AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT
2009 - 2010

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BOARD OF DIRECTORS	Sri P.V. Chandran Sri K.N. Sreedharan Dr. K. Venkatachalam Sri R. Soundararaja Perumal Sri Sunil Kumar Kalangara, (Nominee Director of UTI Venture Funds Management Company Pvt. Ltd.) Ms. Bhavya Chandran Smt. Seethalakshmi Nagarajan, (Nominee Director of IDBI Bank Ltd.,)
Registered Office	9A, Valluvar Street Sivanandha Colony Coimbatore - 641 012.
Plant	Kannivapuram Dindigul
Auditors	M/s. L. Venkatasubbu & Co Chartered Accountants, Coimbatore
Bankers	IDBI Bank LTD. The Bank of Nova Scotia Bank of Baroda Indian Bank Corporation Bank Indusind Bank Ltd. Axis Bank Ltd. ABN Amro Bank

AMBIKA COTTON MILLS LIMITED

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

NOTICE OF THE MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Monday the 27th September 2010 at 12.00 Noon at Hotel Sree Annapoorna, 75, East Arokiyasamy Road, R.S.Puram, Coimbatore – 641 002

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2010 and Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Sri. Sunil Kumar Kolangara who retires by rotation.
4. To appoint a Director in place of Ms. Bhavya Chandran who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting and to fix their remuneration.

B. SPECIAL BUSINESS

6. To Consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution

   Resolved that the Company do commence the business specified in Part - C under the head "Other Objects in Serial No. 16" of Memorandum of Association of the company which provides as under

   "To carry on all or any of the businesses of generating and distributing electricity, gas and heat and of manufacturing or dealing in all kinds of machinery, equipments and appliances required for generating, distributing, employing and consuming electricity and of acting as electrical engineers and contractors and of purifying and distributing water".

By order of the Board

Sd/-

PLACE: Coimbatore
DATE: 14.08.2010

(P.V.CHANDRAN)
Chairman and Managing Director

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Register of Members of the Company will remain closed from Monday 13th September 2010 to Monday 27th September 2010 (Both the days inclusive). The dividend if declared will be paid to those members whose names appear in the Register of Members as on 13th September 2010.
3. Members are requested to notify the changes if any in their address immediately.

NOTICE OF THE MEETING (Contd...) :

NOTES :

4. Shareholders seeking any information with regard to the accounts are requested to write to the company at least seven days before the date of the meeting so as to enable the company to keep the information ready.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956 as amended, dividend for the Financial year 2002-2003 and thereafter which remain unpaid/unclaimed for a period of 7 (Seven) years will be transferred to the Investor Education and protection Fund (the Fund) constituted by the Central Government under Section 205C of the Companies Act, 1956. Unpaid/unclaimed Equity Dividend for the financial year 2002-2003 will fall due for transfer to the said Fund on 26th October 2010. As regards unclaimed dividend for the financial years up to 2001-2002 the same have already been transferred to the said Fund. It may kindly be noted that once the unpaid/unclaimed dividend is transferred to the above said Fund of the Central Government, no claim shall lie in respect thereof.

ANNEXURE TO NOTICE

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

Item No.6

The Company is implementing Wind Energy scheme for 12 MW for Captive Consumption and on completion of the Scheme any excess energy generated, after adjusting for Captive Consumption, would be sold to TNEB/ other parties and in such an event amount to commencement of new business which requires approval of the members by way of a special resolution.

Accordingly Directors recommend the resolution at Item No.6

None of the directors are interested in passing the resolution.

By order of the Board

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

PLACE: Coimbatore
DATE: 14.08.2010

Notes on Directors seeking appointment / reappointment as required under Clause 49 (VI) (A) of the listing agreement entered into with the Stock Exchanges:

a. Sri. Sunil Kumar Kolangara

Sri Sunil Kumar Kolangara, Director retiring by rotation, has given his resignation on 12.08.2010. Hence he is now being considered for reappointment.

b. Ms. Bhavya Chandran

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

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT

Your directors have great pleasure in submitting the Twenty Second Annual Report together with the audited accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2010 are furnished below:

	CURRENT YEAR 2010 Rs.	PREVIOUS YEAR 2009 Rs.
Sales and other Income	2,23,13,91,816	1,85,40,72,652
Gross Profit for the year	44,63,45,979	31,21,93,357
Less : Depreciation	20,94,77,849	18,06,01,178
Profit before tax	23,68,68,130	13,15,92,179
Less: Provision for Taxation		
Current Tax (Minimum alternative tax)	4,02,50,000	1,49,10,000
Less : Minimum alternative tax credit	0	1,49,10,000
Net Current Tax	4,02,50,000	0
Less : Provision for Deferred Tax Liability	1,13,19,860	3,72,68,015
Provision for FBT	0	1,00,000
Profit after tax	18,52,98,270	9,42,24,164
Add: Balance in Profit & Loss Account (Brought Forward From The Previous Year)	15,61,19,796	12,81,47,856
Prior Period MAT Credit written back	0	1,73,23,416
Prior Period FBT Credit written back	0	66,510
Prior Period Income Tax Written back	30,09,634	0
Provision for diminution in value of investments written back	0	2,91,522
	34,44,27,700	24,00,53,468
Less : Prior Period Income-tax Written Off	57,09,485	1,86,759
Prior Period FBT	60,090	0
Prior Period Expenses	89,90,472	0
	32,96,67,653	23,98,66,709
Appropriations :		
Proposed Dividend	1,76,25,000	1,17,50,000
Tax on Dividend	29,27,292	19,96,913
General Reserve	7,00,00,000	7,00,00,000
Balance Carried Over in Profit & Loss Account	23,91,15,361	15,61,19,796

DIVIDEND

Your directors are pleased to recommend for your approval payment of dividend for the year ended 31st March 2010 at 30% on the Equity Shares of the Company. The outflow on account of Equity Dividend would be Rs. 176.25 Lakh (Previous year Rs.117.50 Lakh) and dividend tax Rs.29.27 Lakh (Previous year Rs.19.97 Lakh). The payout ratio for the year works out to 9.51% as compared to 12.47% on the basis of PAT of FY 2010 & 2009.

OPERATIONS:

The Company's Total Income and Gross profit amounted to Rs.22314 Lakh (Previous year Rs.18541 Lakh) and Rs.4463 Lakh (Previous year Rs. 3122 Lakh). This represents growth in total income of 20.35 % and Gross Profit of 42.95 % as compared to the previous year.

For the year Company's Direct Export Turnover amounted to Rs.12141 Lakh as compared to Rs. 7506 Lakh in the previous year representing a growth of 61.75%. In terms of percentage the export turnover constituted 58.35 % of the net sales as against 42.23 % in the previous year.

The performance of the company was affected on account of severe power cut which continuous to prevail in the State of Tamil Nadu as in the previous year. The marginal improvement is that industries are permitted to use up to 75-80% of the total power connected as against 60% in the previous year. The restriction in use of power and the high cost of alternative energy has affected the over all production and sales performance. The rate of interest charged by the Banks remained at higher levels. These factors had a bearing on the overall margins and performance of the Company.

The mandatory system of registration of export contracts of Cotton yarn brought in by the Central Government and further completion of the so registered export contracts within the specified time limit from such registration is causing considerable operational difficulties in the matter of completion and execution of export contracts. The Central Government has further withdrawn benefits for exports of Cotton yarn which would severely affect the margins of the company in future. The unwanted curbs and withdrawing export benefits would jeopardize the long term interest and competitiveness of the industry.

The State Government / TNEB has permitted for due set off of the captive power generated out of wind mills even in respect of peak hour generated units, which was not the case earlier. Consequent to this policy change the company has decided to install 12MW of wind power capacity, which would meet the entire energy demand of the Spinning units of the Company at a cost of Rs.72.48 Crores which is to be met out of internal accruals of Rs.14.88 Crores. The balance cost of Rs.57.60 Crores is to be met out of term loan from the Banks and the

same is tied up. The Company has commenced implementation of the scheme and substantial progress has been made.

With the completion of the above scheme the total wind energy capacity of the company would move to 27.4 MW as against the present 15.4 MW.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

DEPOSITS:

The Company has not accepted any deposits from the public.

DIRECTORS:

Sri.Sunil Kumar Kolangara Director retires by rotation and being eligible offers himself for re-appointment.

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

AUDITORS:

M/s. L.Venkatasubbu & Co., Chartered Accountants, Auditors of the Company are to retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment subject to furnishing "Peer Reviewed" Certificate as mandated by SEBI. They have furnished the necessary Certificate in terms of Section 224 of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

2. The Company has selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision with Companies Act 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other Irregularities.
4. The Company has prepared the attached annual statement of accounts for the year ended 31st March 2010, on a going concern basis.

PARTICULARS OF EMPLOYEES:

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

DISCLOSURES OF PARTICULARS:

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

By order of the Board

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

PLACE: Coimbatore
DATE: 31.07.2010

ANNEXURE I

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

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

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

b) Additional Investments and proposals being implemented for reduction of consumption of Energy: The Company has proposed to enhance its wind energy capacity for captive consumption from 15.4 MW to 27.4 MW. This would meet up to 100% of the power requirement of the spinning segment. This will reduce energy cost considerably.

c) Impact of measures (a) & (b) above for reduction of Energy Consumption and consequent impact on cost of production.

i. The consumption of energy has been closely monitored and as a result wastage is avoided.

ii. Efficiency of the Internal Generation of Electricity is maintained.

d) Total Energy consumption and energy consumption per unit of production as prescribed in Form A.

		YEAR ENDED 31-03-2010	YEAR ENDED 31-03-2009
1.	**ELECTRICITY :**		
	a. Purchased :		
	Units (in Lakhs)	138.40	240.27
	Total Amount (Rs. in Lakhs)	797.36	1168.74
	Rate per Unit	5.76	4.86
	b. Own Generation :		
	1. Through Diesel Generator:		
	Units (in Lakhs)	88.92	44.90
	Units per litre of Diesel Oil	3.71	3.62
	Rate per Unit	8.02	7.84
	2. Wind Energy	319.06	214.96
	3. Coal	Nil	Nil
	4. Furnace Oil	Nil	Nil
	5. Others/Internal Generation	Nil	Nil
	c. Consumption per unit of Production Electricity Units per Kg.	4.85	5.38
	d. Technology Absorption :	Indigenous Technology alone is used.	
		(Rs. in Lakhs)	(Rs. in Lakhs)
	e. Foreign Exchange Earnings	12141	7506
	Foreign Exchange Outgo	6898	6584

ANNEXURE II

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2010.

Name	Age (Years)	Designation / Nature of duties	Remuneration including commission (Rs. in Lakh)	Experience (Years)	Date of joining	Last Employment/ Designation/ period
P.V.Chandran	60	Chairman and Managing Director / Overall management of the Company	72.88	38	06-10-1988	--

By order of the Board

Sd/-

(P.V.CHANDRAN)

Chairman and Managing Director

PLACE: Coimbatore

DATE: 31.07.2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Overall Review

Both the Global and the Indian economy made a comeback and rebounded during the fiscal 2009-10 putting an end to uncertainty and turbulence. The recovery of the economies resulted in substantial improvement for demand of cotton yarn.

2. Industry Outlook

On account of improvement in the scenario for demand of cotton yarn resulted in adjustment and upward movement of selling prices of cotton yarn in tune with increase in input cost and more particularly raw material and power cost. But the Central Government, on account of insistence by garment manufacturers in order to control prices of cotton yarn has withdrawn duty draw back for exports of cotton yarn and further constrained the operations in the form of requirement of registration of Cotton yarn exports. These adverse and hastened steps undertaken by the Government are unparallel and against the interest of the industry in the long term. The State of Tamil Nadu continues to experience shortage of power and severe power cuts causing loss of production. Even though the Bank rates have softened moderately, but would register a hike at any point of time and a cause for worry.

3. Opportunities

The present improved demand scenario for cotton yarn would support the operations of the company but are constrained on account of time consuming Government regulatory compliance for exports, withdrawal of duty draw back for exports. This would severely affect to make use of the market opportunities.

4. Challenges

(i) Government regulatory compliance for exports

(ii) Sudden withdrawal of Government incentives for exports.

(iii) Availability of quality cotton at affordable price band

(iv) Price influence of cotton on account of cotton exports.

(v) Normalcy in power situation in the State of Tamil Nadu so that no loss of production.

(vi) Reasonable rate of interest by the lending banks, without resorting to sudden hikes.

(vii) Artificial demand for cotton and consequent impact on its prices.

(viii) Government policies

5. Company Outlook.

The company as in the past continues to enjoy demand for its products and completed all its expansions schemes and strengthened its production base to meet the growing demand. In order to reduce the power cost further, to remain competitive, has embarked upon for enhancement of its wind capacity from 15.4 MW to 27.4 MW for captive consumption. This additional wind capacity for captive consumption would meet 100% of the requirement of spinning segment. The expansion of production capacity and broad basing of both export and domestic market and reducing the power cost through wind energy for 100 % captive consumption would enable the company to perform better despite several constraints and odds.

6. Risks and Concerns

Change in Policies of the Government restricting exports, withdrawing incentives for exports, power cuts preventing the operations of the plant at full capacity, sudden hike in Bank interest rates will be the major factors having a bearing on the operations of the company.

7.Discussion on Financial Performance with Respect to Overall Performance

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

	CURRENT YEAR 2010 Rs.	PREVIOUS YEAR 2009 Rs.
1. Increase in Net Sales (Rs. in Lakhs)	3017	2201
2. Increase in Net Sales (%)	16.96	14.13
3. Increase in Exports (in Rs.Lakhs)	4635	817
4. Increase in Exports (%)	61.75	12.21
5. Net Profit Margin before Deferred Tax Liability (%)	9.45	7.40
6. Net Profit Margin after Deferred Tax Liability (%)	8.91	5.30
7. Cash Profit Margin before Deferred Tax Liability (%)	19.52	17.56
8. Cash Profit Margin after Deferred Tax Liability (%)	18.97	15.46
9. Operating Profit Margin %	27.43	27.14

Despite several constraints the Company has registered increase in net sales and also able to protect its margins.

8. Internal control, systems and adequacy.

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

9. Human Resources Development

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

10. Safety and Environment

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

11. Cautionary Statement

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

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

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

Name of the Director	Executive / Non Executive / Independent	No. of outside Directorship in Public Limited Companies	Membership held in Committee of Directors	Chairmanship held in Committee of Directors
Sri. P.V. Chandran	Chairman and Managing Director (Promoter & Executive)	Nil	Nil	Nil
Sri. K.N. Sreedharan	Director (Non Executive and Independent)	1	1	1
Dr. K.Venkatachalam	Director, (Non Executive and Independent)	Nil	Nil	Nil
Sri. R.Soundararaja Perumal	Director (Non Executive and Independent)	Nil	Nil	Nil
Sri. Sunil Kumar Kolangara	Director, (Nominee representing UTI Venture Funds Management Co. Pvt.Ltd.)(Non Executive and Independent)	2	3	Nil
Ms. Bhavya Chandran	Director (Promoter Group & Executive)	Nil	Nil	Nil
Smt. Seethalakshmi Nagarajan	Director, (Nominee representing IDBI Bank LTD.) (Non Executive and Independent)	Nil	Nil	Nil

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

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

Number of Board Meetings held during 2009 - 2010 : 4			
Sl.No.	**Date of Board Meeting**	**Sl.No.**	**Date of Board Meeting**
1	29-06-2009	3	29-10-2009
2	30-07-2009	4	30-01-2010

(B) Attendance Record of Directors :

Sl. No.	Name of the Director	Number of Meetings held	Number of Meetings attended	Whether attended last AGM held on 29th September 2009
1.	Sri. P.V. Chandran, Chairman and Managing Director	4	4	Yes
2.	Sri. K.N. Sreedharan, Director	4	3	No
3.	Dr. K. Venkatachalam, Director	4	-	Yes
4.	Sri. R.Soundararaja Perumal, Director	4	4	Yes
5.	Sri. Sunil Kumar Kolangara, (Nominee Director, UTI Venture Funds Management Company Pvt.Ltd.,)	4	2	No
6.	Ms. Bhavya Chandran	4	2	Yes
7.	Smt. Seethalakshmi Nagarajan (Nominee Director, IDBI Bank Limited)	4	4	No

4. Audit Committee :

The Audit Committee consists of Four Directors, chaired by Sri. K.N. Sreedharan, a Chartered Accountant by profession, Dr. K.Venkatachalam, Sri R.Soundararaja Perumal and Sri Sunil Kumar Kolangara.

Members' attendances at the meetings were as follows.

Name of the Directors	Category	No.of Meetings attended during the year 2009 - 2010
Sri. K.N.Sreedharan	Independent / Non Executive	3
Dr. K. Venkatachalam	Independent / Non Executive	-
Sri. R. Soundararaja Perumal	Independent / Non Executive	4
Sri. Sunil Kumar Kolangara	Independent / Non Executive	1

During the year, the Audit Committee held its meetings on 29-06-2009, 30-07-2009, 29-10-2009 & 30-01-2010.

5. Remuneration Committee:

The Remuneration Committee consists of Three Directors viz., Sri P.V.Chandran, Sri Sunil Kumar Kolangara & Sri R. Soundararaja Perumal.

6. Shareholders Committee and Share Transfer System :

(A) The Share Transfer Committee consists of the following Directors and headed by Sri. R. Soundararaja Perumal.

Name of the Directors	Category	No.of Meetings attended during the year 2009 - 2010
Sri. P.V. Chandran	Promoter / Director & Executive	3
Dr. K.Venkatachalam	Independent Director	-
Sri. R. Soundararaja Perumal	Independent Director	3

Shareholders complaints received during the year – 4 and disposed off by the Registrar.

(B) Share Transfer System:

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

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

8. General Body Meetings:

Location and time, where last three Annual General Meetings held

Year	Location	Date	Time
2007	Hotel Sree Annapoorna, 75 East Arokiyasamy Road,R.S.Puram, Cbe-2	28-07-2007	12 Noon
2008	Hotel Sree Annapoorna, 75 East Arokiyasamy Road,R.S.Puram, Cbe-2	27-09-2008	12 Noon
2009	Hotel Sree Annapoorna, 75 East Arokiyasamy Road,R.S.Puram, Cbe-2	29-09-2009	4 PM

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

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

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

10. Means of Communication :

Publications of Financial Results are generally made in dailies Business Line, The Hindu, Dinamani and Makkal Kural.

11. Information of Directors Appointed/ Reappointed :

Sri. Sunil Kumar Kolangara

Sri Sunil Kumar Kolangara is the Nominee Director of UTI Venture Funds Management Company Private Limited.

Ms. Bhavya Chandran

Ms. Bhavya Chandran holds Masters Degree in Business Management and she is Daughter of Sri. P.V.Chandran, Chairman and Managing Director of the Company. She has specialized in Finance and International Business and her contribution will facilitate in the over all operations of the Company.

12. General Information to Shareholders:

Annual General Meeting (AGM) Date and Time Venue	Monday, 27th September 2010 at 12.00 Noon at Hotel Sree Annapoorna, 75, East Arokiyasamy Road, R.S. Puram, Coimbatore - 641 002.	
Financial Calendar (tentative):		
Results for Quarter ending	June 30, 2010	Last Week of July 2010
	September 30, 2010	Last Week of October, 2010
	December 31, 2010	Last Week of January, 2011
	March 31,2011	2nd Week of May, 2011 (Unaudited)
	AGM	September 2011.
Date of Book Closure	13-09-2010 to 27-09-2010 (Both days inclusive) for Dividend.	
Dividend Payment Date	Within thirty days from the date of AGM	
Listing on Stock Exchanges	Listed in National Stock Exchange, Bombay Stock Exchange, Madras Stock Exchange and Coimbatore Stock Exchange. Annual Listing Fee has been paid to all the Stock Exchanges.	
Stock Code	531978 (BSE), AMBIKCO (NSE)	
Demat ISIN Number in NSDL & CDSL for Equity Shares.	ISIN Number : INE540G01014.	

Stock Market Data :

Month	The Stock Exchange Mumbai (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
Apr - 09	60.00	46.00	58.80	41.10
May - 09	100.00	46.10	103.00	49.05
June - 09	96.85	71.10	94.90	69.00
July - 09	82.60	64.05	91.80	65.00
Aug - 09	92.00	71.05	93.20	70.20
Sep - 09	122.00	87.45	122.90	85.05
Oct - 09	115.45	95.00	116.00	92.15
Nov - 09	118.00	96.00	119.00	94.15
Dec - 09	152.00	106.80	152.00	108.00
Jan - 10	152.65	116.00	152.70	114.00
Feb - 10	154.00	124.05	156.00	125.00
Mar - 10	172.00	136.05	171.70	136.10

CORPORATE GOVERNANCE REPORT (Contd...)

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

Pattern of Share Holding as on 31-03-2010

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters	2158185	36.735
2	Banks, Financial Institutions, Mutual Funds	-	-
3	Foreign Institutional Investors / NRIs	-	-
4	Corporate Bodies	757515	12.894
5	Public		
	1. Individuals (holding Nominal share capital upto Rs. 1.00 lakh)	990395	16.858
	2. Individuals (holding Nominal share capital in excess of Rs.1.00 lakh)	959629	16.334
6	Any other (Specify)		
	a. Trusts (Ascent India Fund Managed by UTI Ventures)	875000	14.894
	b. Directors and their relatives	100	0.002
	c. Non Resident Indians	24265	0.413
	d. Clearing Members	48873	0.832
	e. Hindu Undivided Families	61038	1.039
	TOTAL	**5875000**	**100.000**

Distribution of Share Holding as on 31-03-2010

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 to 500	3889	89.32	451435	7.68
501 to 1000	194	4.46	159067	2.71
1001 to 2000	109	2.50	165884	2.82
2001 to 3000	51	1.17	131825	2.24
3001 to 4000	15	0.34	53223	0.91
4001 to 5000	16	0.37	76264	1.30
5001 to 10000	34	0.78	256658	4.37
10001 and above	46	1.06	4580644	77.97
TOTAL	**4354**	**100.00**	**5875000**	**100.00**

Dematerialisation of Shares	95.512% of the Company's paid-up Equity Share Capital has been dematerialized up to March 31, 2010. Trading in Equity shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities & Exchange Board of India (SEBI).
Liquidity	The shares are actively traded in The Stock Exchange, Mumbai & National Stock Exchange of India (NSE).
Outstanding GDR / Warrants / Convertible Instruments.	NIL
Plant Location	The Company has four Units and its locations are given below :
	Unit - I - Natham Main Road, Kanniyapuram, Dindigul - 624 308.
	Unit - II - Kanniyapuram - Ellaipatti Road, Kanniyapuram, Dindigul - 624 308.
	Unit - III - Kanniyapuram - Ellaipatti Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - II)
	Unit - IV - Kanniyapuram - Ellaipatti Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - III).
Investor Correspondence / Query Information :-	
For Transfer Shares	SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
Any other matter	Regd. Office : 9-A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012.

13. Disclosure

1. Materially Significant related party transactions that may have potential conflict with the interest of the company: The Company do not have any such transactions.

CORPORATE GOVERNANCE REPORT (Contd...)

2. Details of remuneration for the year ended 31.03.2010.

(a) Non executive directors.

Sl. No.	Name of the Director	Sitting Fees (Rs.)
1.	Sri. K.N. Sreedharan	30,000
2.	Dr. K. Venkatachalam	0
3.	Sri. R. Soundararaja Perumal	40,000
4.	Sri. Sunil Kumar Kolangara (Amount paid to UTI Ventures)	10,000
5.	Smt. Seethalakshmi Nagarajan (Amount paid to IDBI Bank Limited)	20,000
	Total	1,00,000

(b) Chairman and Managing Director and Executive Director.

Sl. No.	Name of the Director	Salary (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
1.	Sri. P.V. Chandran	24,00,000	48,88,227	20,000	73,08,227
2.	Ms. Bhavya Chandran	1,20,000	0	15,000	1,35,000

3. Shares of the company held by non-executive directors : Dr. K. Venkatachalam holds 100 shares of the company as on 31st March 2010.

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

This is to confirm that the Company has adopted a Code of Conduct for its Board and Staff of the Company and a declaration to the effect that the same have been complied with has been received from them in respect of the Financial Year Ended 31.3.2010.

PLACE: Coimbatore
DATE: 31.07.2010

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

Compliance Certificate from the Auditors of the Company

To the Members of Ambika Cotton Mills Limited.

We have examined the compliance of conditions of Corporate Governance by Ambika Cotton Mills Limited (the company) for the year ended on 31st March 2010, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

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

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

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

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

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

PLACE: Coimbatore
DATE: 31.07.2010

AUDITORS' REPORT

To

The Members of Ambika Cotton Mills Limited,

1. We have audited the attached Balance sheet of Ambika Cotton Mills Limited as at 31st March 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 appears from our examination of such books.

c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

e. On the basis of written representations received from the Directors as on, 31st March 2010 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

AUDITORS' REPORT (Contd...)

f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010

ii. In the case of the Profit and Loss account, of the profit for the year ended on that date and

iii. In the case of Cash Flow Statement of the cash flows for the year ended on that date.

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

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

PLACE : Coimbatore
DATE : 31-07-2010

ANNEXURE TO THE AUDITORS' REPORT

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

1. In respect of its fixed assets
   a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
   b. As explained to us, the fixed assets have been physically verified by the Management during the year at reasonable intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
   c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories
   a. As explained to us, inventories have been physically verified by the Management at reasonable intervals during the year.
   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
   c. The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records.

3. The Company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained U/s 301 of the Act.

4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.

5. According to the information & Explanations given to us, there is no transaction in excess of Rs. 5,00,000/- (Rupees Five Lakh only) in respect of any party which need to be entered in a Register in pursuance of Section 301 of the Companies Act, 1956 and hence the question of reasonable prices in respect of such transactions as regards to the prevailing market prices does not arise.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government has prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records

have been made and maintained. We have not, however, made a detailed examination of the same.

9. According to the information and explanations given to us in respect of statutory and other dues:

a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.

b. Disputed dues are as under

Name of the Statute	Nature of Demand	Amount Rs. in Lakh	Period	Forum where dispute is pending
Income - Tax Act, 1961	Reopening of assessment	26.12	Assessment year 1998-99	Madras High Court Chennai
Customs Act	Differential duty for import of raw material	30.12	Assessment year 2002-03	Madras High Court Chennai
Customs Act	Interest for payment of duty	7.06	Assessment year 2005-06	CESTAT, Chennai
Customs Act	De-bonding of Unit II from 100% EOU	312.23	Assessment year 2005-06	Madurai Bench of Madras High Court
Customs Act	De-bonding of Unit II from 100% EOU	97.77	Assessment year 2005-06	Madurai Bench of Madras High Court
Service Tax	Freight charges	4.80	From 16.11.1997 To 01.06.1998	Madras High Court Chennai
EPF & MP Act, 1952	PF dues made in respect of apprentice covered by Standing Order of the prescribed authority	40.26	From March 2006 To October 2007	EPF Appellate Tribunal, New Delhi.

10. The Company has no accumulated losses and has not incurred cash losses during the Financial Year covered by our audit or in the immediately preceding Financial Year.

11. According to the information and explanations given to us the Company has not defaulted in repayment of dues to Financial Institutions or Banks.

12. According to the information and explanations given to us no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund / Society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.

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

14. The Company is not dealing or trading in shares, securities, debentures and other investments. However, in respect of investments made by the company in shares/ mutual fund units in the nature of investments, the company holds the same in its own name.

15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.

16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima-facie, applied by the company during the year for the purposes for which the loans were obtained.

17. According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have, prima-facie, not been used during the year for long term investment and vice versa.

18. The Company has not made any preferential allotment of shares during the year.

19. The Company has not raised any money by way of issue of debentures and therefore the question of creation of security in respect of the same does not arise.

20. The Company has not raised any money by way of Public issue during the year.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

PLACE : Coimbatore
DATE : 31-07-2010

AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

	SCHEDULE		AS AT 31.03.2010 Rs.		AS AT 31.03.2009 Rs.
SOURCES OF FUNDS					
A. Shareholder's funds					
1. Share Capital	A	5,87,50,000		5,87,50,000	
2. Reserves & Surplus	B	1,30,43,54,509		1,15,13,58,944	
			1,36,31,04,509		1,21,01,08,944
B. Loan funds					
1. Secured Loans	C	2,33,96,61,225		2,51,54,87,995	
2. Unsecured Loans		0		0	
			2,33,96,61,225		2,51,54,87,995
C. Deferred Tax Liability	D		32,97,27,427		31,84,07,567
TOTAL			**4,03,24,93,161**		**4,04,40,04,506**
APPLICATION OF FUNDS					
A. Fixed Assets	E				
1. Gross Block		3,67,41,49,347		3,65,73,78,125	
Less : Depreciation		95,88,92,213		74,94,14,364	
Net Block		2,71,52,57,134		2,90,79,63,761	
2. Capital Work in Progress		65,79,000		38,11,500	
			2,72,18,36,134		2,91,17,75,261
B. Investments	F		5,34,303		11,49,352
C. Current Assets, Loans and Advances	G				
Current Assets					
1. Inventories		1,36,61,81,146		1,08,92,30,457	
2. Sundry Debtors		23,66,12,690		7,21,58,580	
3. Cash & Bank Balances		5,59,60,036		2,23,21,619	
4. Loans & Advances		26,73,76,032		28,20,14,799	
5. Other Current Assets		69,478		1,89,926	
		1,92,61,99,382		1,46,59,15,381	
Less : Current Liabilities and provisions	H				
1. Current Liabilities		57,88,37,744		30,60,78,575	
2. Provisions		3,72,38,914		2,87,56,913	
		61,60,76,658		33,48,35,488	
Net Current Assets			1,31,01,22,724		1,13,10,79,893
TOTAL			**4,03,24,93,161**		**4,04,40,04,506**
NOTES FORMING PART OF ACCOUNTS	N				

As per our report of even date attached

For L. VENKATASUBBU & CO.,
Chartered Accountants
Firm Regn. No. : 004627S

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

PLACE : COIMBATORE

DATE : 31-07-2010

For and on Behalf of the Board

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	SCHEDULE	YEAR ENDED 31.03.2010 Rs.	YEAR ENDED 31.03.2009 Rs.
INCOME			
Sales		2,08,06,97,844	1,77,90,21,547
Other Income	I	15,06,93,972	7,50,51,105
		2,23,13,91,816	**1,85,40,72,652**
EXPENDITURE			
Raw Materials Consumed	J	1,20,94,26,357	94,88,73,626
Stock Adjustment	K	-2,91,59,741	67,79,517
Excise Duty		0	14,94,223
Manufacturing Administrative and Other Expenses	L	44,02,43,230	41,45,10,632
Interest	M	16,45,35,991	17,02,21,297
Depreciation		20,94,77,849	18,06,01,178
		1,99,45,23,686	**1,72,24,80,473**
PROFIT BEFORE TAX		23,68,68,130	13,15,92,179
Less:Provision for Taxation			
Current tax(Minimum alternative tax)		4,02,50,000	1,49,10,000
Less: Minimum alternative tax credit		0	1,49,10,000
Net Current tax		**4,02,50,000**	**0**
Less:Provision for Deferred Tax Liability		1,13,19,860	3,72,68,015
Provision for FBT		0	1,00,000
PROFIT AFTER TAX		18,52,98,270	9,42,24,164
Add:			
a) Balance brought forward from previous year		15,61,19,796	12,81,47,856
b) Prior Period MAT Credit Written Back		0	1,73,23,416
c) Prior Period FBT Written Back		0	66,510
d) Prior Period Income Tax Written Back		30,09,634	0
e) Provision for dimunition in value of investments written back		0	2,91,522
		34,44,27,700	**24,00,53,468**
Less:			
a) Provision for Dividend		1,76,25,000	1,17,50,000
b) Provision for Tax on Dividend		29,27,292	19,96,913
c) Prior period Income-tax Written-off		57,09,485	1,86,759
d) Prior period FBT		600.90	0
e) Prior Period Expenses		89,90,472	0
f) Transfer to General Reserve		7,00,00,000	7,00,00,000
Balance carried forward to Balance Sheet		**23,91,15,361**	**15,61,19,796**
NOTES FORMING PART OF ACCOUNTS	N		
Basic Earning per Share (Face Value of Rs.10/-) before extraordinary items (prior period expenses) (Rs.)		31.54	16.04
Basic Earning per Share (Face Value of Rs.10/-) after extraordinary items (prior period expenses) (Rs.)		30.00	16.04

As per our report of even date attached

For L. VENKATASUBBU & CO.,
Chartered Accountants
Firm Regn. No. : 004627S

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

PLACE : Coimbatore

DATE : 31-07-2010

For and on Behalf of the Board

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2010

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	23,68,68,130	13,15,92,179
Adjustment for Depreciation	20,94,77,849	18,06,01,178
Interest Paid	16,45,35,991	17,67,08,841
Interest capitalised	0	-64,87,544
Reduction in carrying amount of investments	0	9,33,148
Increase in carrying amount of investments	-69,000	0
Sale of investments	-5,75,804	0
Foreign Currency Fluctuation on revaluation	-2,56,11,350	25,85,672
Foreign Currency Fluctuation in cash and cash Equivalents on Revaluation	-19,108	-331
Investments Income: Interest/Dividend Received	-26,05,166	-10,79,342
Operating Profit Before Working Capital Changes	58,20,01,542	48,48,53,801
Adjustments for		
Trade and other receivables	-15,25,32,537	9,69,89,280
Inventories	-27,69,50,689	-81,01,222
Trade Payables	27,71,63,763	-4,84,91,367
Cash generated from operations	42,96,82,079	52,52,50,492
Direct Taxes paid	-3,16,32,488	-1,71,72,287
Cash flow before extraordinary items	39,80,49,591	50,80,78,205
Prior period items	-89,90,472	0
Prior period Income Tax	-27,59,941	-1,20,249
Net Cash from operating activities	**38,62,99,178**	**50,79,57,956**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-1,67,71,222	-36,29,44,861
Interest capitalised	0	64,87,544
Capital work in progress	-27,67,500	20,55,53,109
Sale of Fixed Assets	0	0
Acquisitions of Companies	0	0
Purchase of Investments	0	0
Sale of Investments	12,59,853	0
Interest Received	25,69,973	10,75,742
Misc.Receipts	0	0
Dividend Received	35,193	3,600
Net cash used in investing activities	**-1,56,73,703**	**-14,98,24,866**

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2010 (Contd....)

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
C.CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	0	0
Proceeds from Long Term borrowings	6,00,00,000	36,99,69,547
Proceeds from Working Capital borrowings	11,51,42,918	-5,81,48,060
Repayment of Long Term borrowings	-33,58,63,093	-58,93,73,650
Repayment of Finance/ Lease Liabilities	0	0
Dividend Paid	-1,17,50,000	-1,17,50,000
Interest Paid	-16,45,35,991	-17,67,08,841
Net Cash Used in Financing Activities	-33,70,06,166	-46,60,11,004
Net increase in Cash and Cash Equivalents	3,36,19,309	-10,78,77,914
Cash and Cash Equivalents as at 1st April (Opening Balance)	2,23,21,619	13,01,99,202
Increase on account of foreign currency revaluation	19,108	331
Cash and Cash Equivalents as at 31st March (Closing Balance)	5,59,60,036	2,23,21,619

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006
2. Cash and cash equivalents include balances with scheduled banks on dividend account Rs. 14.26 Lakh (Previous year Rs.11.42 Lakh) which are not available for use by the Company.

As per our report of even date attached

For L. VENKATASUBBU & CO.,
Chartered Accountants
Firm Regn. No. : 004627S

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

PLACE : Coimbatore
DATE : 31-07-2010

For and on Behalf of the Board

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

Schedules Forming Part of Accounts	As at 31.03.2010	As at 31.03.2009
SCHEDULE A	Rs.	Rs.
SHARE CAPITAL :		
Authorised :		
1,00,00,000 Equity shares of Rs.10/- each (Previous year 1,00,00,000 Equity Shares of Rs.10/- each)	10,00,00,000	10,00,00,000
Issued, Subscribed & Paid-Up :		
58,75,000 Equity shares of Rs.10/- each (Previous year 58,75,000 Equity Shares of Rs. 10/- each)	5,87,50,000	5,87,50,000
(Of the above 29,57,150 Equity Shares of Rs.10/- each are allotted as Bonus Shares by capitalisation of free reserves and share premium account)		
SCHEDULE B:		
RESERVES & SURPLUS :		
a. Share Premium		
As per last Balance Sheet	19,72,58,148	19,72,58,148
b. General Reserve		
As per last Balance Sheet	79,79,81,000	72,79,81,000
Add : Transfer from Profit & Loss Account	7,00,00,000	7,00,00,000
	86,79,81,000	79,79,81,000
c. Balance in Profit & Loss Account	23,91,15,361	15,61,19,796
	1,30,43,54,509	**1,15,13,58,944**
SCHEDULE C		
SECURED LOANS		
1. From Banks		
a. Rupee Term Loan	1,57,12,74,690	1,84,71,37,783
b. Working Capital Loan	76,83,86,535	66,83,50,212
	2,33,96,61,225	**2,51,54,87,995**

Schedules Forming Part of Accounts As at 31.03.2010 As at 31.03.2009

NOTES :

1. Rupee Term Loans from IDBI Bank Ltd., Bank of Baroda, Corporation Bank and Axis Bank Ltd., are secured by a first charge by way of joint mortgage by deposit of title deeds of the Company's immovable properties both present and future and is further secured by a pari passu charge by way of hypothecation of Company's all movable properties (Save and except book debts) including movable plant and machinery, machinery spares, tools and accessories and other movables both present and future, subject to prior charges created and / or to be created in favour of the Company's Term Loan Lenders / Bankers on specific assets securing the term loan / working capital extended by them in the manner indicated in para 2,3, 4 & 5 below.

2. Rupee Term Loan from IDBI Bank Ltd., relating to Windmills is secured by a First Charge over the Assets created out of the Term Loan and further secured on Paripassu second charge over the fixed assets of the Company except those that are exclusively charged to other Term Lenders.

3. Rupee Term Loan from Indian Bank is secured by a First Charge over the Assets created out of the Term Loan and further secured on Paripassu second charge over the existing and future fixed assets of the Company and Paripassu second charge on the entire current assets of the Company with IDBI Bank Ltd., Bank of Baroda, Corporaton Bank and Axis Bank Ltd., Paripassu second charge on the assets created out of the Term Loan is offered to other lenders.

4. Rupee Term Loan from Indusind Bank Limited is secured by specific and exclusive Charge over the assets created out of the Term Loan funded by them.

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

SCHEDULE D	Rs.	Rs.
DEFERRED TAX LIABILITY		
Opening Balance	31,84,07,567	28,11,39,552
Add. : Transferred from Profit & Loss a/c for the current year	1,13,19,860	3,72,68,015
	32,97,27,427	**31,84,07,567**

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts :

SCHEDULE - E

FIXED ASSETS :	GROSS BLOCK			DEPRECIATION			NET BLOCK	
Particulars	As At 01.04.2009 Rs.	Additions (Sold / Adjusted) During the year Rs.	As At 31.03.2010 Rs.	Upto 31.03.2009 Rs.	Provided (Withdrawn) during the Year Rs.	As At 31.03.2010 Rs.	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
LAND	1,46,55,120	9,71,543	1,56,26,663	0	0	0	1,56,26,663	1,46,55,120
OFFICE BUILDING	1,08,68,766	39,86,500	1,48,55,266	0	0	0	1,48,55,266	1,08,68,766
FACTORY BUILDING	50,53,88,213	0	50,53,88,213	6,40,75,023	1,67,02,491	8,07,77,514	42,46,10,699	44,13,13,190
PLANT & MACHINERY	3,11,07,36,904	21,41,273	3,11,28,78,177	67,54,08,813	19,06,38,409	86,60,47,222	2,24,68,30,955	2,43,53,28,091
ELECTRICAL FITTINGS	2,66,870	0	2,66,870	2,66,870	0	2,66,870	0	0
FURNITURE & FIXTURES	6,27,287	0	6,27,287	4,24,902	39,707	4,64,609	1,62,678	2,02,385
OFFICE EQUIPMENTS	38,21,217	5,53,397	43,74,614	28,12,274	3,48,409	31,60,683	12,13,931	10,08,943
VEHICLES	1,10,13,748	91,18,509	2,01,32,257	64,26,482	17,48,833	81,75,315	1,19,56,942	45,87,266
TOTAL AS AT 31.03.2010	3,65,73,78,125	1,67,71,222	3,67,41,49,347	74,94,14,364	20,94,77,849	95,88,92,213	2,71,52,57,134	2,90,79,63,761
TOTAL AS AT 31.03.2009	3,29,44,33,264	36,29,44,861	3,65,73,78,125	56,88,13,186	18,06,01,178	74,94,14,364	2,90,79,63,761	2,72,56,20,078

Note : The Office building is not put into use and hence depreciation is not provided.

Schedules Forming Part of Accounts	As at 31.03.2010	As at 31.03.2009
SCHEDULE F	Rs.	Rs.
INVESTMENTS		
a. Equity Shares (Quoted)		
i. Cholamandalam DBS Finance Limited (650 Equity Shares of Rs.10/- each) (Previous year 650 equity shares of Rs.10/- each)	16,803	16,803
ii. City Union Bank Ltd., (5000 Equity Shares of Rs.1/- each) (Previous year 5000 equity shares of Rs.1/- each)	17,500	17,500
b. Investments in Mutual Fund units		
i. Birla Sun Life Equity Fund - Dividend (6288.5172 Units of Rs.10/- each) (Previous year 6288.5172 Units of Rs. 10/- each)	0	2,53,616
ii. Reliance Growth Fund - Growth (1211.4164 Units of Rs.10/- each) (Previous Year 1211.4164 Units of Rs. 10/- each)	0	2,50,902
iii. Sundaram BNP Paribas Capex Opportunities Fund - Growth (16388.6066 Units of Rs.10/- each) (Previous year 16388.6066 Units of Rs. 10/- each)	0	1,79,531
iv. LICMF Systematic Asset Allocation Fund-Dividend (50000 Units of Rs.10/- each) (Previous Year 50000 Units of Rs. 10/- each)	5,00,000	4,31,000
	5,34,303	**11,49,352**

(Market value of quoted investments - Equity Shares Rs. 2,03,688/- (Previous year Rs. 77,953/-)
Net asset value of Mutual Funds units Rs. 5,25,265/- (Previous year Rs. 11,15,049/-)

SCHEDULE G		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
1. Inventories		
a. Raw Materials (at cost or net realisable value whichever is lower)	1,21,29,89,494	97,51,75,251
b. Work-in-process (at an estimated cost or net realisable value whichever is lower)	5,70,51,859	3,87,33,102
c. Finished Goods (at an estimated cost or net realisable value whichever is lower)	5,70,87,531	4,65,02,667
d. Waste Cotton (at net realisable value)	70,51,446	67,95,326
e. Packing Materials (at cost or net realisable value whichever is lower)	75,72,841	46,54,364
f. Stores and Spares (at cost or net realisable value whichever is lower)	2,44,27,975	1,73,69,747
	1,36,61,81,146	**1,08,92,30,457**

Schedules Forming Part of Accounts	As at 31.03.2010	As at 31.03.2009
SCHEDULE G (Contd .....)	Rs.	Rs.
2. Sundry Debtors (Unsecured and considered good)		
a. Due for a period more than six months	82,91,811	37,70,395
b. Others	22,83,20,879	6,83,88,185
	23,66,12,690	**7,21,58,580**
3. Cash and Bank Balances		
a. Cash on hand	18,52,928	16,29,048
b. In Current account with Scheduled Banks	4,81,62,556	1,33,76,607
c. In Unpaid Dividend Account with Scheduled Banks	14,25,644	11,41,567
d. In Fixed Deposit with Scheduled banks	45,18,908	61,74,397
	5,59,60,036	**2,23,21,619**
4. Loans and Advances (Unsecured and considered good)		
a. Advances Recoverable in cash or in kind or for value to be received	6,25,05,047	4,49,77,678
b. Interest Reimbursement Receivable (TUFS)	6,69,52,915	8,67,00,432
c. Advance Income-tax & TDS*	7,92,63,552	9,21,66,403
d. Excise Duty and Modvat Receivable	1,48,43,588	1,71,98,070
e. Input VAT (Receivable)	1,88,966	19,77,334
f. Pre-paid Expenses	48,22,264	39,98,652
g. Electricity Deposit	3,86,76,080	3,48,72,610
h. Other Deposits	1,23,620	1,23,620
	26,73,76,032	**28,20,14,799**
*Includes MAT Credit Carried forward Rs. 7,50,36,473		
5. Other Current Assets		
a. Interest accrued on Deposits	69,478	1,89,926
b. Interest accrued on Investments	0	0
	69,478	**1,89,926**

Schedules Forming Part of Accounts	As at 31.03.2010	As at 31.03.2009
SCHEDULE H	**Rs.**	**Rs.**
CURRENT LIABILITIES AND PROVISIONS		
1. Current Liabilities		
a. Acceptances	46,68,86,351	21,65,70,458
b. Sundry Creditors	4,78,72,649	3,36,80,172
c. Sundry Creditors for Capital Works	1,88,53,258	3,57,46,214
d. Advance for Supplies	1,72,23,074	22,63,392
e. Liability for Expenses	2,65,76,768	1,66,76,777
f. Investor Education and Protection Fund*		
i. Unpaid Dividend	14,25,644	11,41,562
ii. Unpaid application money received by the company for allotment of securities and due for refund.	0	0
iii. Unpaid Matured Debentures.	0	0
iv. Interest accrued on Unpaid Matured Debentures	0	0
(* There is no amount due and outstanding as on 31st March, 2010 to be credited to Investor Education and Protection Fund.)		
	57,88,37,744	**30,60,78,575**
2. Provisions		
a. Provision for Income Tax (Net of Advance Taxes)	1,66,86,622	1,49,10,000
b. Provision for FBT	0	1,00,000
c. Provision for Dividend	1,76,25,000	1,17,50,000
d. Provision for Tax on Dividend	29,27,292	19,96,913
	3,72,38,914	**2,87,56,913**

Schedules Forming Part of Accounts	As at 31.03.2010	As at 31.03.2009
SCHEDULE I	Rs.	Rs.
OTHER INCOME		
a. Interest (TDS - Rs. 5,06,480 /-) (Previous year Rs.2,12,012/-)	25,69,973	10,75,742
b. DEPB Receipts(For Export)	7,86,79,612	0
c. Foreign Exchange Fluctuation	3,69,50,514	0
d. Duty draw back	7,33,399	1,47,73,502
e. Cotton Short supply	14,94,799	0
f. Trading Profit - Cotton	0	12,33,327
g. Focus Market Scheme (FMS) for Export	0	2,71,097
h. Sundry Parties Written-off	4,78,681	68,22,314
j. Dividend	35,193	3,600
k. Profit on sale of Investments	5,75,804	0
l. Increase in value of Investments	69,000	0
m. Wind Energy Guarantee	24,72,594	1,69,07,220
n. Wind Mill (Carbon Credit)	2,26,11,984	3,39,64,303
o. Wind Energy Generation	40,22,419	0
	15,06,93,972	**7,50,51,105**
SCHEDULE J		
Raw Materials Consumed		
Opening Stock	97,51,75,251	95,98,10,264
Add : Purchases	1,44,72,40,600	96,72,42,304
	2,42,24,15,851	1,92,70,52,568
Less : Sales	0	30,03,691
	2,42,24,15,851	1,92,40,48,877
Less : Closing Stock	1,21,29,89,494	97,51,75,251
Raw Materials Consumed	**1,20,94,26,357**	**94,88,73,626**
SCHEDULE K		
Stock Adjustment		
Opening Stock work in process	3,87,33,102	3,54,81,672
Opening Stock Finished Goods	4,65,02,667	5,36,48,792
Opening Stock of Waste Cotton	67,95,326	96,80,148
Total (A)	9,20,31,095	9,88,10,612
Closing Stock Work in process	5,70,51,859	3,87,33,102
Closing Stock Finished Goods	5,70,87,531	4,65,02,667
Closing Stock of Waste Cotton	70,51,446	67,95,326
Total (B)	12,11,90,836	9,20,31,095
Increase / Decrease in Stock (A - B) (-) / (+)	**-2,91,59,741**	**67,79,517**

Schedules Forming Part of Accounts	As at 31.03.2010	As at 31.03.2009
SCHEDULE L	Rs.	Rs.
MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES		
Stores Consumed	1,71,61,405	1,03,02,951
Power & Fuel	16,33,78,048	14,94,42,687
Materials Sizing & Fabrication	3,63,586	11,26,237
Freight Inwards	9,29,371	9,77,278
Salaries, Wages & Apprentice Stipend	8,04,82,345	3,35,66,605
Contribution to Provident Fund & Other Funds	36,76,260	17,33,757
Staff Welfare Expenses	2,60,94,496	6,27,60,474
Salary to Managing Director	72,88,227	51,40,147
Machinery Maintenance	71,76,416	64,47,912
Building Maintenance	1,05,77,302	8,94,414
Vehicle Maintenance	67,77,302	49,27,950
Printing & Stationary	7,60,905	6,84,893
Postage & Telephone	12,56,814	10,99,306
Travelling Expenses	22,98,076	13,80,945
Insurance	65,63,540	55,94,375
Licence Fees & Taxes	38,72,828	29,58,987
Bank Charges	28,95,431	31,72,757
Professional & Legal Charges	17,71,062	14,39,351
Auditors Remuneration	3,00,000	3,00,000
Freight Outwards	2,93,23,696	2,35,20,170
Packing Materials	3,16,26,589	2,72,60,177
Brokerage & Commission	2,57,58,287	1,94,58,624
Advertisement	3,70,993	7,91,163
Reduction in carrying amount of Investments	0	9,33,148
Foreign Exchange Fluctuation	0	4,35,72,517
Security Service Charges	16,28,781	17,81,091
Miscellaneous Expenses	79,11,470	32,42,716
	44,02,43,230	**41,45,10,632**
SCHEDULE M		
INTEREST		
On Fixed Term Loans	9,39,13,952	8,35,75,056
On Other Loans	7,06,22,039	8,66,46,241
	16,45,35,991	**17,02,21,297**

SCHEDULE N

NOTES FORMING PART OF ACCOUNTS

1. Significant Accounting Policies

(a) Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and generally accepted accounting principles and comply in all material respects with the notified Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 of India.

(b) Use of Estimates

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

(c) Fixed Assets

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

(d) Depreciation

Depreciation has been provided on fixed assets:

i. At pro-rata rates on the basis of assets put into use in the First/Second half of the year on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956.

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

iii. Plant & Machinery are depreciated at the rates applicable to continuous process plants.

iv. The rates specified under schedule XIV of the Companies Act, 1956 are considered as the minimum rates and if the estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the estimate of the useful life / remaining useful life.

(e) Inventories

Inventories are valued as under

i. Raw materials: At cost or net realisable value whichever is lower.

ii. Finished Goods: At an estimated cost or net realisable value whichever is lower.

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

iii. Work in Process: At an estimated cost or net realisable value whichever is lower.

iv. Waste Cotton: At net realisable value.

v. Stores, Spares and Packing materials: At cost or net realisable value whichever is lower.

vi. Cost of Raw materials is determined on weighted average cost basis and for Stores, Spares and Packing materials is determined on specific identification of individual costs

vii. Cost of finished goods and working process is estimated and determined by taking materials, labour cost and other related overheads.

(f) Revenue Recognition

i. Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer which coincides with despatch of goods.

ii. Dividend income on investments is accounted for when the right to receive the payment is established and interest income is recognized on time proportionate basis.

(g) Foreign Currency Transactions

i. Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction

ii. Foreign currency monetary items at the balance sheet date are reported using the closing rate

iii. Exchange differences arising on the settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or expense in the year in which they arise.

iv. Premium in respect of forward exchange contracts (The difference between the forward exchange rate and the spot exchange rate at the inception of contract) is accounted as income or expense over the period of the contracts.

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

vi. The Foreign currency risks are mitigated by entering into forward contracts

(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 Profit and Loss Account.

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.

SCHEDULE N (Contd...)

(j) Employee benefits

The company contributes to group gratuity scheme formulated by Life Insurance Corporation of India as demanded by the said corporation to discharge its liability on account of employee post employment benefits.

(k) Borrowing Cost

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

(l) Segment reporting

The company is primarily engaged in manufacturing a single product viz. cotton yarn. Geographic segment is presented on the basis of location of customers.

(m) 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.

(n) MAT Credit Entitlement

Income -tax paid under section 115JB of the Income-tax Act, 1961 is entitled for due set-off in the subsequent 7 assessment years against normal tax liability over and above the MAT liability of the concerned assessment year.

(o) Impairment

The carrying amounts of assets are reviewed at each Balance sheet date to ascertain if there is any indication of impairment based on internal / external factors.

(p) Derivative Instruments

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

(q) Provisions, Contingent Liabilities and Contingent Assets

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

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

2.	Contingent Liability: -
a.	Contingent Liability in respect of contract remains to be executed on capital account amounts to Rs.7392/-Lakh (Previous year Rs. 0/- Lakh) net of advance and other expenditure incurred Rs 67/- Lakh so far as up to 31.03.2010 (Previous year Rs.0/- Lakh)
b.	Letter of Credits of Export discounted with the Bank Rs.0 Lakh (Previous year Rs. 1110 Lakh)
c.	In respect of Assessment Year 1998-1999, the claim of the company for deduction of proportionate export profits from book profits was allowed by the Income-tax department while completing the original assessment. The same was revised in the reassessment proceedings and the department has raised a demand of Rs.26.12 Lakh and the order raising the demand has been stayed by Madras High Court pursuant to the writ filed by the company.
d.	In respect of Import of Raw materials, the customs duty was demanded at 10% at the time of import as against 5% in respect of prior contracts entered into before the notification of raising the rate of duty from 5% to 10% and the difference duty amount arising Rs.30.12 Lakh has been stayed by Madras High Court. However pending disposal of the writ, the company has provided a Bank Guarantee towards the same by depositing a sum of Rs.30.00 Lakh.
e.	The Central Excise department has raised a demand towards service tax of Rs.4.80 Lakh in respect of Freight charges paid by the Company, which was held unconstitutional by Hon'ble Apex Court. As the company has not collected any service tax from the providers of transport services and accordingly not liable to make any payment towards the same. The Hon'ble High Court Madras has stayed the matter.
f.	The Central Excise department has raised a demand of Rs.7.06 Lakh on account of interest in respect of an Advance License for annual requirement. The matter is stayed by CESTAT Chennai.
g.	In respect of the EPCG License obtained and utilized for Import of capital goods, the company has to fulfill Export Obligation in USD computed at eight times of the duty saved amount within a period of eight years from the date of License and in the event of failure to fulfill the prescribed Export Obligation the Company is liable to pay duty amount along with applicable rate of interest. The duty saved amount, in respect of which Export Obligation remains to be fulfilled as on 31.03.2010 amounts to Rs.1246 Lakh. (Previous year Rs. 2323 Lakh). In the opinion of the Board the present level of exports of the company would be sufficient to fulfill the prescribed export obligation fixed under the authorizations.
h.	In respect of Advance License utilised up to 31.03.2010 for Import of Raw Materials, the company has to fulfill an Export Obligation in USD 7584646 (Previous year USD 9623068) and in the event of failure to fulfill the prescribed Export Obligation the Company is liable to pay duty amount to the extent of Rs. 452 Lakh (Previous year 575 Lakh) along with applicable rate of interest. In the opinion of the Board the present level of exports of the company would be sufficient to fulfill the prescribed export obligation fixed under the authorizations.
i.	The Company has de-bonded one of its units (Unit-II) from 100% EOU after completion of initial period of 5 years and after fulfillment of export obligation by achieving positive NFEP (Net Foreign Exchange) in accordance with the EXIM Policy. The de-bonding involved payment of duty under EPCG License (for capital goods) and Advance License (for Raw materials imported) schemes. The de-bonding was completed after obtaining 'No Dues Certificate' from Assistant Commissioner, Central Excise, Dindigul and final exit order from Deputy Commissioner, MEPZ, Chennai. The Export obligation, for duty discharge, fixed both under EPCG Scheme and Advance License Scheme are also fulfilled and the respective licenses are redeemed from JDGFT, Coimbatore. Subsequent to the above fulfillment, the Central Excise Department has raised a demand of Rs.410 Lakh towards de-bonding of Unit II and the same is contested by way of writ before Hon'ble Madurai Bench of Madras High Court and the matter is stayed by the High Court.
j.	The Regional Provident Fund Commissioner, Madurai has raised a demand of Rs. 40 Lakh in respect of apprentices appointed under standing orders duly certified by the prescribed authority and such apprentices are not required to be enrolled as members of Employees' Provident Fund & Miscellaneous Provision Act, 1952. However this is not acceptable to the Provident Fund department and the above demand was raised. The company has contested the matter before EPF Appellate Tribunal, New Delhi and the matter stands stayed by the tribunal.

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

3. Details of Installed Capacity of production	2010	2009
(i) Spinning (in terms of spindles)	1,09,872	1,09,872
(ii) Knitting (in terms of Kgs. in lakh)	7.30	7.30
(iii) Wind Energy (for captive consumption) (in MW)	15.4	15.4

4. Auditors' Remuneration	Rs.	Rs.
Audit Fees	3,00,000	3,00,000
Total	3,00,000	3,00,000

5. Interest capitalized in respect of the projects completed for the year amounted to Rs.0 Lakh (Previous year Rs. 65 Lakh)
6. Related Party Transactions & Disclosure : Salary to Ms. Bhavya Chandran Rs. 1.20 Lakh (Previous Year Rs.1.20 Lakh) included under salaries and wages

7. Earnings Per Share (EPS):	2010	2009
Profit after Tax as per Profit & Loss Account before extraordinary items (prior period expenes) (Rs. in Lakh)	1853	942
Profit after Tax as per Profit & Loss Account after extraordinary items (prior period expenes) (Rs. in Lakh)	1763	942
Average No. of Equity Shares (Face Value Rs.10/- each)	58,75,000	58,75,000
Earning Per Share (EPS) before extraordinary items (prior period expenses) (in Rs.)	31.54	16.04
Earning Per Share (EPS) after extraordinary items (prior period expenses) (in Rs.)	30.00	16.04

8. (i). Depreciation in respect of Wind Mills was recomputed considering the life of the assets as 13.33 years instead of 20 years. Consequent to this change in accounting estimate the additional depreciation provided in the accounts amounted to Rs.258 Lakh. This change in accounting estimate would not amount to Change in accounting policy in the matter of calculation of depreciation.

(ii). The Company is entitled to CDM Benefits in respect of Wind Mills, the receipt of which was uncertain in the earlier year. Accordingly this receipt was recognized by the company on the basis "If and when received". Consequent to cessation of uncertainty of receipt, the amount, for the period from 01.07.2009 to 31.03.2010, is quantified and recognized in respect of the said period amounting to Rs.54 Lakh. This recognition of CDM benefits receivable also would not fall within the realm of change in accounting policy as the said receipt per-se is not covered under Accounting Standard 9(AS9) relating to revenue recognition.

(iii) The prior period expenses represents excess provision reversed relating to TUFS interest subsidy amounting to Rs.73,47,402/- and Wind Energy Operation and Maintenance expenses relating to earlier year amounting to Rs.16,43,070/-

9. Total quantity of Cotton traded 0 Lakh Kgs. (Previous year 0.49 Lakh Kgs.)

10. Details of TUFS Interest Reimbursement (Rs. in Lakh)				
Opening Balance	Receivable for the year	Total Receivable	Received during the year	Closing Balance
(1)	(2)	3 (1 +2)	(4)	(5) (3-4)
867	761	1628	958	670
(1110)	(1045)	(2155)	(1288)	(867)

(Figures in bracket relates to previous year)

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

11 In terms of information available with the company there are 2 (two) 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 31.03.2010 is Rs.78901/- (Previous year Rs.81217/-) and the same are settled within the agreed dates, which is not more than 45 days from the day of acceptance or deemed acceptance of the goods.

12 Vehicle maintenance includes cost of expenditure exclusively incurred to provide transport to the workers from their place to work spot Rs 56 Lakh (Previous year Rs. 31 Lakh)

13 Deferred tax liability is on account of timing difference of depreciation amounting to Rs.113 Lakh (previous year Rs.373 Lakh)

14. Segment reporting : Geographic Segment is presented on the basis of location of customers.
Year ended 31.03.2010

Particulars	Geographic Segment				Rs. in Lakh
	Europe	East Asia & South East Asia	India	Others	Total
Revenue	4308	7231	10173	602	22314
Identified operating expenses	44	98	92	9	243
Segment result	4264	7133	10081	593	22071
Unallocable expenses (net)					19676
Operating Income					2395
Other Income					26
Profit before tax					2369
Tax expense					516
Net profit from ordinary activities after tax					1853
Less: Prior period expenses					90
Net profit for the period					1763
Segment Assets and Liabilities as at 31.03.2010					
Segment assets	512	1122	38540	109	40283
Add: Non-segment - Income tax					42
Total assets					40325
Segment Liabilities	44	98	39976	11	40129
Add: Non-segment - Income tax					196
Total Liabilities					40325

15. Employee Benefits:

a. Company's Contribution to Provident Fund: Rs. 36.76 Lakh (Previous Year Rs.17.34 Lakh)

b. Statement on Defined Benefit Plan - Gratuity (Covered under LIC Employees Cash Accumulation Scheme)

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

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 2010

(i) Present value of obligations

Particulars	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Obligations at the beginning of the year	636564	697798
Interest Cost	20105	55824
Current Service Cost	70525	82507
Benefit paid	(362603)	(186032)
Actuarial (Gain) / loss on obligations	33955	(13533)
Obligations at the end of the year	398546	636564

(ii) Fair value of Plan assets

Particulars	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Fair Value of the plan assets, beginning of the year	738711	726899
Expected return on plan assets	57084	71909
Contributions	112357	125935
Benefit paid	(362603)	(186032)
Actuarial (Gain) / loss on obligations	-	-
Fair Value of the plan assets, end of the year	545549	738711

(iii) Expenses to be recognized for the current year

Particulars	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Current Service Cost	70525	82507
Interest Cost	20105	55824
Expected return on plan assets	(57084)	(71909)
Actuarial (gain)/loss for the year	33955	(13533)
Expense to be recognized in statement of Profit and Loss	67501	52889

(iv) Actuarial Assumption

	31.03.2010	31.03.2009
Discount Rate	8.00%	8.00%
Salary Escalation	3.00%	3.00%

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

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

16. Value of Imported and Indigenous Raw Materials and Spare parts consumed and percentage thereof:		2010		2009	
		Value (Rs. in Lakh)	% to Total	Value (Rs. in Lakh)	% to Total
i)	Raw Materials				
	Imported	5902	48.80	4542	47.87
	Indigenous	6192	51.20	4947	52.13
	Total	12094	100.00	9489	100.00
ii)	Spare Parts				
	Imported	24	9.84	64	38.32
	Indigenous	220	90.16	103	61.68
	Total	244	100.00	167	100.00

		2010 (Rs. in Lakh)	2009 (Rs. in Lakh)
17	a. Earnings in Foreign Exchange	12141	7506
	b. Expenditure in Foreign Currency:		
	i) For Import of Capital Goods	0	309
	ii) For Import of Raw Materials	6570	5790
	iii) For Import of Spares	15	52
	iv) For Interest & Bank Charges	190	381
	v) For Commission	123	52
	Total expenditure in foreign currency	6898	6584

18 Statement showing the Computation of Net profit in accordance with Section 198 (1) of the Companies Act 1956

Profit before tax			23,68,68,130
Add:	Managerial remuneration paid / provided		
	Directors sitting fees	1,35,000	
	Chairman & managing Director salary	72,88,227	
Salary to a director		1,20,000	
			75,43,227
Net Profit in accordance with section 198(1) / 349			24,44,11,357
Commission payable to Chairman and Managing Director at 2% of the said profit for the year			48,88,227

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

20. Figures are rounded to the nearest rupee.

SCHEDULE N (Contd..)
NOTES FORMING PART OF ACCOUNTS

21. Quantitative Information:
Finished Goods

		Unit	Quantity	Value (in Rs.)
1.	**Yarn**			
	a. Opening Stock	KGS	297518.036	46320489
			329167.716	***52188780***
	b. Production	Kgs	11269719.544	-
			9301383.833	-
	c. Issued to cloth production	Kgs	110345.230	-
			98073.740	-
	d. Stock written off	Kgs	248.980	-
			-	-
	e. Sales	Kgs	11145197.848	1896662352
			9234959.773	***1623504860***
	f. Closing Stock	Kgs	311445.522	56899437
			297518.036	***46320489***
2.	**Cloth**			
	a. Opening Stock	Kgs	1481.123	182178
			11870.023	***1460012***
	b. Production	Kgs	110345.230	-
			98073.740	-
	c. Sales	Kgs	110297.130	14620730
			108462.640	***15042496***
	d. Closing Stock	Kgs	1529.223	188094
			1481.123	***182178***
3.	**Waste Cotton**			
	a. Opening Stock	Kgs	196329.000	6795326
			277895.000	***9680148***
	b. Production	Kgs	3997290.750	-
			3196591.000	-
	c. Sales	Kgs	3897211.000	169414762
			3278157.000	***140474191***
	d. Closing Stock	Kgs	296408.750	7051446
			196329.000	***6795326***
4.	**Raw Materials Consumed**			
	Cotton	Kgs	15728059.000	1209426357
			12846435.000	***948873626***

(Figures in thick and italicized relates to previous year)

For and on Behalf of the Board

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

PLACE : Coimbatore
DATE : 31-07-2010

AMBIKA COTTON MILLS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. **Registration Details**

Registration No. L 1 7 1 1 5 T Z 1 9 8 8 P L C 0 0 2 2 6 9

State Code 1 8 1

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 1 0 (Year)

II. Capital raised during the year (amount in Rs. thousands)

Public Issue	Right Issue
–	–
Bonus Issue	**Private Placement**
–	–

III. Position of mobilisation and deployment of funds (amount in Rs. thousands)

Total Liabilities: 4 0 3 2 4 9 3	Total Assets: 4 0 3 2 4 9 3
Source of funds Paid - up Capital: 5 8 7 5 0	Reserves and Surplus: 1 3 0 4 3 5 4
Secured Loans: 2 3 3 9 6 6 1	Unsecured Loans: 0
Deferred Tax Liability: 3 2 9 7 2 8	
Application of funds Net Fixed Assets: 2 7 2 1 8 3 6	Investments: 5 3 4
Net Current Assets: 1 3 1 0 1 2 3	Misc. Expenditure: 0
Accumulated Losses: –	

IV. Performance of Company (amount in Rs. thousands)

Turnover: 2 2 3 1 3 9 2	Total Expenditure: 1 9 9 4 5 2 4
+ √ - Profit / Loss Before Tax: 2 3 6 8 6 8	+ √ - Profit / Loss After Tax: 1 8 5 2 9 8

(Please tick appropriate box + for profit, - for loss)

Earning per share in Rs.: 3 1 . 5 4	Dividend Rate %: 3 0

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No. (ITC Code) (i) 52054310 (ii) 52054410 (iii) 52054610 (iv) 52054810

Product Description: C O T T O N Y A R N