Consequent to resignation of Sri R.Soundararaja Perumal on 27.03.2017 , Dr.K.Venkatachalam was co-opted in his place to the Stakeholders Relationship Committee
- b. Number of shareholders Complaints received during the year: Nil
- c. Number not solved to the satisfaction of the shareholders during the year: Nil

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

d. Number of pending complaints :Nil

e. Name & Designation of Compliance Officer :Sri.Radheyshyam Padia, Company Secretary

ii. The Committee held its meetings on 30.04.2016 , 17.09.2016 ,28.12.2016, 07.01.2017 and attendance of the members were as follows:

Name of the Directors	Category	No. of Meetings attended during the year 2016-17
Sri. R.Soundararaja Perumal	Independent Director	3
Mrs. Vidya Jyothish Pillai	Non-Executive Director-Promoter Group	4
Mrs.Bhavya Chandran	Non-Executive Director-Promoter Group	4

### 7. General Body Meetings:

(i) Location, Date and time of the Annual General Meetings held during the last three years.

Year	Location	Date	Time
2014	The Residency, 1076 Avinashi Road, Coimbatore - 641 018	24.09.2014	12 Noon
2015	The Residency, 1076 Avinashi Road, Coimbatore -641 018	23.09.2015	12 Noon
2016	The Residency, 1076 Avinashi Road, Coimbatore -641 018	23.09.2016	12 Noon

(ii) Special resolutions passed in previous three Annual General Meeting

Year	Special Resolution for
2014	To accord consent of the Company to Board of Directors (i) to borrow money and (ii) mortgaging the assets
2015	Nil
2016	Nil

(iii) No special resolution was put through by Postal Ballot during FY 2016-17 and is proposed to be conducted through postal ballot

### 8. Means of Communication:

Publications of Financial Results are generally made in dailies Business Line, Dinamani & Dinamalar and further are made available in the company's website [www.acmills.in](http://www.acmills.in)

### 9. General Information to Shareholders:

Annual General Meeting (AGM) Date, Time and Venue	Wednesday 27th September 2017 at 12.00 Noon at Vivanta by Taj-Surya, 105, Race Course Road, Coimbatore - 641018.
Financial year	2016-17
Dividend Payment Date	No Dividend is recommended for FY 2016-17 and hence furnishing of Dividend Payment Date does not arise
Results for Quarter ending	June 30, 2017 2nd Week of August, 2017
	September 30, 2017 2nd Week of November, 2017
	December 31, 2017 2nd Week of February, 2018
	March 31, 2018 Last week of May 2018 (Audited).
	AGM September 2018

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

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)
Date of Book Closure	30.08.2017 to 02.09.2017 (Both days inclusive)
Demat ISIN Number in NSDL & CDSL for Equity Shares	ISIN Number: INE540G01014.

### Stock Market Data :

Month	Bombay Stock Exchange		National Stock Exchange	
	Mumbai (BSE)		Mumbai (NSE)	
	High	Low	High	Low
April-16	890.00	799.00	890.00	797.95
May-16	873.50	801.00	875.00	801.00
Jun-16	858.00	766.00	859.40	780.10
July-16	862.00	782.05	865.00	784.40
August-16	862.45	802.35	864.50	803.00
September-16	840.00	765.00	868.70	764.75
October-16	1094.60	805.00	1090.00	803.20
November-16	1092.35	933.00	1086.90	922.00
December-16	1075.00	1000.05	1065.00	1000.00
January-17	1245.00	1013.00	1247.10	1017.00
February-17	1295.00	1073.70	1298.00	1069.95
March-17	1346.00	1185.05	1349.10	1190.00

Registrar & Share Transfer Agents	M/s. SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, 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 Stakeholders Relationship 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 Regulation 40(9) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015).



# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

### Pattern of Share Holding as on 31.03.2017

S. No.	Category	No. of Shares	% of Share holding
1	Promoters	2857100	49.906
2	Banks, Financial Institutions, Mutual Funds	4847	0.084
3	Foreign Financial Institutions	19736	0.345
4	Foreign Portfolio investments - Corporate	228916	3.999
5	Corporate Bodies	879380	15.360
6	Public		
	1. Individuals (holding nominal share capital upto Rs.2.00 Lakh)	1227000	21.432
	2. Individuals (Holding nominal share capital in excess of Rs.2.00 Lakh)	338169	5.907
7	Any other (Specify)		
	a. Directors and their relatives	100	0.002
	b. Non resident Indians	93500	1.633
	c. Clearing Members	16910	0.295
	d. Hindu Undivided Families	59341	1.037
	e. Trust	1	0.000
	<b>Total</b>	<b>5725000</b>	<b>100.000</b>

### Distribution of Share Holding as on 31.03.2017

Value ( in Rs)	No. of Shareholders	%	Amount	%
Upto 5000	10201	95.43	6182940	10.80
5001 to 10,000	230	2.15	1770060	3.09
10,001 to 20,000	122	1.14	1766820	3.09
20,001 to 30,000	41	0.38	1029860	1.80
30,001 to 40,000	24	0.22	826070	1.44
40,001 to 50,000	12	0.11	550110	0.96
50,001 to 1,00,000	30	0.28	2198380	3.84
1,00,001 and above	30	0.28	42925760	74.98
<b>Total</b>	<b>10690</b>	<b>100.00</b>	<b>5725000</b>	<b>100.00</b>
Dematerialisation of Shares	98.92% of the Company's paid-up Equity Share Capital has been dematerialized up to March 31, 2017. 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).			

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

Liquidity	The Shares are actively traded in Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)
Outstanding GDR/ Warrants/Convertible Instruments	NIL
Foreign exchange risk and hedging activities	Foreign exchange risks are mitigated through forward exchange contracts besides natural hedge of exports against imports.
Plant Locations	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	M/s. SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006.
Any other matter	Regd.Office: 9-A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012

### 10. Other Disclosures

- i. There are no materially significant related party transactions that have potential conflict with the company.
- ii. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- iii. The Company has established a vigil mechanism / whistle blower policy for directors and employees and the same has been disclosed on the website of the Company and no personnel has been denied access to the audit committee.
- iv. The Company has duly complied with mandatory and adopted non mandatory requirements. The Company has adopted the following discretionary requirements as prescribed in Schedule -II Part-E of the SEBI Listing Regulations:
  - a. The auditors' report on statutory financial statements of the Company are unqualified
  - b. The internal auditor directly report to the audit committee.
- v. There are no subsidiary companies .
- vi. The policy on dealing with related party transactions is disclosed in weblink :  
[http://acmills.in/files/Others/Pol\\_RelatedTx.pdf](http://acmills.in/files/Others/Pol_RelatedTx.pdf)
- vii. Raw cotton, the main input raw material, is subject to commodity price risks but there are no commodity hedging activities

### D. DECLARATION REGARDING COMPLIANCE BY BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AFFIRMING COMPLIANCE WITH 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 31.03.2017.

By order of the Board  
Sd/-  
**(P.V.CHANDRAN)**  
Chairman and Managing Director  
(DIN : 00628479)

DATE : 12/08/2017  
PLACE : Coimbatore

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

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### E. AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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 March 31, 2017, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the 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, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We 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.

Date :12/08/2017

Place : Coimbatore

**For L. Venkatasubbu & Co**

Chartered Accountants

Firm Regn. No. 004627s

Sd/-

**(L. Venkatasubbu)**

Partner

Membership No. 019791

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

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### ANNUAL CONFIRMATION PURSUANT TO REGULATION 17(8) OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
The Board of Directors  
Ambika Cotton Mills Limited  
Coimbatore

Dear Sirs,

We hereby certify that:

We have reviewed the financial statement read with the cash flow statement of the Company for the year ended March 31, 2017 and that to the best of our knowledge and belief, we state that :

- a) i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best to our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2017 which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems pertaining to financial reporting of the Company and there were no deficiencies in the design or operation of internal controls.
- d) We have indicated to the auditors and the Audit Committee:
  - i) There are no significant changes in internal control over financial reporting during the year ended March 31, 2017.
  - ii) There are no significant changes in accounting policies made during the year ended March 31, 2017 and
  - iii) There have been no instances of significant fraud of which we have become aware.

Sd/-  
**M. Vijayakumar**  
Chief Financial Officer

Sd/-  
**P.V. Chandran**  
Chairman and Managing Director  
(DIN : 00628479)

Date : 12/08/2017  
Place : Coimbatore

# **AMBIKA COTTON MILLS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

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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 2017, the Statement of Profit and Loss and the 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March 2017 and its profit and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

# AMBIKA COTTON MILLS LIMITED

## INDEPENDENT AUDITORS' REPORT ( Contd.,)

2. As required by Section 143 (3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note. 25 (I)(i)(a) to the financial statements;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note.25 (III) to the financial statements.

Date : 27.05.2017

Place : Coimbatore

**For L. Venkatasubbu & Co**

Chartered Accountants

Firm Regn No. 004627s

Sd/-

**( L. Venkatasubbu )**

Partner

Membership No. 019791

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

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The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2017, we report that:

- (i) (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the management has conducted the physical verification of inventory at reasonable intervals and there were no material discrepancies noticed on physical verification of the inventory as compared to book records.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) According to the information and explanations given to us, the Company has not made any loans, investments, guarantees and security attracting the provisions of sections 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) The Central Government has prescribed the maintenance of cost records under Section 148 (1) (d) of the Companies Act, 2013. 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.
- (vii) a. According to the information and explanations given to us the Company is regular in depositing undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues with the appropriate authorities. We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company.

According to the information and explanations given to us no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT ( Contd.,)

- b. According to the information and explanations given to us the following dues of, sales-tax, service tax, duty of excise have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax	4.80	From 16.11.1997 to 01.06.1998	CESTAT, Chennai
Central Excise Act,1944	Central excise and Penalty	2.18	04.03.2005 (date of de-bonding)	CESTAT, Chennai
Service Tax	Service tax, Interest and penalty	2.95	From 18.04.2006 to 29.02.2008	CESTAT, Chennai
Central Excise Act,1944	Excise duty	11.33	From 20.05.1999 to 06.08.1999	Madras High Court
Central Excise Act,1944	Excise duty	33.80	From 07.12.2008 to 06.07.2009	CESTAT, Chennai
Service Tax	Service tax	23.99	From 01.10.2005 to 30.06.2006	Madras High Court
TNGST Act,1959	Sales tax	3.72	Assessment year 1996-1997	Deputy Commissioner of Appeals, (CT) Madurai
Central Excise Act,1944	Interest and penalty	4.91	November 2008 to December 2010	CESTAT, Chennai
Central Excise Act,1944	Interest and penalty	0.84	November 2007 to January 2011	CESTAT, Chennai
Central Excise Act,1944	Central Excise	410.01	Assessment year 2005-06	Madurai Bench of Madras High Court
TNVAT,Act ,2006	VAT	3.81	Assessment year from 2011-2016	The Appellate Deputy Commissioner(CT), Madurai
		502.34		

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the Government and has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



# AMBIKA COTTON MILLS LIMITED

## ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT ( Contd.,)

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, there are no transactions which falls under related parties transaction in terms of sections 177 and 188 of the Companies Act,2013 and details of transactions which are required to be disclosed, as required by the applicable accounting standards in this regard, have been disclosed in the financial statements.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For L. Venkatasubbu & Co**  
Chartered Accountants  
Firm Regn. No. 004627s  
Sd/-  
**(L. Venkatasubbu)**  
Partner  
Membership No. 019791

Date : 27.05.2017  
Place : Coimbatore

## ANNEXURE - B TO INDEPENDENT AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Ambika Cotton Mills limited ("the Company") as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE - B TO INDEPENDENT AUDITORS' REPORT (Contd.,)

143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For L. Venkatasubbu & Co**  
Chartered Accountants  
Firm Regn No. 004627s  
Sd/-  
**(L. Venkatasubbu)**  
Partner  
Membership No. 019791

Date : 27.05.2017  
Place : Coimbatore

# AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in Lakhs)

Particulars	Note No	As at 31.03.2017	As at 31.03.2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	572.50	587.50
Reserves and surplus	4	36885.58	32917.07
		<u>37458.08</u>	<u>33504.57</u>
<b>Non-Current Liabilities</b>			
Long term Borrowings		0	0
Deferred tax liabilities (Net)	5	3257.80	3723.30
		<u>3257.80</u>	<u>3723.30</u>
<b>Current Liabilities</b>			
Short- term borrowings	6	748.65	1970.86
Trade payables	7	4488.86	1879.29
Other current liabilities	8	1628.92	1286.51
Short-term provisions	9	18.07	41.63
		<u>6884.50</u>	<u>5178.29</u>
<b>TOTAL</b>		<u>47600.38</u>	<u>42406.16</u>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed assets			
(i) Tangible assets	10 A	25393.48	25513.54
(ii) Intangible assets	10 B	0.00	0.00
(iii) Capital work-in-progress		0.00	0.00
Long-term loans and advances	11	359.16	412.39
		<u>25752.64</u>	<u>25925.93</u>
<b>Current Assets</b>			
Current investments	12	11.09	10.50
Inventories	13	15149.51	12417.49
Trade receivables	14	4103.60	1850.07
Cash and cash equivalents	15	1347.44	478.12
Short Term Loans & Advances	16	1222.33	1723.53
Other current assets	17	13.77	0.52
		<u>21847.74</u>	<u>16480.23</u>
<b>TOTAL</b>		<u>47600.38</u>	<u>42406.16</u>
Significant accounting policies	2		
See accompanying notes forming part of the Financial Statements			

As per our report of even date attached  
For L. VENKATASUBBU & CO  
Chartered Accountants  
Firm Reg. No. 004627s

For and on behalf of the Board

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

Sd/-  
(P.V. CHANDRAN)  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN : 00628479)

Sd/-  
(Dr.K.VENKATACHALAM)  
DIRECTOR  
(DIN : 01062171)  
Sd/-  
(RADHEYSHYAM PADIA)  
COMPANY SECRETARY

DATE : 27/05/2017  
PLACE : COIMBATORE

Sd/-  
(M.VIJAYAKUMAR)  
CHIEF FINANCIAL OFFICER

# AMBIKA COTTON MILLS LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2017

(Rs. in Lakhs)

Particulars	Note No	Year Ended 31.03.2017	Year Ended 31.03.2016
I. Revenue from operations	18	52861.30	49230.78
II. Other income	19	78.43	177.46
III. Total Revenue ( I+II )		<b>52939.73</b>	<b>49408.24</b>
IV. Expenses:			
Cost of materials consumed	20	33610.37	30598.42
Purchases of Stock-in-Trade		0.00	0.00
Changes in inventories of finished goods and work-in-progress	21	-426.16	-454.36
Employee benefits expense	22	2638.24	2510.82
Finance costs	23	383.95	521.53
Depreciation and amortization expense		2934.86	2991.96
Other expenses	24	6604.41	7344.16
Total expenses		<b>45745.67</b>	<b>43512.53</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV )		7194.06	5895.71
VI. Exceptional Items		0.00	0.00
VII. Profit before extraordinary items and tax ( V+VI )		7194.06	5895.71
VIII. Extraordinary items		0.00	0.00
IX. Profit before tax ( VII - VIII )		7194.06	5895.71
X Tax expense			
(1) Current tax			
(i) MAT		1675.75	1258.17
(ii) MAT credit reversed		200.00	551.28
(2) Deferred tax		-465.50	-359.26
(3) Prior period Income tax		218.78	0.00
		<b>1629.03</b>	<b>1450.19</b>
XI. Profit ( Loss ) for the period from continuing operations ( IX - X )		5565.03	4445.52
XII. Profit / (Loss) from Discontinuing operations		0.00	0.00
XIII. Profit ( Loss ) for the period ( XI + XII )		5565.03	4445.52
XIV. Earnings per equity share (Face value of Rs.10/- each)			
(1) Basic		95.39	75.67
(2) Diluted		95.39	75.67
Significant accounting policies	2		
See accompanying notes forming part of the Financial Statements			
Weighted Average No of Shares (for calculation of EPS)		5833671	5875000

As per our report of even date attached  
For L. VENKATASUBBU & CO  
Chartered Accountants  
Firm Reg. No. 004627s

For and on behalf of the Board

Sd/-  
(P.V. CHANDRAN)  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN : 00628479)

Sd/-  
(Dr.K.VENKATACHALAM)  
DIRECTOR  
(DIN : 01062171)

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

Sd/-  
(RADHEYSHYAM PADIA)  
COMPANY SECRETARY

DATE : 27/05/2017  
PLACE : COIMBATORE

Sd/-  
(M.VIJAYAKUMAR)  
CHIEF FINANCIAL OFFICER

# AMBIKA COTTON MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

	(Rs. in Lakhs)	
Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	7194.06	5895.71
Adjustment for		
Depreciation	2934.86	2991.96
Finance Cost	383.95	521.53
Sale of Assets	-22.58	-129.05
Foreign Currency Fluctuation on revaluation	-67.21	-84.09
Foreign Currency Fluctuation in cash and cash		
Equivalents on Revaluation	4.88	2.14
Investments Income:		
Interest/Dividend Received	-53.19	-42.66
Operating Profit Before Working Capital Changes	10374.77	9155.54
Changes in Working capital		
Adjustments for		
Inventories	-2732.02	2035.62
Trade and other receivables	-1829.95	-706.48
Trade Payables	3159.28	-1670.50
Cash generated from operations	8972.08	8814.18
Direct Taxes paid	-2118.09	-2115.87
Net Cash from operating activities	<u>6853.99</u>	<u>6698.31</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-2898.19	-2161.58
Capital work in progress	0.00	0.61
Sale of Fixed assets	105.97	781.70
Capital Advances	-22.52	50.85
Purchase of Investments	-0.59	-2.70
Interest Received	52.50	42.32
Dividend Received	0.69	0.34
Net cash used in Investing activities	<u>-2762.14</u>	<u>-1288.46</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	0	0.00
Payment towards Buy Back of Shares	-1611.52	0.00
Proceeds from Long Term borrowings	0.00	0.00
Proceeds from Working Capital borrowings	-1222.21	-2614.05
Foreign currency fluctuation on revaluation	0.03	0.28
Repayment of Long Term borrowings	0.00	-375.00
Repayment of Finance/ Lease Liabilities	0.00	0.00
Dividend Paid	0.00	-1703.75
Interest Paid	-383.95	-521.53
Net Cash Used in Financing Activities	<u>-3217.65</u>	<u>-5214.05</u>

# AMBIKA COTTON MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

(Rs. in Lakhs)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Net increase in Cash and Cash Equivalents	874.20	195.80
Cash and Cash Equivalents as at 1st April (Opening Balance)	478.12	284.46
Increase on account of foreign currency revaluation	-4.88	-2.14
Cash and Cash Equivalents as at 31st March (Closing Balance)	1347.44	478.12
<b>Reconciliation of Cash and Cash Equivalents with the Balance sheet Cash and Cash Equivalents (Refer Note 15)</b>	1347.44	478.12
Less : Bank Balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statement		
- In Deposit accounts	144.76	72.76
- In Deposit accounts (more than 12 months maturity )	210.70	56.54
- In Deposit accounts (for Guarantee)	4.68	4.68
- In earmarked accounts Unpaid dividend accounts	19.81	31.76
Net Cash and Cash equivalents (as defined in AS 3 Cash Flow Statement) included in Note 15	967.49	312.38
Add : Current investments considered as part of Cash and cash equivalents	0.00	0.00
	<u>967.49</u>	<u>312.38</u>
Closing Cash and Cash Equivalents comprises:		
- Cash on Hand	27.04	28.15
- Balance with Banks		
In Current Accounts	211.29	92.56
In EEFC Accounts	729.16	191.67
	<u>967.49</u>	<u>312.38</u>

As per our report of even date attached  
For L. VENKATASUBBU & CO  
Chartered Accountants  
Firm Reg. No. 004627s

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

DATE : 27/05/2017  
PLACE : COIMBATORE

For and on behalf of the Board

Sd/-  
(P.V. CHANDRAN)  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN : 00628479)

Sd/-  
(Dr.K.VENKATACHALAM)  
DIRECTOR  
(DIN : 01062171)

Sd/-  
(RADHEYSHYAM PADIA)  
COMPANY SECRETARY

Sd/-  
(M.VIJAYAKUMAR)  
CHIEF FINANCIAL OFFICER

# 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 108288 (Previous Year 108288 Spindles) of compact facility housed in four units and Knitting facility. The company has installed 27.4 MW wind power capacity for captive consumption of spinning segment. The Spinning Plants are located at Kanniyapuram, Dindigul and Windmills are located in Tirunelveli, Dharapuram and Theni in the State of Tamilnadu.

### Note 2

#### Significant Accounting Policies

##### (a) Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and generally accepted accounting principles and comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act , 2013 read with Rule 7 of Companies ( Accounts ) Rules, 2014 and other relevant provisions of the Companies Act,2013.

##### (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 carried 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

- i. Depreciation has been provided on straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act,2013 except in respect of the following categories of assets in whose case the life of the asset has been assessed as under:

Description of Assets	Useful Life of Assets (In Years)
Administrative & Office Building	40
Plant & Machinery**	18.94
Wind Mill**	13.33
Office Equipments	3
Furniture & Fittings	3

\*\* Based on technical advice

- ii. Intangible assets are amortized over the period of estimated useful life of 4 years.

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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- iii. The useful life of a fixed asset, at the time of the acquisition of the asset or of the remaining useful life, on a subsequent review, if, is shorter than as envisaged, depreciation is provided at a higher rate based on the remaining useful life.

### **(e) Inventories**

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. The costs of inventories are ascertained on weighted average method. Finished goods and work in progress include costs of conversion and other costs incurred in bring the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### **(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.

### **(h) Government Grants**

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

### **(i) Investments**

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

### **(j) Employee benefits**

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

### **(k) Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible



# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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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. 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 weighted average number of equity shares outstanding during the year.

### **(n) Current Tax**

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

### **(o) Deferred Tax Liability**

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

### **(p) MAT Credit Entitlement**

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

### **(q) Impairment**

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

### **(r) Derivative Contracts**

The Company enters into derivative contracts in the nature of Foreign Currency Forward contracts with an intention to hedge its existing assets & liabilities, Firm commitments and highly probable transactions in foreign currency.

### **(s) Provisions, Contingent Liabilities and Contingent Assets**

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

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 3 Share Capital	As at 31.03.2017		As at 31.03.2016	
	Number of Shares	Rs. (in Lakhs)	Number of Shares	Rs. (in Lakhs)
<b>a. Authorised</b>				
Equity Shares of Rs.10/ each with voting rights	10000000	1000.00	10000000	1000.00
<b>b. Issued</b>				
Equity Shares of Rs.10/ each with voting rights	5725000	572.50	5875000	587.50
<b>c. Subscribed and fully paid up</b>				
Equity Shares of Rs.10/ each with voting rights	5725000	572.50	5875000	587.50

### Notes :

- The company has only one type of share capital viz.. Equity Share Capital having a face value of Rs.10/- per share.
- Reconciliation of Number of shares.

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Rs in Lakhs	No. of Shares	Rs in Lakhs
At the beginning of the year	5875000	587.50	5875000	587.50
Less : Shares Bought back during the year	150000	15.00	0	0.00
At the end of the year	5725000	572.50	5875000	587.50

- The issued Equity Share Capital carries equal voting rights and entitlement to dividends
- No shares are held by a holding company or its ultimate holding company or its subsidiary or associates.
- Shareholders holding more than 5% of Share Capital

Name of the Shareholder	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	% of holding	No. of Shares	% of holding
1. C. Bhavani	2272566	39.70	2272566	38.68
2. P.V. Chandran	584534	10.21	584534	9.95

- No shares are reserved for issue under options and contracts / commitments for the sale of shares/ disinvestments
- For the period of five years immediately preceding the date as at which the Balance sheet is prepared, no shares are (a) allotted as fully paid up pursuant to contract (s) without payment being received in cash, (b) allotted as fully paid up way of bonus shares.
- Aggregate number of equity shares bought back during the year : 150000
- There are no securities convertible into equity / preference shares.
- There are no calls unpaid & forfeited shares.

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2017	As at 31.03.2016
<b>Note 4</b>		
<b>Reserves &amp; Surplus</b>		
(a) Capital Redemption Reserve		
Transfer from Securities Premium Reserve	15.00	0.00
	<u>15.00</u>	<u>0.00</u>
(b) Securities Premium Reserve		
As per last Balance Sheet	1972.58	1972.58
Less : Transfer to Capital Redemption Reserve	15.00	0.00
Used towards Buyback of Equity shares	1596.52	0.00
	<u>361.06</u>	<u>1972.58</u>
(c) General Reserve		
Opening Balance	14679.81	13679.81
Add : Transfer from Surplus in Statement of Profit & Loss	1000.00	1000.00
Closing Balance	<u>15679.81</u>	<u>14679.81</u>
(d) Surplus in Statement of Profit & Loss		
Opening Balance	16264.68	13881.02
Add : Profit after tax for the year	5565.03	4445.52
Less: Interim Dividend	0.00	-881.25
Tax on Interim Dividend	0.00	-179.40
Prior Period Dividend & Dividend Tax	0.00	-1.21
Transfer to General Reserve	-1000.00	-1000.00
Closing Balance	<u>20829.71</u>	<u>16264.68</u>
Total(a+b+c+d)	<u><b>36885.58</b></u>	<u><b>32917.07</b></u>
<b>Note 5</b>		
<b>Deferred Tax Liability</b>		
Opening Balance	3723.30	4082.56
Add(+)/Less (-) : Transfer from Statement of Profit & Loss	-465.50	-359.26
	<u><b>3257.80</b></u>	<u><b>3723.30</b></u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at	As at
	31.03.2017	31.03.2016
<b>Note 6</b>		
<b>Short term Borrowings</b>		
<b>(i) Secured</b>		
Loans Repayable on Demand		
From Banks	748.65	1970.86
	<u>748.65</u>	<u>1970.86</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 by way of hypothecation over the movable fixed assets excluding windmills.

The Company has released the second charge of mortgage by deposit of title deeds over the immovable properties of the Company except from one Bank and the release of such charge is in progress.

Loans Guaranteed by Directors	Nil	Nil
Period and amount of continuing Default	Nil	Nil
<b>(ii) Unsecured</b>	0	0

### Note 7

#### Trade Payables

Due to Micro, Small & Medium Enterprises	0.00	24.89
Others	4488.86	1854.40
	<u>4488.86</u>	<u>1879.29</u>

### Note 8

#### Other Current Liabilities

a. Current maturities of long-term debt	0.00	0.00
b. Interest accrued but not due on borrowings	21.35	0.00
c. Unpaid dividends	19.81	31.75
d. Other Payables		
(i) Statutory remittances	64.87	58.49
(ii) Advances from Customers	243.09	135.17
(iii) Liability for Expenses	1279.80	1061.10
	<u>1628.92</u>	<u>1286.51</u>

### Note 9

#### Short Term Provisions

a. Provision for Income Tax (net of Advance tax & TDS Rs.1657.68 Lakhs (Previous year Rs.1216.54 Lakhs ))	18.07	41.63
b. Provision for dividend	0.00	0.00
c. Provision for dividend tax	0.00	0.00
	<u>18.07</u>	<u>41.63</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**Note 10**

**Fixed Assets :**

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	As At 01.04.2016	Additions	Disposals	As At 31.03.2017	For the Year	Disposals	Upto 31.03.2017	As At 31.03.2017	As At 31.03.2016
<b>A. TANGIBLE ASSETS</b>									
LAND	379.15	10.66	81.73	308.08	0.00	0.00	0.00	308.08	379.15
BUILDING	6316.79	468.25	0.00	6785.04	219.78	0.00	2189.17	4595.87	4347.40
PLANT & MACHINERY	43483.61	2354.13	32.88	45804.86	2670.59	31.22	25466.16	20338.70	20656.82
ELECTRICAL FITTINGS	2.67	0.00	0.00	2.67	0.00	0.00	2.67	0.00	0.00
FURNITURE & FIXTURES	10.13	2.65	0.00	12.78	1.65	0.00	11.23	1.55	0.55
OFFICE EQUIPMENTS	69.61	6.22	0.00	75.83	4.16	0.00	71.17	4.66	2.60
VEHICLES	341.51	56.28	0.00	397.79	38.68	0.00	253.17	144.62	127.02
<b>TOTAL AS AT 31.03.2017</b>	<b>50603.47</b>	<b>2898.19</b>	<b>114.61</b>	<b>53387.05</b>	<b>2934.86</b>	<b>31.22</b>	<b>27993.57</b>	<b>25393.48</b>	<b>25513.54</b>
TOTAL AS AT 31.03.2016	49270.22	2161.58	828.33	50603.47	2972.10	175.68	25089.93	25513.54	26976.71
<b>B. INTANGIBLE ASSETS</b>									
KNOWHOW	79.43	0.00	0.00	79.43	0.00	0.00	79.43	0.00	0.00
TOTAL AS AT 31.03.2017	79.43	0.00	0.00	79.43	0.00	0.00	79.43	0.00	0.00
TOTAL AS AT 31.03.2016	79.43	0.00	0.00	79.43	19.86	0.00	79.43	0.00	19.86

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at	As at
	31.03.2017	31.03.2016
<b>Note 11</b>		
<b>Long Term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
a. Capital Advances	36.27	13.75
b. Security Deposits		
i. Electricity Deposit	97.07	260.44
ii. Other Deposits	7.87	8.62
c. CENVAT Credit and VAT receivable	129.58	129.58
d. Interest Reimbursement Receivable (TUFS)	88.37	0.00
	<u>359.16</u>	<u>412.39</u>
<b>Note 12</b>		
<b>Current Investments</b>		
a. Investments in Equity Instruments		
i. Quoted		
Cholamandalam Investment and Finance Company Ltd (650 Equity Shares of Rs.10/- each) (Previous year 650 equity shares of Rs.10/- each)	0.65	0.65
City Union Bank Ltd., ( 5000 Equity Shares of Rs.1/- each) (Previous year 5000 equity shares of Rs.1/- each)	0.18	0.18
ii. Unquoted		
Suryadev Alloys & Power Private Limited (2600 Equity Shares of Rs. 10/- each) (Previous year 2600 Equity Shares of Rs.10/- each)	3.80	3.80
b. Investments in Mutual Fund units		
LIC Nomura MF Equity Fund- Dividend Reinvestment Plan(58182.257 Units of Rs. 10 each) (Previous Year 53691.972 Units of Rs.10 each)	6.46	5.87
	<u>11.09</u>	<u>10.50</u>
Note :		
Basis of valuation of Individual investments: Carried at lower of cost and fair value		
Aggregate amount of quoted investments	0.83	0.83
Aggregate amount of market value of quoted investments	13.85	9.43
Aggregate amount of unquoted investments	3.80	3.80
Net asset value of Mutual Fund units	8.06	6.85
Aggregate provision made for diminution in value of investments	0	0

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2017	As at 31.03.2016
<b>Note 13</b>		
<b>Inventories</b>		
<b>(At lower of cost and net realisable value)</b>		
a. Raw Materials	12291.45	9975.88
b. Work-in-progress	1352.29	726.41
c. Finished Goods	830.89	1059.30
d. Waste Cotton	84.87	56.18
e. Stores and Spares	436.53	466.71
f. Packing Materials	153.48	133.01
	<u>15149.51</u>	<u>12417.49</u>
<b>Details of Raw Materials</b>		
Raw Cotton	11736.84	9962.75
Modal	469.42	13.13
Lycra	85.19	0.00
	<u>12291.45</u>	<u>9975.88</u>
<b>Details of Work in progress</b>		
Cotton in process	1352.29	726.41
	<u>1352.29</u>	<u>726.41</u>
<b>Details of Finished goods</b>		
Cotton Yarn	792.64	1051.33
Knitted Fabrics	38.25	7.97
	<u>830.89</u>	<u>1059.30</u>
<b>Note 14</b>		
<b>Trade Receivables</b>		
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured and considered good	0.00	0.02
b. Other Trade Receivables		
Unsecured and considered good	4103.60	1850.05
	<u>4103.60</u>	<u>1850.07</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
Note 15	As at	As at
Cash and Cash Equivalents	31.03.2017	31.03.2016
a. Cash on hand	27.04	28.15
b. Balances with Banks		
(i) In Current accounts	211.29	92.56
(ii) In EEFC accounts	729.16	191.67
(iii) In Deposit accounts	144.76	72.76
(iv) In Deposit accounts (more than 12 months maturity)	210.70	56.54
(v) In Deposit accounts (for Guarantee)	4.68	4.68
(vi) In earmarked accounts - Unpaid dividend accounts	19.81	31.76
	<u>1347.44</u>	<u>478.12</u>

(Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow statement is Rs.967.49 Lakhs ( Previous year Rs.312.38 Lakhs))

### Note 16

#### Short-Term Loans & Advances Unsecured, considered good

a. Staff Advance	0.60	0.00
b. Advance for supply of materials	134.86	287.54
c. Interest reimbursement receivable (TUFs)	38.56	211.15
d. Electricity Deposit	180.00	189.23
e. Balances with Government authorities		
(i) Duty drawback receivable	285.53	169.65
(ii) Cenvat & Service tax credit receivable	149.60	88.61
(iii) MAT credit carried forward	13.22	428.71
(iv) Income Tax refund Due	16.44	16.44
(v) VAT & Sales tax receivable	31.30	21.02
(vi) EB receivable ( for wind )	79.84	0.00
f. Pre-paid Expenses	200.92	193.79
g. Others		
i. Cotton Purchase Debit Note	19.96	0.59
ii. LC Opening charges for Import of cotton	30.17	25.40
iii. Forward cover receivable.	41.33	91.40
	<u>1222.33</u>	<u>1723.53</u>

### Note 17

#### Other Current Assets

##### Interest accrued on Deposits

Bank	13.68	0.41
Others	0.09	0.11
	<u>13.77</u>	<u>0.52</u>



# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
<b>Note 18</b>	<b>As at</b>	<b>As at</b>
<b>Revenue from Operations</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
(i) Sale of Products (Refer Note (i) below)	51594.33	48336.28
(ii) Other Operating Revenue (Refer Note (ii) below)	1266.97	894.50
	<u>52861.30</u>	<u>49230.78</u>
Less: Excise Duty	0.00	0.00
	<u><b>52861.30</b></u>	<u><b>49230.78</b></u>
Note (i)		
<b>Sale of Products Comprises of</b>		
Cotton Yarn	45703.73	43170.60
Knitted Fabrics	1815.70	1567.81
Waste Cotton	4074.90	3597.87
	<u><b>51594.33</b></u>	<u><b>48336.28</b></u>
Note (ii)		
<b>Other Operating Revenue</b>		
a. Export Benefits	920.45	885.98
b. Foreign Exchange Fluctuation	199.61	0.00
c. Profit on disposal of rawmaterial	67.07	8.52
d. Wind Energy	79.84	0.00
	<u><b>1266.97</b></u>	<u><b>894.50</b></u>
Note 19		
<b>Other Income</b>		
a. Interest (Refer Note (i) below)	52.50	42.32
b. Dividend from Current Investments	0.69	0.34
c. Other non-operating income (Refer Note (ii) below)	25.24	134.80
	<u><b>78.43</b></u>	<u><b>177.46</b></u>
Note (i)		
<b>Interest Income Comprises of</b>		
From banks on deposits	34.53	8.85
Other Interest	17.97	33.47
Total Interest Income	<u><b>52.50</b></u>	<u><b>42.32</b></u>
Note (ii)		
<b>Other non-operating income Comprises of</b>		
Rent	2.20	3.30
Sundry Parties Written Off	0.46	2.45
Profit on sale of Fixed Assets	22.58	129.05
Total Other non-operating income	<u><b>25.24</b></u>	<u><b>134.80</b></u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at	As at
	31.03.2017	31.03.2016
<b>Note 20</b>		
<b>Cost of Materials Consumed</b>		
Opening Stock	9975.88	12469.35
Add : Purchases	36743.32	31280.33
	<u>46719.20</u>	<u>43749.68</u>
Less: Cost of materials disposed	817.38	3175.38
	<u>45901.82</u>	<u>40574.30</u>
Less : Closing Stock	12291.45	9975.88
<b>Cost of Materials Consumed</b>	<b><u>33610.37</u></b>	<b><u>30598.42</u></b>
<b>Materials Consumed Comprises of</b>		
Raw Cotton	32990.89	30573.07
Modal	597.40	25.35
Lycra	22.08	0.00
	<u>33610.37</u>	<u>30598.42</u>
<b>Note 21</b>		
<b>Changes in Inventories of Finished goods and Work-in-Progress</b>		
Opening Stock Work in progress	726.41	766.78
Opening Stock Finished Goods	1059.30	529.30
Opening Stock of Waste Cotton	56.18	91.45
Total (A)	<u>1841.89</u>	<u>1387.53</u>
Closing Stock Work in progress	1352.29	726.41
Closing Stock Finished Goods	830.89	1059.30
Closing Stock of Waste Cotton	84.87	56.18
Total (B)	<u>2268.05</u>	<u>1841.89</u>
Increase / Decrease in Stock (A - B) (-)/(+)	-426.16	-454.36
<b>Note 22</b>		
<b>Employee Benefits Expense</b>		
Salaries & Wages	1973.11	1914.93
Contribution to Provident Fund & Other Funds	140.06	139.31
Staff Welfare Expenses	525.07	456.58
	<u>2638.24</u>	<u>2510.82</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at	As at
	31.03.2017	31.03.2016
<b>Note 23</b>		
<b>Finance Costs</b>		
a. Interest Expense		
(i) Fixed Term loans	0.00	60.06
(ii) Working Capital Loans	376.66	458.81
b. Other Borrowing Costs	7.29	2.66
c. Net Gain/Loss on Foreign Currency transactions	0.00	0.00
	<u>383.95</u>	<u>521.53</u>
<b>Note 24</b>		
<b>Other Expenses</b>		
Stores Consumed	621.60	437.32
Power & Fuel	2368.82	3268.55
Materials Sizing & Fabrication	75.99	73.74
Freight Inwards	10.15	15.53
Machinery Maintenance	120.25	172.40
Building Maintenance	364.58	478.59
Vehicle Maintenance	121.86	100.02
Printing & Stationary	10.12	9.68
Postage & Telephone	32.01	35.19
Travelling Expenses	23.88	11.26
Insurance	107.25	121.29
Licence Fees & Taxes	164.11	60.65
Bank Charges	58.86	65.58
Professional & Legal Charges	46.68	37.96
Salary to Managing Director	24.00	24.00
Auditors Remuneration	3.45	3.44
Foreign Exchange Fluctuation	0.00	70.53
Freight Outwards	681.44	673.03
Packing Materials	759.03	751.29
Brokerage & Commission	757.52	714.21
Rate Discount	34.62	17.12
Advertisement	7.38	10.12
Security Service Charges	37.85	38.06
CSR Expenses	123.02	116.55
Miscellaneous Expenses	49.94	38.05
	<u>6604.41</u>	<u>7344.16</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25

#### Other Additional Information:

<b>I. Contingent Liabilities and commitments (to the extent not provided for)</b>		
<b>(i) Contingent Liabilities</b>	<b>(Rs.in Lakhs)</b>	
<b>a. Claims against the Company not acknowledged as debts:</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Income Tax	0.00	26.12
Central Excise: Claim of Modvat / Cenvat credit not accepted (refer note (A) below)	69.12	69.12
Central Excise: Demand relating to de-bonding of 100% EOU (refer note (B) below)	410.01	410.01
Other Central Excise & Service Tax matters (refer note (C) below)	15.68	15.68
Sales Tax & VAT (refer note (D) below)	7.53	3.72
<b>Total</b>	<b>502.34</b>	<b>524.65</b>
<b>b. Other money for which the company is liable :</b>		
Export Bills discounted /lodged with the Bank	1905.51	2735.97
<b>(ii) Commitments:</b> Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1038.17 Lakhs (Previous year Rs. 1385.72 Lakhs). (Advance and other expenditure incurred Rs. 36.27 Lakhs). (Previous year Rs. 13.75 Lakhs).		

#### Notes:

A	(a) The Central Excise department has not accepted claim of Cenvat Credit of Service Tax in respect of Windmills for the reason that windmills are situated outside the factory and the matter is pending before Madras High Court. In the company's own case, for a different year, the claim was allowed by Commissioner Central Excise ( Appeals ), Madurai. Disputed amount Rs.23.99 Lakhs (Previous Year Rs.23.99 Lakhs).
	(b) The Central Excise department has not accepted claim of Modvat credit of in respect of its erstwhile 100% EOU unit and the matter is pending before Madras High Court. Disputed amount Rs. 11.33 Lakhs (Previous year Rs.11.33 Lakhs).
	(c) The Central Excise department has not accepted claim of Cenvat Credit of Excise duty in respect of capital goods for the reason that during the impugned period cotton yarn was exempted and the matter is presently pending before CESTAT Chennai. However in a similar matter the Gujarat High Court has allowed the claim of the assessee. Disputed amount Rs.33.80 Lakhs (Previous year Rs.33.80 Lakhs)
	Total demand raised in respect of the above disputes (a+b+c) Rs.69.12 Lakhs (Previous year Rs.69.12 Lakhs)
B	The Company has de-bonded one of its unit ( Unit - II ) from 100 % EOU after completion of initial period of 5 Years and after fulfillment of export obligation by achieving Positive NFEP (Net Foreign Exchange ) in accordance with EXIM policy. The de-bonding involved payment of duty under EPCG License ( for capital goods ) and Advance License ( For Raw materials imported ) Schemes . The de-bonding was completed after obtaining " No Dues Certificate from the Assistant Commissioner, Central Excise , Dindigul and final exit order from the Deputy Commissioner , MEPZ ,

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 ( Contd...)

#### Other Additional Information:

	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.410.01 Lakhs (Previous year Rs.410.01 Lakhs 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.
C	(a) The Central Excise department has raised a demand towards service tax 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. Disputed amount Rs.4.80 Lakhs (Previous Year Rs.4.80 Lakhs).
	(b) The Central Excise department has raised Service Tax demand including Interest and Penalty for payment of commission to Foreign Agents and the matter is presently pending before CESTAT Chennai. Disputed amount Rs.2.95 Lakhs ( Previous Year Rs.2.95 Lakhs)
	(c) The Central Excise department has raised interest and penalty demand for late reversal of Cenvat credit and the matter is presently pending before CESTAT, Chennai. Disputed amount Rs.0.84 Lakhs ( Previous Year Rs.0.84 Lakhs).
	(d) The Central Excise department has raised Interest and penalty demand for non- reversal of Cenvat Credit on account of its view that Cotton yarn is an exempted product during the period from November 2008 to December 2010.The matter is presently pending before CESTAT,Chennai. Disputed amount Rs.4.91 Lakhs ( Previous Year 4.91 Lakhs).
	(e) The Central Excise department has raised duty demand and penalty proposing to levy the same in respect of used spares on de-bonding of 100 % EOU and the matter is presently pending before CESTAT Chennai. Disputed amount Rs. 2.18 Lakhs ( Previous Year Rs. 2.18 Lakhs ).
	Total demand raised in respect of the above disputes (a+b+c+d+e) Rs.15.68 Lakhs ( Previous year Rs. 15.68 Lakhs)
D	(a) The Sales Tax Department for Assessment Year 1996-97 raised demand for non filing of certain forms and the matter is contested before Appellate Deputy Commissioner (Commercial Taxes), Madurai. Disputed amount Rs.3.72 Lakhs ( Previous year Rs.3.72 Lakhs).
	(b) The Sales Tax Department for the Assessment Years from 2011-12 to 2014-15 has raised, in total, demand of Rs. 3.81 Lakhs (net of refund due) for the reason that TDS is deductible, on own Civil works and shortfall of Tax on the value of Windmill AMC collected by the service provider and the matter is contested before Appellate Deputy Commissioner (Commercial Taxes), Madurai. The Company has paid Rs.3.63 Lakhs towards the disputed demand.(Previous year Nil)
	Total demand raised in respect of the above disputes (a+b) Rs. 7.53 Lakhs ( Previous year Rs.3.72 Lakhs).

II Earnings Per Share (EPS)	FY 2017	FY 2016
Profit after Tax as per Statement of Profit and Loss (Rs in Lakhs)	5565.03	4445.52
Weighted average No. of Equity Shares outstanding for Basic/Diluted EPS (Face Value Rs.10/- each)	5833671	5875000
Earning Per Share (EPS) (Basic) (Rs.)	95.39	75.67
Earning Per Share (EPS) (Diluted) (Rs.)	95.39	75.67

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 ( Contd...)

#### Other Additional Information:

- III. Disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period 08th November, 2016 to 30th December, 2016 :

(Rs in Lakhs)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	3.44	4.00	7.44
(+) Permitted receipts			
i. Amount withdrawn from Bank	0	20.26	20.26
ii. Undisbursed salary & other recoveries from staff	1.56	4.08	5.64
Total	5.00	28.34	33.34
(-) Permitted payments	0	24.46	24.46
(-) Amount deposited in Banks	5.00	0	5.00
Closing Cash in hand as on 30.12.2016	0	3.88	3.88

#### IV Details of EPCG Authorization & Export obligations

	Export obligation to be fulfilled [ in USD*]	Duty [Rs. in Lakhs]
Opening Balance	1751271	191.25
Add : New Authorizations obtained during the year	5199561	589.70
Less : Obligation fulfilled during the year, pending redemption	4561275	509.56
Closing Balance	2389557	271.39

\* Obligation in USD is computed at 6 times of the Duty saved amount , to be fulfilled within a period of 6 years from the date of authorization. In the case of the company the above closing balance obligation in USD 2389557 is in respect of authorizations obtained during the current financial year. The obligation fulfilled Authorizations are pending for redemption.

#### V Details of TUFS Interest Reimbursement

(Rs. in Lakhs)

	Opening Balance	Receivable for the Year	Total Receivable	Received during the year	Amount written off	Closing Balance
	( 1 )	( 2 )	(3) (1+2)	( 4 )	(5)	6 (3 - 4 - 5)
	211.15	0.00	211.15	75.26	8.96	126.93
	(200.78)	(49.30)	(250.08)	(38.93)	0	(211.15)

(Figures in bracket relates to previous year)

(Rs in Lakhs)

VI	Breakup of Trade Payables	As at 31.03.2017	As at 31.03.2016
	Acceptances	3965.06	1435.96
	Other than Acceptances	523.80	418.44
	Total	4488.86	1854.40

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 ( Contd...)

#### Other Additional Information:

- VII. In terms of information available with the company there are no parties (Previous Year 3 (Three) parties) who are duly registered under Micro, Small and Medium Enterprises Development Act 2006 and in respect of whom the amount payable Outstanding as on 31.03.2017 is Nil (Previous year Rs. 24.89 Lakhs).
- VIII. Vehicle maintenance includes cost of expenditure exclusively incurred to provide transport to the employees from their place to work spot Rs. 109.11 Lakhs (Previous year Rs. 91.82 Lakhs).

#### IX. Related Party Disclosures under Accounting Standard 18 (Rs in Lakhs)

Name of the Related Party	Sri P.V. Chandran (Key Management Personnel)				
	Nature of Transactions	For 2017	For 2016	Balance Payable as at 31.03.2017	Balance Payable as at 31.03.2016
Remuneration of Sri P.V. Chandran		24.00	24.00	1.98	2.00
<b>Relatives of Key Management Personnel</b>					
Mrs.Vidya Jyothish Pillai (Daughter of Sri P.V.Chandran) - Director's Sitting fees		0.60	0.75	-	-
Mrs. Bhavya Chandran ( Daughter of Sri P.V.Chandran) - Director's Sitting fees		0.60	0.75	-	-

#### X. Break up for Deferred Tax Liabilities / Assets (Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Deferred Tax Liability on account of timing difference of depreciation	3257.80	3723.30
Less : Deferred Tax Assets	0.00	0.00
Deferred Tax Liability/ Asset(net)	3257.80	3723.30

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Assets	Liabilities	Assets	Liabilities
(i) In USD	4914636.45	3362150.24	293448.26	190822.77
(ii) In INR(Lakh)	3186.65	2180.02	194.41	126.42

- b. Outstanding Forward Exchange Contracts entered into by the company as on 31.03.2017.

Currency	Amount	Buy/ Sell	Cross Currency
USD	1518000 (3814000)	Sell	INR
USD	8527719 (2155231)	Buy	INR

(Figures in bracket relates to the previous year)

(Rs. in Lakhs)

XII	Auditors' Remuneration	FY 2017	FY 2016
	Statutory Audit Fees	3.45	3.44
	Total	3.45	3.44

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 ( Contd...)

#### Other Additional Information :

#### XIII. Employee Benefits:

- Company's Contribution to Provident Fund: Rs. 140.06 Lakhs (Previous Year Rs. 139.31 Lakhs)
- 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 2017.

#### (i) Present value of obligations

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Obligations at the beginning of the year	19.03	32.57
Interest Cost	1.52	2.61
Current Service Cost	1.82	4.21
Benefit paid	(4.43)	(0.39)
Actuarial (Gain) /loss on obligations	6.16	(19.97)
Obligations at the end of the year	24.10	19.03

#### (ii) Fair value of Plan Assets

(Rs. in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Fair Value of the plan assets, beginning of the year	28.49	22.78
Expected return on plan assets	2.12	2.02
Contributions	1.26	4.08
Benefit paid	(4.43)	(0.39)
Actuarial (Gain) /loss on plan Assets	0	0
Fair Value of the plan assets, end of the year	27.44	28.49
Funded Status	3.34	9.46

#### (iii) Expenses to be recognized for the current year

(Rs. in Lakhs)

Particulars	For 31.03.2017	For 31.03.2016
Current Service Cost	1.82	4.21
Interest Cost	1.52	2.61
Expected return on plan assets	(2.12)	(2.02)
Actuarial (Gain)/ loss for the year	6.16	(19.97)
Expense to be recognized in statement of Profit and Loss	7.38	(15.17)

#### (iv) Actuarial Assumption

Particulars	For 31.03.2017	For 31.03.2016
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%

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 25 ( Contd...)

Other Additional Information :

### XIV. Segment Reporting :

#### (i) Business segment

(Rs. in Lakhs)

Particulars	Textiles		Windmills		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Gross Segment Revenue	52861.30	49230.78	3256.78	2434.95	56118.08	51665.73
Less: Intersegment Revenue		-	-	-	3256.78	2434.95
Total Revenue	52861.30	49230.78	3256.78	2434.95	52861.30	49230.78
Segment Result	5756.33	5656.90	1743.25	582.88	7499.58	6239.78
Less: Finance Cost	-	-	-	-	383.95	521.53
Add: Unallocable Other Income net of Expenditure	-	-	-	-	78.43	177.46
Profit before Tax	-	-	-	-	7194.06	5895.71
Less : Tax Expense	-	-	-	-	1629.03	1450.19
Profit for the Year	-	-	-	-	5565.03	4445.52
Segment Assets	42925.13	36220.31	4645.59	5740.70	47570.72	41961.01
Unallocated Assets		-		-	29.66	445.15
Total Assets		-		-	47600.38	42406.16
Segment Liabilities	5707.65	2755.67	410.13	410.13	6117.78	3165.80
Unallocated Liabilities		-		-	4024.52	5735.79
Total Liabilities		-		-	10142.30	8901.59
Other information	-	-	-	-	-	-
Capital Expenditure	2898.19	2161.58		-	2898.19	2161.58
Unallocated Capital Expenditure		-		-	-	-
Depreciation	1833.05	1787.85	1101.81	1204.11	2934.86	2991.96
Unallocated Depreciation		-		-	-	-
Non - Cash Expenses other than depreciation		-		-	-	-

#### (ii) Geographic Segment

(Rs. in Lakhs)

Particulars	Europe	Asia	Others	India	Total
Sale of Goods	1681.74	23283.61	0	26628.98	51594.33
	(1118.13)	(24780.15)	(62.24)	(22375.76)	(48336.28)
(Figures in bracket relates to previous year)					

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 ( Contd...)

#### Other Additional Information :

#### XV. Details of CSR Expenditure :

- Gross amount required to be spent by the Company during the year Rs. 121.59 Lakhs (Previous year Rs. 109.38 Lakhs)
- Amount spent during the year FY 2016 - 17

(Rs in Lakhs)

S.No	Particulars	In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset - Relates to construction of public toilets	52.69 (35.10)	0	52.69 (35.10)
ii)	On purposes other than (i) above	70.33 (81.45)	0	70.33 (81.45)
	Total	123.02 (116.55)		123.02 (116.55)
(Figures in bracket relates to previous year)				

#### XVI. Buyback of Equity shares

The aggregate cost of buyback amounted to Rs. 1611.52 Lakhs consisting of (i) Consideration paid towards buyback Rs.1573.22 Lakhs and (ii) Other transaction cost Rs.38.30 Lakhs.

In terms of Section 69 of the Companies Act,2013, Rs.15.00 Lakhs being the nominal value of Equity Shares bought back was transferred to Capital Redemption Reserve Account from Share Premium Account and the balance cost of buyback Rs.1596.52 Lakhs was also met out of Share Premium Reserve.

(Rs. in Lakhs)

XVII. Value of Imported and Indigenous Raw Materials and Spare parts consumed and percentage thereof :		FY 2017		FY 2016	
		Value	% to Total	Value	% to Total
i)	Raw Materials				
	Imported	26180.57	77.89	19000.52	62.09
	Indigenous	7429.80	22.11	11597.90	37.91
	Total	33610.37	100.00	30598.42	100.00
ii)	Spare Parts				
	Imported	142.82	22.98	47.85	10.94
	Indigenous	478.78	77.02	389.47	89.06
	Total	621.60	100.00	437.32	100.00

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 ( Contd...)

#### Other Additional Information :

(Rs. in Lakhs)

XVIII. Earnings in Foreign Exchange and Expenditure in Foreign Currency	FY 2017	FY 2016
a. Earnings in Foreign Exchange	24965.35	25960.52
b. Expenditure in Foreign Currency		
i) For Import of Capital Goods	1471.17	1036.68
ii) For Import of Raw Materials	26094.13	22207.54
iii) For Import of Spares	130.16	52.10
iv) For Interest & Bank Charges	192.89	196.18
v) For Commission	254.66	381.06
vi) For Other Matters	3.41	3.18
Total expenditure in foreign currency	28146.42	23876.74

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

For and on behalf of the Board

Sd/-  
(P.V.CHANDRAN)  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN : 00628479)

Sd/-  
(Dr.K.VENKATACHALAM)  
DIRECTOR  
(DIN : 01062171)

Sd/-  
(RADHEYSHYAM PADIA)  
COMPANY SECRETARY

Sd/-  
(M. VIJAYAKUMAR)  
(CHIEF FINANCIAL OFFICER)

Date : 27.05.2017  
Place : Coimbatore

Book-post

To:

From

**Regd.Office : AMBIKA COTTON MILLS LIMITED**

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