

AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT 2012 - 2013

AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT 2012 - 2013

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

PLANT

Kanniyapuram
Dindigul

AUDITORS

M/s. L. Venkatasubbu & Co
Chartered Accountants,
Coimbatore

BANKERS

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

AMBIKA COTTON MILLS LIMITED

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

NOTICE OF THE MEETING

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

A. ORDINARY BUSINESS

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

B. SPECIAL BUSINESS

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

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

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

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

BY ORDER OF THE BOARD

Sd/-

(P. V. CHANDRAN)

Chairman and Managing Director

Place : Coimbatore

Date : 07.08.2013

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...)

NOTES:

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

Mrs. Bhavya Chandran

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

BY ORDER OF THE BOARD

Place : Coimbatore

Date : 07.08.2013

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

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...)

ANNEXURE TO NOTICE

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

Item No. 5

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

BY ORDER OF THE BOARD

Sd/-

(P. V. CHANDRAN)

Chairman and Managing Director

Place : Coimbatore

Date : 07.08.2013

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT

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

FINANCIAL RESULTS

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

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

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

DIVIDEND

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

OPERATIONS

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

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

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

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

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

AUDITORS

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

COST AUDIT

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Company has selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Company has prepared the attached annual statement of accounts for the year ended 31st March 2013, on a going concern basis.

PARTICULARS OF EMPLOYEES

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

DISCLOSURES OF PARTICULARS

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

BY ORDER OF THE BOARD

Place : Coimbatore

Date : 30.05.2013

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

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

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

A. CONSERVATION OF ENERGY

- a) Energy Conservation measures taken:
Usage of Energy is constantly monitored and the need to conserve the same is emphasized.
- b) Additional Investments and proposals being Implemented for reduction of consumption of Energy: The Company has installed 25.9 MW of wind energy capacity for captive consumption. This would meet 100% power requirement of the spinning segment.
- c) Impact of measures (a) & (b) above for reduction of Energy Consumption and consequent impact on cost of production.
 - i) substantial savings in energy cost.
 - ii) The consumption of energy has been closely monitored and as a result wastage is avoided.
 - iii) Efficiency of the Internal Generation of Electricity is maintained.
- d) Total energy consumption and energy consumption per unit of production as prescribed in Form A:

| | YEAR ENDED 31.03.2013 | YEAR ENDED 31.03.2012 |
|---|--|--------------------------|
| 1. ELECTRICITY: | | |
| a. Purchased: | | |
| Units (in Lakhs) | 120.12 | 89.35 |
| Total Amount (Rs. in Lakhs) | 984.79 | 841.50 |
| Rate per Unit (inclusive of Demand charges & other cost per unit Rs.1.37 (Previous year Rs.3.07)) | 8.20 | 9.42 |
| b. Own Generation: | | |
| 1. Through Diesel Generator: | | |
| Units (in Lakhs) | 27.78 | 49.00 |
| Units per litre of Diesel Oil | 3.69 | 3.66 |
| Rate per Unit | 10.44 | 9.35 |
| 2. Wind Energy | 472.64 | 468.71 |
| 3. Coal | Nil | Nil |
| 4. Furnace Oil | Nil | Nil |
| 5. Others/Internal Generation | Nil | Nil |
| c. Consumption per unit of Production Electricity Units per Kg. | 4.92 | 4.96 |
| d. Technology Absorption: | Indigenous Technology alone is used, Knowhow acquired for manufacture a different speciality yarn and absorbed | |
| e. Foreign Exchange Earnings (Rs. In Lakhs) | 24475 | 22916 |
| Foreign Exchange Outgo (Rs. In Lakhs) | 16033 | 8774 |

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT (Contd.,)

ANNEXURE II

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2013.

| Name | Age (years) | Designation/ Nature of duties | Remuneration including commission (Rs in Lakh) | Experience (Years) | Date of Joining | Last Employment/ Designation/ Period |
|---------------|-------------|--|--|--------------------|-----------------|--|
| P.V. Chandran | 63 | Chairman and Managing Director/ Overall Management of the Company | 75.00 | 41 | 06.10.1988 | - |

BY ORDER OF THE BOARD

Place : Coimbatore
Date : 30.05.2013

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

AMBIKA COTTON MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall Review

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

2. Industry Outlook

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

3. Opportunities

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

4. Challenges

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

5. Company Outlook

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

6. Risks and Concerns

Government policy of controlling free exports, sudden rupee depreciation against USD, sustaining the high bank interest, volatility in cotton prices, wind grid connectivity and due set-off, uninterrupted power have a bearing on the overall performance of the company.

AMBIKA COTTON MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

7. Discussion on Financial Performance with Respect to Overall Performance

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

| | Current Year | Previous Year |
|---|--------------|---------------|
| | 2013 | 2012 |
| | Rs. | Rs. |
| 1. Increase in Net Sales (Rs. in Lakh) | 914 | 5736 |
| 2. Increase in Net Sales (%) | 2.43 | 18.01 |
| 3. Increase in Exports (Rs. in Lakh) | 1559 | 5100 |
| 4. Increase in Exports (%) | 6.80 | 28.63 |
| 5. Operating Profit Margin before Tax (%) | 22.57 | 20.93 |
| 6. Operating Profit Margin after Tax (%) | 20.05 | 18.73 |
| 7. Cash Profit Margin before Tax (%) | 17.69 | 15.68 |
| 8. Cash Profit Margin after Tax (%) | 15.17 | 13.48 |
| 9. Net Profit Margin before Tax (%) | 10.56 | 8.55 |
| 10. Net Profit Margin after Tax (%) | 8.05 | 6.35 |

*Profit Margin calculations are on the basis of Net Sales

8. Internal control, systems and adequacy

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

9. Human Resources Development

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

10. Safety and Environment

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

11 Cautionary Statement

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT

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

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

2. Board of Directors

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

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

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

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

| Number of Board Meetings held during 2012-2013: 4 | | | |
|---|-----------------------|-------|-----------------------|
| S.No. | Date of Board Meeting | S.No. | Date of Board Meeting |
| 1 | 29.05.2012 | 2 | 14.08.2012 |
| 3 | 10.11.2012 | 4 | 14.02.2013 |

(B) Attendance Record of Directors:

| S.No | Name of the Director | Number of Meetings held | Number of Meetings attended | Whether attended last AGM held on 28th September, 2012 |
|------|--|-------------------------|-----------------------------|--|
| 1 | Sri. P.V. Chandran, Chairman and Managing Director | 4 | 4 | Yes |
| 2 | Sri. K.N. Sreedharan, Director | 4 | 4 | Yes |
| 3 | Dr.K.Venkatachalam, Director | 4 | 4 | Yes |
| 4 | Sri.R.Soundararaja Perumal, Director | 4 | 4 | Yes |
| 5 | Mrs. Bhavya Chandran | 4 | 4 | No |
| 6 | Sri.G.Udayakumar (Nominee Director, IDBI Bank Limited) | 4 | 2 | No |
| 7. | Mrs.Vidya Jyothish | 4 | 4 | No |

4. Audit Committee:

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

Members' attendances at the meetings were as follows.

| Name of the Directors | Category | No. of Meetings attended during the year 2012-13 |
|------------------------------|-----------------------------|--|
| Sri. K. N. Sreedharan | Independent / Non Executive | 4 |
| Dr. K.Venkatachalam | Independent / Non Executive | 4 |
| Sri. R. Soundararaja Perumal | Independent / Non Executive | 4 |

During the year, the Audit Committee held its meetings on 29.05.2012, 14.08.2012, 10.11.2012 & 14.02.2013.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

5. Remuneration Committee:

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

6. Shareholders Committee and Share Transfer System:

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

| Name of the Directors | Category | No. of Meetings attended during the year 2012-13 |
|-----------------------------|-------------------------------|--|
| Sri. P.V. Chandran | Promoter Director & Executive | 2 |
| Dr. K.Venkatachalam | Independent Director | 2 |
| Sri. R.Soundararaja Perumal | Independent Director | 2 |

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

(B) Share Transfer System:

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

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

8. General Body Meetings:

Location and time, where last three Annual General Meetings held

| Year | Location | Date | Time |
|------|---|------------|---------|
| 2010 | Hotel Sree Annapoorna, 75 East Arokiyasamy Road R.S.Puram, Coimbatore - 641 002 | 27.09.2010 | 12 Noon |
| 2011 | Hotel Sree Annapoorna, 75 East Arokiyasamy Road, R.S.Puram, Coimbatore - 641 002 | 27.09.2011 | 12 Noon |
| 2012 | Hotel Sree Annapoorna, 75 East Arokiyasamy Road, R.S.Puram, Coimbatore - 641 002 | 28.09.2012 | 12 Noon |

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

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

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

10. Means of Communication:

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

11. Information of Directors Appointed/Reappointed:

Reappointment of Director Mrs. Bhavya Chandran

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

12. General Information to Shareholders:

| | | |
|--|--|---------------------------------|
| Annual General Meeting (AGM) Date, Time and Venue | Friday, 27th September 2013 at 12.00 Noon at The Residency, 1076, Avinashi Road, Coimbatore - 641 018. | |
| Financial Calendar (tentative) : | | |
| Results for Quarter ending | June 30, 2013 | 2nd Week of August, 2013 |
| | September 30, 2013 | 2nd Week of November, 2013 |
| | December 31, 2013 | 2nd Week of February, 2014 |
| | March 31, 2014 | Last week of May 2014 (Audited) |
| | AGM | September 2014 |
| Date of Book Closure | 23.09.2013 to 27.09.2013 (Both days inclusive) for Dividend. The dividend if declared will be paid to those members whose name appears in the Register of Members as on Friday, 27.09.2013 in respect of shares held in physical form and in respect of shares held in dematerialized form on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours on Saturday 21st September 2013. | |
| Dividend Payment Date | Within thirty days from the date of AGM | |
| Listing on Stock Exchanges | Listed in National Stock Exchange, Bombay Stock Exchange, Annual Listing Fee has been paid to the Stock Exchanges. | |
| Stock Code | 531978 (BSE) , AMBIKCO (NSE) | |
| Demat ISIN Number in NSDL & CDSL for Equity Shares | ISIN Number: INE540G01014. | |

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

Stock Market Data :

| Month | The Stock Exchange Mumbai (BSE) | | National Stock Exchange (NSE) | |
|---------|------------------------------------|--------|----------------------------------|--------|
| | High | Low | High | Low |
| Apr-12 | 156.00 | 142.80 | 157.00 | 142.00 |
| May-12 | 191.95 | 147.95 | 187.00 | 145.00 |
| June-12 | 187.90 | 160.60 | 188.85 | 166.00 |
| Jul-12 | 200.65 | 170.25 | 199.95 | 170.60 |
| Aug-12 | 215.00 | 171.20 | 200.80 | 171.30 |
| Sep-12 | 190.95 | 173.00 | 189.00 | 172.00 |
| Oct-12 | 200.10 | 181.95 | 203.00 | 180.00 |
| Nov-12 | 217.00 | 191.05 | 212.50 | 191.25 |
| Dec-12 | 213.50 | 193.15 | 212.50 | 192.05 |
| Jan-13 | 232.00 | 201.00 | 232.90 | 200.25 |
| Feb-13 | 227.00 | 190.10 | 227.90 | 195.00 |
| Mar-13 | 205.00 | 185.05 | 213.90 | 181.25 |

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

Pattern of Share Holding as on 31.03.2013

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

| Distribution of Share Holding as on 31.03.2013 | | | | |
|---|---|-------------------|--------------------|-------------------|
| No. of Equity shares | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shareholding |
| 1 to 500 | 3896 | 89.79 | 4290730 | 7.30 |
| 501 to 1000 | 198 | 4.57 | 1567900 | 2.67 |
| 1001 to 2000 | 97 | 2.24 | 1454470 | 2.48 |
| 2001 to 3000 | 39 | 0.90 | 1035940 | 1.76 |
| 3001 to 4000 | 14 | 0.32 | 504980 | 0.86 |
| 4001 to 5000 | 18 | 0.41 | 851300 | 1.45 |
| 5001 to 10000 | 34 | 0.78 | 2553810 | 4.35 |
| 10001 and above | 43 | 0.99 | 46490870 | 79.13 |
| Total | 4339 | 100.00 | 58750000 | 100.00 |
| Dematerialisation of Shares | 98.633% of the Company's paid-up Equity Share Capital has been dematerialized upto March 31, 2013. Trading in Equity shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities & Exchange Board of India (SEBI). | | | |
| Liquidity | The Shares are actively traded in Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE) | | | |
| Outstanding GDR/ Warrants / Convertible Instruments | NIL | | | |

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

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

13. Disclosure

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

2. Details of remuneration for the year ended 31.03.2013

(a) Non executive directors

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

(b) Chairman and Managing Director and Executive Director

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

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd.,)

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

This is to confirm that the Company has adopted a Code of Conduct for its Board and Staff of the Company and a declaration to the effect that the same have been complied with has been received from them in respect of the Financial Year Ended 31.03.2013.

Place : Coimbatore

Date : 30.05.2013

Sd/-

(P. V. CHANDRAN)

Chairman and Managing Director

COMPLIANCE CERTIFICATE FROM THE AUDITORS OF THE COMPANY

To the Members of Ambika Cotton Mills Limited

We have examined the compliance of conditions of Corporate Governance by Ambika Cotton Mills Limited (the company), for the year ended on 31st March 2013, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

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

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

We state that in respect of investor grievance during the year ended 31st March, 2013, no grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholder's & Investor's Grievances Committee.

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

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

Sd/-

(L.VENKATASUBBU)

PARTNER

MEMBERSHIP No : 019791

Place : Coimbatore

Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

INDEPENDENT AUDITORS' REPORT

To

The Members of Ambika Cotton Mills Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of Ambika Cotton Mills Limited ("the company") which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant of the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

AMBIKA COTTON MILLS LIMITED

INDEPENDENT AUDITORS' REPORT (Contd.,)

- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2013
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and
 - e. On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Sd/-

(L.VENKATASUBBU)
PARTNER

MEMBERSHIP No : 019791

Place : Coimbatore

Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

1. In respect of its fixed assets
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the Management during the year at reasonable intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories
 - a. As explained to us, inventories have been physically verified by the Management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records.
3. The Company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained U/s 301 of the Act, and hence Para 4(iii) of the Order is not applicable.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
5. According to the Information & Explanations given to us, there are no transaction in excess of Rs.5,00,000/- (Rupees Five Lakh only) in respect of any party which need to be entered in a Register in pursuance of Section 301 of the Companies Act, 1956 and hence Para 4(v) of the Order is not applicable.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. The Central Government has prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

AMBIKA COTTON MILLS LIMITED

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

9. According to the information and explanations given to us in respect of statutory and other dues:
- The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
 - No undisputed arrears of statutory dues were outstanding as at March 31st, 2013 for a period of more than six months from the date they became payable.
 - Disputed dues are as under

| Name of the Statute | Nature of Demand | Amount Rs. in Lakhs | Period | Forum where dispute is pending |
|-----------------------|---|---------------------|---------------------------------|---|
| Income -Tax Act, 1961 | Reopening of assessment | 26.12 | Assessment year 1998-99 | Madras High Court Chennai |
| Service Tax | Freight charges | 4.80 | From 16.11.1997 to 01.06.1998 | CESTAT, Chennai |
| Customs Act | Interest for payment of duty | 7.06 | Assessment year 2005-06 | CESTAT, Chennai |
| Central Excise | Demand for Used Spares on de-bonding | 2.18 | 04.03.2005 (date of de-bonding) | CESTAT, Chennai |
| Service Tax | Payment of Foreign Commission | 2.96 | From 18.04.2006 to 29.02.2008 | CESTAT, Chennai |
| Central Excise | Modvat Credit | 11.33 | From 20.05.1999 to 06.08.1999 | Madras High Court |
| Central Excise | Cenvat Credit of Excise Duty | 33.80 | From 07.12.2008 to 06.07.2009 | CESTAT, Chennai |
| Central Excise | Cenvat Credit of Service Tax | 28.90 | From 01.10.2005 to 30.06.2006 | Madras High Court |
| Customs Act | De-bonding of Unit-II from 100% EOU | 312.23 | Assessment year 2005-06 | Madurai Bench of Madras High Court |
| Customs Act | De-bonding of Unit-II from 100% EOU | 97.77 | Assessment year 2005-06 | Madurai Bench of Madras High Court |
| Sales Tax | Non-filing of Form "H" and Bill of Lading in respect of Exports | 4.96 | Assessment year 1996-1997 | Deputy Commissioner of Appeals, (CT) Madurai |
| Central Excise | Cenvat Credit of Service Tax | 3.74 | From 28.06.2010 to 31.08.2010 | Commissioner of Central Excise (Appeals), Madurai |

AMBIKA COTTON MILLS LIMITED

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

10. The Company has no accumulated losses and has not incurred cash losses during the Financial Year covered by our audit or in the immediately preceding Financial Year.
11. According to the information and explanations given to us the Company has not defaulted in repayment of dues to Financial Institutions or Banks.
12. According to the information and explanations given to us no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund / Society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. However, in respect of investments made by the company in shares/ mutual fund units in the nature of investments, the company holds the same in its own name.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
16. The Company has not availed any new Term Loans during the year and hence its application for the purpose for which it was obtained does not arise.
17. According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have, prima-facie, not been used during the year for long term investment and vice versa.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not raised any money by way of issue of debentures and therefore the question of creation of security in respect of the same does not arise.
20. The Company has not raised any money by way of Public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Sd/-

(L.VENKATASUBBU)

PARTNER

MEMBERSHIP No : 019791

Place : Coimbatore

Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2013

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

Significant Accounting Policies 2
See accompanying notes forming part of the Financial Statements

As per our report of even date attached

For L.VENKATASUBBU & CO
Chartered Accountants

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

For and on behalf of the Board

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

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

Sd/-
(R.SOUNDARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

Place : Coimbatore
Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

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

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

Significant Accounting Policies

2

See accompanying notes forming part of the Financial Statements

As per our report of even date attached

For L.VENKATASUBBU & CO
Chartered Accountants

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

Place : Coimbatore
Date : 30.05.2013

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

Sd/-
(R.SOUNDARARAJA PERUMAL)
DIRECTOR

For and on behalf of the Board

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

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

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

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

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006
2. Cash and cash equivalents include balances with scheduled banks on dividend account Rs.13.32 Lakh (Previous year Rs.13.50 Lakh) which are not available for use by the Company.

As per our report of even date attached

For L.VENKATASUBBU & CO
Chartered Accountants

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

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

Sd/-
(R.SOUNDARARAJA PERUMAL)
DIRECTOR

For and on behalf of the Board

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

Place : Coimbatore
Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 1

Corporate Information

Ambika Cotton Mills Limited is engaged in manufacturing and selling speciality cotton yarn catering to the needs of manufacturers of premium branded shirts and t-shirts. Exports constitute significant portion of the operations. The company operates with total installed spindle capacity of 109872 Spindles of which 100800 Spindles constitutes compact facility housed in four units. The company has installed 27.4 MW wind power capacity of which 25.9 MW is meant for captive consumption of spinning segment. The Spinning Plants are located at Kanniyapuram, Dindigul and Windmills are located in Tirunelveli, Dharapuram and Theni in the State of Tamilnadu.

Note 2

Significant Accounting Policies

(a) Basis for preparation of financial statements

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

(b) Use of Estimates

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

(c) Fixed Assets (Tangible/Intangible)

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

(d) Depreciation and amortization

Depreciation has been provided on fixed assets:

- i. At pro-rata rates on the basis of assets put into use in the First/Second half of the year on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956.
- ii. In respect of new projects at pro-rata rates from the month from which the assets are put into use on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956.
- iii. Plant & Machinery are depreciated at the rates applicable to continuous process plants
- iv. The rates specified under schedule XIV of the Companies Act, 1956 are considered as the minimum rates and if the estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the estimate of the useful life / remaining useful life.

- v. Intangible assets viz., Knowhow is amortized over the period of estimated useful life of 4 years.

(e) Inventories

Inventories are valued as under

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

(f) Revenue Recognition

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

(g) Foreign Currency Transactions

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

(h) Government Grants

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

(i) Investments

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

(j) Employee benefits

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

(k) Borrowing Cost

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

(l) Segment reporting

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

(m) Earnings per Share

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

(n) Current Tax

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

(o) Deferred Tax Liability

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

(p) MAT Credit Entitlement

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

(q) Impairment

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

(r) Derivative Instruments

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

(s) Provisions, Contingent Liabilities and Contingent Assets

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 3

Share Capital

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

Notes :

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

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

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 4

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

Non-Current Liabilities

Note 5

Long - term Borrowings

(i) Secured

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

Nature of Security

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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

Loans Guaranteed by Directors: Nil

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

Period and amount of continuing Default: Nil

(ii) Unsecured 0 0

Note 6

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

Note No 7

Short term Borrowings

(i) Secured

Loans Repayable on Demand

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

Nature of Security

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

Loans Guaranteed by Directors Nil

Period and amount of continuing Default Nil

(ii) Unsecured 0 0

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Notes to the Financial Statements

Note 8

Trade Payables

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

Note 9

Other Current Liabilities

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

Note 10

Short Term Provisions

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 11. FIXED ASSETS

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

| Note 12 | As at | As at |
|--|--------------------|---------------------|
| Long Term Loans and Advances | 31.03.2013 | 31.03.2012 |
| | Rs. | Rs. |
| Security Deposits (unsecured) | | |
| a. Electricity Deposit | 2,57,31,824 | 2,56,11,954 |
| b. In Fixed Deposit with bank (for guarantee) | 0 | 51,60,536 |
| c. Other Deposits | 4,36,620 | 3,36,620 |
| | <u>2,61,68,444</u> | <u>3,11,09,110</u> |
| Note 13 | | |
| Other Non Current Assets | | |
| MAT credit Carried Forward | 7,56,48,900 | 14,57,99,735 |
| | <u>7,56,48,900</u> | <u>14,57,99,735</u> |
| Note 14 | | |
| Current Investments | | |
| a. Equity Shares (Quoted) | | |
| i. Cholamandalam Investment and Finance Company Ltd (650 Equity Shares of Rs.10/- each) (Previous year 650 equity shares of Rs.10/- each) | 65,000 | 65,000 |
| ii. City Union Bank Ltd., (5000 Equity Shares of Rs.1/- each) (Previous year 5000 equity shares of Rs.1/- each) | 17,500 | 17,500 |
| b. Investments in Mutual Fund units | | |
| LICMF Systematic Asset Allocation Fund-Dividend (50000 Units of Rs.10/- each) (Previous year 50000 Units of Rs.10/ each) | 4,87,500 | 4,59,040 |
| | <u>5,70,000</u> | <u>5,41,540</u> |
| (Market value of quoted investments - Equity Shares Rs.439625 /- (Previous year Rs.348965/-) Net asset value of Mutual Fund units Rs.487500/- (Previous year Rs.459040 /-) Mode of valuation : Carried at lower of cost and fair value | | |

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27

Other Additional Information:

| | |
|----|---|
| i | Commitment and Contingent Liabilities: - |
| a. | Commitment : In respect of contract remains to be executed on capital account Rs.1384 Lakh (Previous year Rs. Nil). (Advance and other expenditure incurred Rs.1.23 Lakh). |
| | Contingent Liabilities: |
| b. | Export Bills discounted / lodged with the Bank Rs.3876/- Lakh (Previous year Rs.3499 Lakh). |
| c. | In respect of Assessment Year 1998-1999, the claim of the company for deduction of proportionate export profits from book profits was allowed by the Income-tax department while completing the original assessment. The same was revised in the reassessment proceedings and the department has raised a demand of Rs.26.12 Lakh and the order raising the demand has been stayed by Madras High Court pursuant to the writ filed by the company. In a similar case the Supreme Court has upheld the principles of claim contested by the Company. |
| d. | In respect of assessment year 2004-05 the department sought to re-open the assessment U/s 147 of the Act in respect of claim of depreciation @ 80% in respect of the windmills. However, the company has filed the writ before Hon'ble Madras High Court and the matter is pending. No demand is raised so far. |
| e. | The Central Excise department has raised a demand towards service tax of Rs.4.80 Lakh in respect of Freight charges paid by the Company, which was earlier held unconstitutional by Hon'ble Apex Court. The matter is contested before CESTAT, Chennai. |
| f. | The Central Excise department has raised a demand of Rs.7.06 Lakh on account of interest in respect of an Advance License for annual requirement. The matter is stayed by CESTAT Chennai. However the demand is paid by the company to redeem the License. |
| g. | The Central Excise department has raised a demand of Rs.1.09 Lakh and further a penalty of Rs.1.09 Lakh proposing to levy the same in respect of used spares and the matter is presently pending before CESTAT Chennai. |
| h. | The Central Excise department has raised a Service Tax demand of Rs.2.12 Lakh, Interest Rs.0.31 Lakh and Penalty Rs.0.53 Lakh for payment of commission to Foreign Agents and the matter is presently pending before CESTAT Chennai. |
| i. | The Central Excise department has not accepted claim of Modvat credit of Rs.11.33 Lakh made by the Company in respect of its erstwhile 100% EOU unit and the matter is pending before Madras High Court. |
| j. | The Central Excise department has not accepted claim of Cenvat Credit of Excise duty of Rs.33.80 Lakh made by the Company in respect of capital goods for the reason that during the impugned period cotton yarn was exempted and the matter is presently pending before CESTAT Chennai. |
| k. | The Central Excise department has not accepted claim of Cenvat Credit of Service tax of Rs.28.90 Lakh made by the Company in respect of Windmills for the reason that windmills are situated outside the factory and the matter is pending before Madras High Court. |

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

| | |
|----|---|
| i. | The Central Excise department has not accepted claim of Cenvat Credit of Service tax of Rs.1.87 Lakh together with interest which is not quantified and further levied a penalty of Rs.1.87 Lakh in respect of business auxiliary services for windmills as such windmills are situated outside the factory and the matter is pending before CCE (Appeals), Madurai. |
| m. | The Sales Tax Department in respect of Assessment Year 1996-97 has raised a demand of Rs.4.96 Lakh for non filing of certain forms and the matter is contested before Appellate Deputy Commissioner (Commercial Taxes), Madurai. The Company has remitted 25% of the disputed tax Rs.1.24 Lakh and for the balance 75% of the disputed tax demand Rs.3.72 Lakh has furnished a bank guarantee. |
| n | During the year the company had obtained EPCG Licenses and fulfilled Export Obligation of USD 1834770 (duty amount Rs.134 Lakh) for Import of capital goods and spares and same are in the process of redemption. The company has to fulfill Export Obligation in USD 1654624 involving duty amount of Rs. 115 Lakh computed at eight times of the duty saved amount within a period of eight years from the date of License. |
| o. | The Company has de-bonded one of its units (Unit-II) from 100% EOU after completion of initial period of 5 years and after fulfillment of export obligation by achieving positive NFEP (Net Foreign Exchange) in accordance with the EXIM Policy. The de-bonding involved payment of duty under EPCG License (for capital goods) and Advance License (for Raw materials imported) schemes. The de-bonding was completed after obtaining 'No Dues Certificate' from Assistant Commissioner, Central Excise, Dindigul and final exit order from Deputy Commissioner, MEPZ, Chennai. The Export obligation, for duty discharge, fixed both under EPCG Scheme and Advance License Scheme are also fulfilled and the respective licenses are redeemed from JDGFT, Coimbatore. Subsequent to the above fulfillment, the Central Excise Department has raised a demand of Rs.410 Lakh towards de-bonding of Unit II and the same is contested by way of writ before Hon'ble Madurai Bench of Madras High Court and the matter is stayed by the High Court. |

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

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

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

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

- vi. In terms of information available with the company there are 3 (Three) parties (Previous Year 4 (four) parties) who are duly registered under Micro, Small and Medium Enterprises Development Act, 2006 and in respect of whom the amount payable Outstanding as on 31.03.2013 is Rs.611023/- (Previous year Rs.449048/-) and the same are settled within the agreed dates, which is not more than 45 days from the day of acceptance or deemed acceptance of the goods.
- vii. Vehicle maintenance includes cost of expenditure exclusively incurred to provide transport to the employees from their place to work spot Rs.94 Lakh (Previous year Rs.74 Lakh) and staff welfare expenses include quarterly bonus paid amounting to Rs.334 Lakh (Previous year Rs.165 Lakh)
- viii. Reversal of Deferred tax liability is on account of timing difference of depreciation amounting to Rs.287 Lakh (Previous year Rs. Nil)

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

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

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

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

x. Employee Benefits:

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

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

The Following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March 2013.

(i) Present value of obligations

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

(ii) Fair value of Plan assets

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

(iii) Expenses to be recognized for the current year

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

(iv) Actuarial Assumption

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

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

xi. Segment Reporting:

(Rs. in Lakh)

(i) Business segment

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

(ii) Geographic Segment

(Rs. in Lakh)

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

(Figures in bracket relates to previous year)

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note 27 (Contd...)

Other Additional Information:

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

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

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

xv. Figures are rounded to the nearest rupee.

For and on behalf of the Board

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

Sd/-
(Dr.K.VENKATACHALAM)
DIRECTOR

Sd/-
(R.SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

Place : Coimbatore
Date : 30.05.2013

AMBIKA COTTON MILLS LIMITED

ATTENDANCE SLIP

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

L.F. NO. :

NAME OF THE SHAREHOLDER / PROXY*

ADDRESS :

No. of Shares held :

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

SIGNATURE OF THE SHAREHOLDER / PROXY

Strike out whichever is not applicable.

PROXY

L.F. No.

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

Signed this day of 2013

by the said

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

Affix
Re. 1/-
Revenue
Stamp.

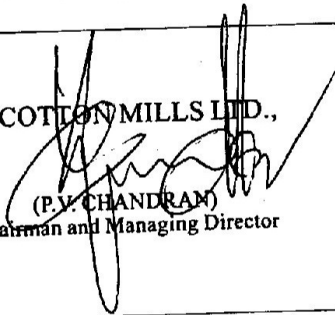
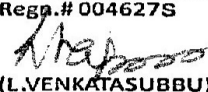
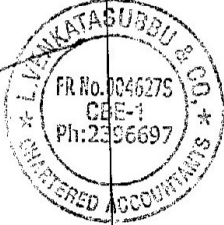
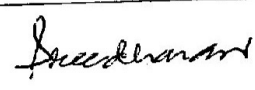
Signature.

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Form A

Format of covering letter of the Annual Audit Report to be filed with the Stock exchanges

| | | |
|----|--|---|
| 1 | Name of the Company | Ambika Cotton Mills Limited |
| 2 | Annual financial Statements for the year ended | 31 st March, 2013 |
| 3 | Type of Audit observation | Un-qualified / Matter of Emphasis |
| 4. | Frequency of observation | ---- |
| 5 | To be signed by CEO/ Managing director | <p>For AMBIKA COTTON MILLS LTD.,</p>  <p>(P.V. CHANDRAM) Chairman and Managing Director</p> |
| | Auditor of the company | <p>For L.VENKATASUBBU & CO, Chartered Accountant Regn.# 004627S</p>  <p>(L.VENKATASUBBU) Partner (M.No.19791)</p>  |
| | Audit Committee Chairman |  |