

# AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT  
2015 - 2016



# AMBIKA COTTON MILLS LIMITED

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

CIN No.L17115TZ1988PLC002269

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

## DIRECTORS' REPORT

Your directors have great pleasure in submitting the Twenty Eighth Annual Report together with the audited accounts for the year ended 31st March 2016.

### FINANCIAL RESULTS

The Financial results for the year ended 31st March 2016 are furnished below:

	(Rs. in Lakhs)	
	CURRENT YEAR	PREVIOUS YEAR
	2015-16	2014-15
Sales & Other Income	49408.24	49583.20
Profit Before Finance Cost and Depreciation	9409.20	9941.02
Less: Finance Cost	521.53	631.24
Gross Profit For the Year	8887.67	9309.78
Less : Depreciation	2991.96	2933.33
Profit before Tax	5895.71	6376.45
Less : Tax Expense	1450.19	1258.90
Profit after Tax	4445.52	5117.55
Add: Surplus in Statement of Profit and Loss	13881.02	10753.41
	18326.54	15870.96
Less: Appropriation		
Transfer to General Reserve	1000.00	1000.00
Interim Dividend	881.25	0.00
Dividend Tax on Interim Dividend	179.40	0.00
Proposed Dividend on Equity Shares	0.00	822.50
Dividend Tax	0.00	167.44
Prior Period Dividend & Dividend Tax	1.21	0.00
Surplus Carried over in Statement of Profit and Loss	16264.68	13881.02

### PERFORMANCE AND STATE OF AFFAIRS

The Company's Total Income and Gross profit amounted to Rs.49408.24 Lakhs (Previous year Rs. 49583.20 Lakhs) and Rs.8887.67 Lakhs (Previous year Rs.9309.78 Lakhs). This represents a marginal decline in total income of 0.35% as compared to 3.93% growth in the previous year and decline in Gross Profit of 4.53% as against growth of 1.99% in the previous year.

For the year Company's Direct Export Turnover amounted to Rs. 25960.52 Lakhs as compared to Rs. 28532.30 Lakhs in the previous year representing a decline of 9.01 % (Previous Year decline of 3.55%) . In terms of percentage the export turnover constituted 53.71% of the net sales as against 58.98% in the previous year. This subtle change is on account of better margin realization in the domestic market and in line with the company's policy to protect its margin and the flexibility of operations to switch between the broader markets.

The Company has clear focus and continued its operations in making of speciality cotton yarn and has strong demand for its products .The Company's products always command premium over the competitors. Its product profile enables the Company to suit its manufacturing plan according to the varied needs of the customer. The performance for the year was primarily

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

affected on account of cost escalation of power due to lack of evacuation of wind power generated and low wind and consequent to that compulsion of use of out sourced power at a higher cost.

During the year the Company has invested Rs.1843.82 Lakhs towards upgradation of technology of its manufacturing operations and so far during the current year has further invested Rs.525.80 Lakhs .This total investment of Rs.2369.62 Lakhs was fully met out of internal accruals.

It is pertinent to note that the company has achieved one of its objective of fully retiring the long term debt.

The Company is implementing the Knitting facility at an estimated cost of Rs.834.92 Lakhs, fully funded out of internal accruals, this is part of the scheme earlier envisaged along with the spinning unit. This facility is expected to be operational from October 2016 onwards.

The implementation of spinning phase is still pending due to appropriate land clearance from the Government. As and when clearance is obtained, the project will be initiated. However the Company has initiated, production augmenting measures, in the existing plants itself, by investing in Plant and Machinery, at an estimated cost of Rs.12.00 crores, to be met out of internal accruals.

### TRANSFER TO RESERVES

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

### DIVIDEND

The details of Dividend are as under

Particulars	(Rs. in Lakhs)	
	FY 2015-16	FY 2014-15
Interim Dividend	881.25	--
Dividend tax on Interim Dividend	179.40	--
Final Dividend	--	822.50
Dividend tax on Final Dividend	--	167.44
Total Out Flow	1060.65	989.94

  

Dividend on Equity Shares of Rs. 10/- each	Rs.15/- per share	Rs.14/- per share
Rate of Dividend	150%	140%

The payout ratio for the year works out to 19.82% as compared to 16.07% (exclusive of Dividend Tax) on the basis of PAT of FY 2015-16 & FY 2014-15.

In view of payment of interim dividend at Rs. 15/- per share ( 150 %) no final dividend is recommended for FY 2015-16.

### DIRECTORS

In terms of requirement of Section 149 of the Companies Act, 2013, the Independent Directors of the company are Sri. K. N. Sreedharan, Dr K. Venkatachalam and Sri R. Soundararaja Perumal.

Sri.P.V.Chandran, Chairman and Managing Director is re-appointed for a period of 5 years to hold the office with effect from 01.04.2017 to 31.03.2022.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs.Vidya Jyothish Pillai (DIN 05215930) Director, who retires by rotation and being eligible, offers herself for reappointment.

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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### DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. Accounting policies selected have been applied consistently. Reasonable and prudent judgments have been made so as to give a true and fair view of the state of affairs of the Company as at the end of 31st March, 2016 and of the profit of the Company for the year ended on that date;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis;
- v. Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

### MEETINGS OF THE BOARD

The Board held five meetings during the Financial Year 2015- 16 namely, May 26, 2015, August 8, 2015, November 7, 2015, February 6, 2016 and March 12, 2016.

### DECLARATION BY INDEPENDENT DIRECTORS

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

### DEPOSITS

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

### AUDITORS

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

### AUDITORS' REPORT

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

### SECRETARIAL AUDIT

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure A to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### COST AUDITOR AND COST AUDIT REPORT

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

Cost Audit Report for the year ended 31st March, 2016 will be submitted in the due course.

### INTERNAL FINANCIAL CONTROLS

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

### AUDIT COMMITTEE

The Audit Committee was constituted by the Board at its meeting held on 31.01.2001. The Committee now comprises of Directors Sri. K.N.Sreedharan, Dr. K.Venkatachalam and Sri.R.Soundararajaperumal and all of them are Independent Directors.

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

### NOMINATION AND REMUNERATION COMMITTEE

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

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

### RISK MANAGEMENT POLICY

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

### APPOINTMENT OF KEY MANAGERIAL PERSONNEL

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

### SUBSIDIARIES

The company does not have any subsidiaries.

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

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

### LOANS, GUARANTEES AND INVESTMENTS

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

### RELATED PARTY TRANSACTIONS

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

### MATERIAL CHANGES AND COMMITMENTS

There were no Material changes and Commitments affecting the financial position of the Company that have occurred between the end of the financial year March 31, 2016 to which the financial statements relate and the date of this report.

### CHANGE IN THE NATURE OF BUSINESS

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

### BOARD EVALUATION

The independent Directors at their Meeting held on 12.03.2016 have carried out review of performance of non- independent directors and the Board as a whole, performance of the Chairperson and further made an assessment of quality, quantity and timelines of flow of information between the Company management and the Board for effective and reasonable performance of its duties.

### EXTRACT OF ANNUAL RETURN

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

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

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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### CSR EXPENDITURE

The requirement to spend in this regard is Rs.109.38 Lakhs( Previous year Rs.88.31 Lakhs) @ 2% of 3 years average net profit of the Company and the Company has spent Rs.116.55 Lakhs(Previous year Rs.91.00 Lakhs) on various CSR activities which are into (i) Rural Development, (ii) Animal Protection, (iii) Medical Support, (iv) Relief to Poor (including Chennai Flood )and the details of expenditure are furnished in Annexure -III to this report.

### PARTICULARS OF EMPLOYEES

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

### ADDITIONAL DISCLOSURES PURSUANT TO SEBI REGULATIONS

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

DATE : 06/08/2016  
PLACE : Coimbatore

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



# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE - I

#### FORM NO. MGT - 9

Extract of Annual Return

As on the financial year ended on 31.03.2016

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

#### I. Registration and other details :

(i) CIN	L17115TZ1988PLC002269
(ii) Registration Date	06.10.1988
(iii) Name of the Company	Ambika Cotton Mills Limited
(iv) Category / Sub-Category of the Company	Public Company limited by shares
(v) Address of the Registered office and contact details	No.9A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012 Phone : +91 422 2491504 Email : ambika@acmills.in
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006. Phone : +91 422 6549995 Email : info@skdc-consultants.com

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

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

S.No	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Cotton Yarn	5205	89.31

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

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

# AMBIKA COTTON MILLS LIMITED

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

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

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

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

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	2857000	100	2857100	48.631	2857100	0	2857100	48.631	-
b) Central/State Govt			-	-			-	-	
c) Bodies Corp.			-	-			-	-	
d) FI/ Banks			-	-			-	-	
e) Any Others (Specify)			-	-			-	-	
Trusts									
Sub-total (A) (1):-	2857000	100	2857100	48.631	2857100	0	2857100	48.631	-
(2) Foreign									
a) Individuals (NRI/FI)			-	-			-	-	
b) Bodies Corp			-	-			-	-	
c) Institutions			-	-			-	-	
d) Qualified Foreign Investor			-	-			-	-	
e) Any Others (Specify)			-	-			-	-	
Sub-total (A) (2):-			-	-			-	-	
Total shareholding of Promoter & Promoter Group									
(A) = (A)(1)+(A)(2)	2857000	100	2857100	48.631	2857100	0	2857100	48.631	-
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds/UTI	216765	0	216765	3.690	1529	0	1529	0.026	-3.664
b) FI/Banks	200	0	200	0.003	972	0	972	0.017	0.014
c) Central/State Govt			-	-			-	-	
d) Venture Capital Funds			-	-			-	-	
e) Insurance Companies			-	-			-	-	
f) FIIs	22182	0	22182	0.378	81505	0	81505	1.387	1.009
g) Foreign Venture Capital Investors			-	-			-	-	
h) Qualified Foreign Investor			-	-			-	-	

# AMBIKA COTTON MILLS LIMITED

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

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

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(i) Any Others (specify) -Foreign Portfolio Investment - Corporate	120801	0	120801	2.056	152991	0	152991	2.604	0.548
Sub-total (B)(1):-	359948	0	359948	6.127	236997	0	236997	4.034	-2.093
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	961553	20033	981586	16.708	939227	20033	959260	16.328	-0.380
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	813273	46393	859666	14.633	1093673	44583	1138256	19.375	4.742
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	709481	0	709481	12.076	516826	0	516826	8.797	-3.279
c) Others (specify)									
Directors & their Relatives.	-	100	100	0.002	-	100	100	0.002	0.00
Non- resident Indians	25004	0	25004	0.426	79441	0	79441	1.352	0.926
Clearing Members	39556	0	39556	0.673	15699	0	15699	0.267	-0.406
Hindu Undivided Families	42559	0	42559	0.724	70921	0	70921	1.207	0.483
Trusts	0	0	0	0	400	0	400	0.007	0.007
Sub-total (B)(2):-	2591426	66526	2657952	45.242	2716187	64716	2780903	47.335	2.093
Total Public Shareholding									
(B)=(B)(1) + (B)(2)	2951374	66526	3017900	51.369	2953184	64716	3017900	51.369	0.00
C. Shares held by Custodian for GDRs & ADRs				-					
Grand Total (A+B+C)	5808374	66626	5875000	100.00	5810284	64716	5875000	100.00	0.00

# AMBIKA COTTON MILLS LIMITED

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

### ANNEXURE - I (Contd..)

#### (ii) Shareholding of Promoters

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

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

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

# AMBIKA COTTON MILLS LIMITED

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

### ANNEXURE -I (Contd..)

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

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	Catamaran Management Services P Limited	0	0	240305	4.090
2	Apple Finance Limited	180233	3.068	180233	3.068
3	Value Quest India Moat Fund Limited	120801	2.056	142801	2.431
4	Eicher Goodearth Private Limited	57093	0.972	130093	2.214
5	VLS Finance Limited	98200	1.671	100000	1.702
6	Saffron Agencies Limited	221856	3.776	98598	1.678
7	Ajai Hari Dalmia	81325	1.384	81325	1.384
8	Morgan Stanley Asia(Singapore) PTE	0	0	57923	0.986
9	Narendra D Lodaya	40306	0.686	35206	0.599
10	Angel Holdings Pvt Ltd	24337	0.414	34325	0.584
11	Anil Kumar Goel	170000	2.894	19000	0.323
12	Bang Securities Private Ltd	60000	1.021	0	0
13	IDFC Equity Opportunity-Series-1	216715	3.689	0	0
14	Avalokiteshvar Valinv Limited	106370	1.810	0	0

# AMBIKA COTTON MILLS LIMITED

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

### ANNEXURE - I (Contd..)

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

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

# AMBIKA COTTON MILLS LIMITED

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

### ANNEXURE -I (Contd..)

#### (V) Indebtedness

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

(Rs. in Lakhs)

	Secured Loans excluding	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	6263.18	0	0	6263.18
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total( i+ii+iii)	6263.18	0	0	6263.18
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	4292.32	0	0	4292.32
Net Change	-4292.32	0	0	-4292.32
Indebtedness at the end of the financial year				
(i) Principal Amount	1970.86	0	0	1970.86
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	1970.86	0	0	1970.86

# AMBIKA COTTON MILLS LIMITED

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

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

(VI) Remuneration of Directors and Key Managerial Personnel:

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

(Rs. in Lakhs)

S. No	Particulars of remuneration	Name of MD P.V.Chandran	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	24.00	24.00
	(b) Value of perquisites under section 17(2) Income Tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	- as % of profit	0	0
	- others, specify	0	0
5	Others, please specify	0	0
	Sitting Fees	0.75	0.75
	Total (A)	24.75	24.75
	Ceiling as per the Act	295.99	295.99



# AMBIKA COTTON MILLS LIMITED

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

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

#### B. Remuneration to other Directors

(Rs. in Lakhs)

S. No	Particulars of remuneration	Name of Directors					Total Amount
		Sri.K.N. Sreedharan	Dr.K. Venkatachalam	Sri.R. Soundararaja perumal	Mrs.Bhavya Chandran	Mrs.Vidya Jyothish Pillai	
1	Independent Directors						
	Fee for attending board committee meetings	1.35	1.35	1.05	-	-	3.75
	Commission	0	0	0	-	-	0
	Others, please specify	0	0	0	-	-	0
	Total (1)	1.35	1.35	1.05	-	-	3.75
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	0.75	0.75	1.50
	Commission	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	0.75	0.75	1.50
	Total (B)=(1+2)	1.35	1.35	1.05	0.75	0.75	5.25
	Total Managerial Remuneration						30.00
	Overall Ceiling as per the Act						651.17

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

(Rs. in Lakhs)

S. No	Particulars of remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	0	6.00	4.42	10.42
	(b) Value of perquisites under section 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-
	Others please specify				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify				
5	Others, Please specify	0	6.00	4.42	10.42

# AMBIKA COTTON MILLS LIMITED

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

### ANNEXURE - I (Contd..)

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

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

### ANNEXURE - II

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

#### A. CONSERVATION OF ENERGY

- i) the steps taken or impact on conservation of energy.  
Usage of Energy is constantly monitored and the need to conserve the same is emphasized.
- ii) the steps taken by the Company for utilizing alternative sources of energy.  
The Company has installed 27.4 MW of wind energy capacity for captive consumption. This would meet 100% power requirement of the spinning segment.
- iii) the capital investment on energy conservation equipments. : Nil

#### B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption :- Indigenous Technology alone is used.
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution :-  
Certain plant & machinery such as auto coner and compact systems are imported to facilitate for product improvement & development which has facilitated exports of products.
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
  - a) the details of technology imported : Know- how for special type of yarn
  - b) the year of import : 2012-13
  - c) Whether the technology been fully absorbed : Yes
  - d) if not fully absorbed , areas where absorption has not taken place and the reasons there of ; and : NA
- iv) the expenditure incurred on Research and Development : Not quantified

# AMBIKA COTTON MILLS LIMITED

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

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

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	[Rs in Lakhs]
Foreign Exchange earned (inflow)	25960.52
Foreign Exchange used (outflow)	23876.74

### ANNEXURE - III

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

#### ANNUAL REPORT ON CSR ACTIVITIES

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

The CSR policy of the Company is to undertake and implement the projects /programs as specified in Schedule- VII of the Companies Act, 2013. The details of the CSR policy of the Company are made available in the Company's weblink : [www.acmills.in/wp-content/uploads/2016/08/csropol.pdf](http://www.acmills.in/wp-content/uploads/2016/08/csropol.pdf).

- ii. The composition of the CSR committee:

The committee consists of Directors

1. Sri. P.V.Chandran, Chairman and Managing Director
2. Dr. K. Venkatachalam, Independent Director
3. Sri. R. Soundararajaperumal, Independent Director

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

(Amount Rs in Lakhs) : 5469.15

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

(Amount Rs in Lakhs) : 109.38

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

(1) The amount to be spent for the F.Y 2015-16 (Amount Rs in Lakhs) : 109.38

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

# AMBIKA COTTON MILLS LIMITED

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

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

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

(Rs. in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1. Local Area or Other 2. Specify The State And District Where Projects Or Programs Were Undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs sub-heads 1. Direct expenditure on projects or programs. 2. Overheads	Cumulative expenditure up to the reporting period	*Amount Spent : Direct or through implementing agency
1.	Public Toilets	Rural Development	Local area Dindigul, Tamilnadu	109.38	Direct expenditure on projects	35.10	Direct
2	Animal Protection	Animal Protection	Local area Dindigul, Tamilnadu			6.04	
3	Relief to Poor	Relief to Poor	Local area Dindigul, Tamilnadu			59.68	
4	Relief to Poor	Relief to Poor	Chennai Flood, Chennai Tamilnadu			9.73	
5	Medical Support	Medical Support	Kangra District Himachal Pradesh and Coimbatore Tamilnadu			4.50	Through Chinmaya Mission Ashram and Kovai Medical Centre and Hospital Limited
6	Relief to Poor	Relief to Poor	Coimbatore Tamilnadu			1.50	Through Indian Red Cross Society
	Total			109.38		116.55	

\*Details of implementing Agency

- vi. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report. - NA
- vii. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.

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

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

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

Sd/-  
R. Soundararaja Perumal  
Independent Director  
(DIN : 02087219)

Date : 06/08/2016  
Place : Coimbatore

# AMBIKA COTTON MILLS LIMITED

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

### ANNEXURE - IV

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

- (i) The percentage increase in remuneration of each Director, Company Secretary and Chief Financial Officer (CFO), ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2015-16.
- (ii) The percentage increase in the median remuneration of the employees in the financial year : 26.49 %.
- (iii) The number of permanent employees on the rolls of Company: 1792

S.No	Name of the Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2015-16 (Rs. in Lakhs)	% increase in Remuneration in the Financial year 2015-16	Ratio of Remuneration of each Director to median remuneration of employees
1	Sri.P.V.Chandran, Chairman and Managing Director	24.75	--	38.51:1
2	Sri. K.N.Sreedharan, Non- Executive - Independent	1.35	--	2.10:1
3	Dr.K.Venkatachalam, Non- Executive - Independent	1.35	--	2.10:1
4	Sri.R.Soundararajaperumal, Non- Executive - Independent	1.05	--	1.63:1
5	Mrs.Bhavya Chandran, Non- Executive - Promoter group	0.75	--	1.17:1
6	Mrs.Vidya Jyothish Pillai, Non- Executive - Promoter group	0.75	--	1.17:1
7	Sri. Radheshyam Padia, Company Secretary	6.00	--	9.34:1
8	Sri. M.Vijayakumar, CFO	4.42	--	6.88:1

- (iv) The explanation on the relationship between average increase in remuneration and company performance: The Profit after Tax for FY 2015-16 amounted to Rs. 4445.52 Lakhs as compared to Rs. 5117.55 Lakhs for FY 2014-15, an increase of - 13.13% whereas increase in employees' remuneration is 6.65%.
- (v) Comparison of remuneration of the Key Managerial Personnel against the performance of the Company : The Profit after Tax for FY 2015-16 increased -13.13% as compared to FY 2014-15, whereas increase in Key Managerial Personnel remuneration is -78.10%.
- (vi) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year :

Particulars	31.03.2016	31.03.2015
Market capitalization of the Company (Rs. in Crores)	471.47	460.31
Issued Capital ( in Nos)	58,75,000	58,75,000
Closing Price at NSE ( in Rs. )	802.50	783.50
Price Earnings Ratio at the closing date	10.61	8.99

# AMBIKA COTTON MILLS LIMITED

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

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

- (vii) Percentage increase in the salaries of employees other than the Key Managerial Personnel ( KMP ) as compared to percentage increase in the KMP remuneration in the last financial year i.e 2015-16 : The increase in remuneration is 6.61% for employees other than KMP while it is -78.10% for KMP .
- (viii) The Key parameters for any variable component of the remuneration availed by the Directors: There are no variable component in the Managerial Remuneration.
- (ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year :- None
- (x) Affirmation that the remuneration is as per the remuneration policy of the Company: Yes .

Note :

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

### ANNEXURE - A

FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31<sup>st</sup> March, 2016

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

To,

The Members,

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has during the audit period covering the Financial Year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliances-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: The members are requested to read this report along with my letter of even date annexed to this report.

# AMBIKA COTTON MILLS LIMITED

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

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Ambika Cotton Mills Limited (the Company) for the Financial Year ended on 31st March, 2016 according to the applicable provisions of:

(i)	The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii)	The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii)	The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
(iv)	Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
(v)	The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
a.	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b.	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (effective from 15th May 2015)
c.	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable as the company has not issued any further share capital during the period under review).
d.	The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
e.	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
f.	The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review).
g.	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review)
h.	The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the Company has not bought back any of its securities during the financial year under review).

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

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

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

(i)	Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective from 1st July, 2015
(ii)	The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective from 1st December 2015.

# AMBIKA COTTON MILLS LIMITED

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

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

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

I further report that:

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

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

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

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

Name of Company Secretary in Practice S.R. Baalaji

Date : 06/08/2016

FCS NO. 5966

Place : Coimbatore

C P NO. 3514

### ANNEXURE TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members,

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

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

#### Management's Responsibility

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

#### Auditor's Responsibility

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

#### Disclaimer

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

Name of Company Secretary in Practice S.R. Baalaji

Date : 06/08/2016

FCS NO. 5966

Place : Coimbatore

C P NO. 3514



# AMBIKA COTTON MILLS LIMITED

## ADDITIONAL DISCLOSURES PURSUANT TO SEBI REGULATIONS

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

### A. RELATED PARTY TRANSACTIONS

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

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

(Rs in Lakhs)

Nature of Transactions	Salary	Director Sitting Fees	Total	Balance Payable as at 31.03.2016
Short term Employee benefits to Sri.P.V.Chandran	24.00	0.75	24.75	2.00
Mrs.Vidya Jyothish Pillai	-	0.75	0.75	-
Mrs. Bhavya Chandran	-	0.75	0.75	-

- Notes :
1. Remuneration to Sri.P.V.Chandran was approved by the shareholders at the 24th Annual General Meeting held on 28.09.2012 pursuant to Section 309(3) of the Companies Act, 1956
  2. The Sitting fees to Directors are approved by the Board of Directors at their Meeting held on 30.05.2011
  3. The above transactions are not related party transactions as defined in Companies Act, 2013.

### B. MANAGEMENT DISCUSSION AND ANALYSIS

#### 1. Industry Structure and Developments

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

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

The industry realised export earnings worth US\$ 41.4 billion in 2014-15, a growth of 5.4 per cent, as per The Cotton Textiles Export Promotion Council (Texprocil).

#### 2. Opportunities and Threats

Cotton is the main segment in yarn and fabric. Production of yarn grew to 673.60 Lakh Kgs in FY15 from 626.30 Lakh Kgs in FY11, implying a CAGR of 1.8 per cent. Production of yarn between April'15 to October'15 stood at 399.30 Lakh Kg. Cotton yarn

# AMBIKA COTTON MILLS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

accounts for the largest share in total yarn production; in FY15, the segment's share amounted to 61 percent. The Government has announced a New Textile policy on 22.06.2016 with a focus to Garment sector for generation of employment. This would greatly enhance the demand for cotton yarn

### 3. Segment Wise Performance

The performance in FY 2015-16 in spinning segment was maintained at the same level without much impact. However the captive power for spinning segment was affected on account of low wind and further evacuation issues to the State Grid. This has necessitated outsourcing of power at a higher cost impacting the overall performance.

### 4. Outlook

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

### 5. Risks and Concerns

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

### 6. Internal Control Systems and their Adequacy

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

### 7. (i) 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

S.No	Particulars	Current Year 2015-16	Previous Year 2014-15
1	Increase in Net Sales (Rs. in Lakh)	-37.48	2421.52
2	Increase in Net Sales (%)	-0.08	5.27
3	Increase in Exports (Rs. in Lakh)	-2571.78	-1049.99
4	Increase in Exports (%)	-9.01	-3.55
5	Operating Profit Margin before Tax(%)	19.47	20.55
6	Operating Profit Margin after Tax (%)	16.47	17.95
7	Cash Profit Margin before Tax (%)	18.39	19.25
8	Cash Profit Margin after Tax (%)	15.39	16.64
9	Net Profit Margin before Tax (%)	12.20	13.18
10	Net Profit Margin after Tax (%)	9.20	10.58

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

# AMBIKA COTTON MILLS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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

Particulars	Current Year 2015-16		Previous Year 2014-15	
	Qty ( In Lakh Kgs)		Qty ( In Lakh Kgs)	
	Production	Sales	Production	Sales
Cotton Yarn	176.33	165.23	161.11	153.48
Cotton Fabrics (Knitted)	7.77	7.58	10.08	10.10
Waste Cotton	66.33	67.04	59.18	58.93
Wind units for captive consumption	370.12 Lakh units		460.67 Lakh units	

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

The Company places its utmost value on the human resource and contribution from the employees is always fine-tuned towards to achieve the overall organization performance by constant education, training and various incentive schemes, which are in vogue. The company has cordial industrial relationship and have in total 1792 employees consisting of staff and workmen in its roll. The Company ensures high safety and environmental standards in all its operations at all the units. Safety needs are continuously monitored and preventive actions are initiated through departmental safety committees consisting of plant staff and workmen.

### 9. Cautionary Statement

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

# AMBIKA COTTON MILLS LIMITED

## C. CORPORATE GOVERNANCE REPORT

### 1. Brief statement on Company's philosophy on Code on Governance:

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

### 2. Board of Directors

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

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

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

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

Number of Board Meetings held during the year 2015 - 2016 : 5			
S.No.	Date of Board Meeting	S.No.	Date of Board Meeting
1	26.05.2015	2	08.08.2015
3	07.11.2015	4	06.02.2016
5	12.03.2016		

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

### (C) Attendance Record of Directors :

S.No	Name of the Director.	Number of Meetings held	Number of Meetings attended	Whether attended last AGM held on 23 <sup>rd</sup> September, 2015
1	Sri. P.V. Chandran, Chairman and Managing Director	5	5	Yes
2	Sri. K.N. Sreedharan, Director	5	5	Yes
3	Dr.K.Venkatachalam, Director	5	5	Yes
4	Sri.R.Soundararaja Perumal, Director	5	4	Yes
5	Mrs. Bhavya Chandran, Director	5	5	Yes
6	Mrs.Vidya Jyothish Pillai, Director	5	5	Yes

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

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

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

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

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

### 3. Audit Committee :

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

The Audit Committee consists of Three Directors Chaired by Sri. K.N. Sreedharan, a Chartered Accountant by profession, other members are Dr.K.Venkatachalam and Sri R.Soundararaja Perumal.

During the year, the Audit Committee held its meetings on 26.05.2015, 08.08.2015, 07.11.2015 and 06.02.2016.

Members' attendances at the meetings were as follows.

Name of the Directors	Category	No. of Meetings attended during the year 2015-16
Sri. K.N. Sreedharan	Independent / Non Executive	4
Dr.K.Venkatachalam	Independent / Non Executive	4
Sri. R.Soundararaja Perumal	Independent / Non Executive	3

### 4.Nomination & Remuneration Committee

Brief description of Terms of reference:

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

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

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

The Committee consists of Three Directors, Chaired by, Dr.K.Venkatachalam, and other members are Sri R. Soundararaja Perumal and Mrs Bhavya Chandran.

During the year, the Nomination & Remuneration Committee held its meetings on 26.05.2015, 07.11.2015 and 06.02.2016.

Members' attendances at the meetings were as follows.

Name of the Directors	Category	No. of Meetings attended during the year 2015-16
Dr. K. Venkatachalam	Independent Director	3
Sri. R. Soundararaja Perumal	Independent Director	2
Mrs. Bhavya Chandran	Non-Executive Director-Promoter Group	3

### Performance evaluation criteria for Independent Directors:

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

## 5. Remuneration of Directors

### (a) Non executive Directors

S.No.	Name of the Director	Sitting Fees (Rs.)
1	Mrs.Vidya Jyothish Pillai	75,000
2	Mrs.Bhavya Chandran	75,000
	Total	1,50,000

### (b) Independent Directors

S.No.	Name of the Director	Sitting Fees (Rs.)
1.	Sri.K.N. Sreedharan	1,35,000
2.	Dr.K. Venkatachalam	1,35,000
3.	Sri.R. Soundararaja Perumal	1,05,000
	Total	3,75,000

### (c) Chairman and Managing Director

Name of the Director	Salary (Rs)	Commission (Rs)	Sitting Fees (Rs)	Total (Rs)
Sri. P.V. Chandran	24,00,000	0	75,000	24,75,000

## 6. Stakeholders Relationship Committee

- a. The Committee consists of Three Directors Chaired by Sri.R.Soundararaja Perumal and other members are Mrs. Vidya Jyothish Pillai and Mrs .Bhavya Chandran.
- b. Number of shareholders Complaints received during the year: 1
- c. Number not solved to the satisfaction of the shareholders during the year: Nil

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

### d. Number of pending complaints :Nil

The Committee held its meetings on 09.05.2015, 26.05.2015, 18.07.2015, 22.08.2015, 10.10.2015, 21.11.2015, 20.02.2016 and 27.02.2016 for approval of memorandum of share transfers forwarded by share transfer agent and attendance of the members were as follows:

Name of the Directors	Category	No. of Meetings attended during the year 2015-16
Sri. R.Soundararaja Perumal	Independent Director	7
Mrs. Vidya Jyothish Pillai	Non-Executive Director-Promoter Group	8
Mrs.Bhavya Chandran	Non-Executive Director-Promoter Group	8

### 7. General Body Meetings:

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

Year	Location	Date	Time
2013	Hotel Sree Annapoorna, 75 East Arokiyasamy Road, R.S.Puram, Coimbatore - 641 002	27.09.2013	12 Noon
2014	The Residency, 1076 Avinashi Road, Coimbatore - 641 018	24.09.2014	12 Noon
2015	The Residency, 1076 Avinashi Road, Coimbatore -641 018	23.09.2015	12 Noon

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

Year	Special Resolution for
2013	Nil
2014	To accord consent of the Company to Board of Directors (i) to borrow money and (ii) mortgaging the assets
2015	Nil

(iii) No special resolution was put through by Postal Ballot during FY 2015-16 and is proposed to be conducted through postal ballot

### 8. Means of Communication:

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

### 9. General Information to Shareholders:

Annual General Meeting (AGM) Date, Time and Venue	Friday 23rd September 2016 at 12.00 Noon at The Residency, 1076, Avinashi Road, Coimbatore - 641018.	
Financial year	2015-16	
Dividend Payment Date	Interim Dividend has already been paid. No Final Dividend is recommended and hence furnishing of Dividend Payment Date does not arise	
Financial Calender (tentative)		
Results for Quarter ending	June 30, 2016	2nd Week of August, 2016
	September 30, 2016	2nd Week of November, 2016
	December 31, 2016	2nd Week of February, 2017
	March 31, 2017	Last week of May 2017 (Audited).
	AGM	September 2017

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

Listing on Stock Exchanges	Listed in National Stock Exchange, Bombay Stock Exchange, Annual Listing Fee has been paid to the Stock Exchanges.
Stock Code	531978 (BSE) , AMBIKCO (NSE)
Date of Book Closure	17.09.2016 to 23.09.2016 (Both days inclusive) for accounts / AGM
Demat ISIN Number in NSDL & CDSL for Equity Shares	ISIN Number: INE540G01014.

### Stock Market Data :

Month	Bombay Stock Exchange		National Stock Exchange	
	Mumbai (BSE)		Mumbai (NSE)	
	High	Low	High	Low
April-15	967.00	780.00	975.00	780.25
May-15	939.75	805.00	934.00	810.00
June-15	1134.00	855.00	1134.00	851.70
July-15	1091.50	975.00	1090.00	972.10
August-15	1148.25	710.00	1149.00	710.20
September-15	869.75	704.25	880.00	706.05
October-15	966.50	825.25	965.00	715.50
November-15	891.00	825.00	893.95	825.10
December-15	960.00	760.00	959.00	764.10
January-16	952.00	780.00	949.80	780.00
February-16	880.75	735.00	874.95	740.00
March-16	867.75	756.00	870.00	753.00

Registrar & Share Transfer Agents	M/s. SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006.
Share Transfer System	Presently, the share transfers which are received in physical form are processed and the Share Certificates returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board of Directors of the Company have delegated powers of approving transfer of securities to the Company's Registrars and Transfer Agents subject to placing of summary statement of transfer/ transmission of securities etc. of the Company at meetings of the Stakeholders Relationship Committee. The Company has obtained and filed with the Stock Exchange(s) the half yearly certificates from a Company Secretary in practice for due compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.



# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

### Pattern of Share Holding as on 31.03.2016

S. No.	Category	No. of Shares	% of Share holding
1	Promoters	2857100	48.631
2	Banks, Financial Institutions, Mutual Funds	2501	0.043
3	Foreign Financial Institutions	81505	1.387
4	Foreign Portfolio investments - Corporate	152991	2.604
5	Corporate Bodies	959260	16.328
6	Public		
	1. Individuals (holding nominal share capital upto Rs.2.00 Lakh)	1276063	21.721
	2. Individuals (Holding nominal share capital in excess of Rs.2.00 Lakh)	379019	6.451
7	Any other (Specify)		
	a. Directors and their relatives	100	0.002
	b. Non resident Indians	79441	1.352
	c. Clearing Members	15699	0.267
	d. Hindu Undivided Families	70921	1.207
	e. Trusts	400	0.007
	Total of 1 to 7	5875000	100.000

### Distribution of Share Holding as on 31.03.2016

Value ( in Rs)	No. of Shareholders	%	Amount	%
Upto 5000	9834	95.24	6560160	11.17
5001 to 10,000	227	2.20	1756620	2.99
10,001 to 20,000	124	1.20	1814180	3.09
20,001 to 30,000	41	0.40	1007540	1.71
30,001 to 40,000	18	0.17	633700	1.08
40,001 to 50,000	16	0.15	722630	1.23
50,001 to 1,00,000	29	0.28	2090910	3.56
1,00,001 and above	37	0.36	44164260	75.17
Total	10326	100.00	58750000	100.00
Dematerialisation of Shares	98.898% of the Company's paid-up Equity Share Capital has been dematerialized Shares up to March 31, 2016. Trading in Equity shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities and Exchange Board of India (SEBI).			

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

Liquidity	The Shares are actively traded in Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)
Outstanding GDR/ Warrants/Convertible Instruments	NIL
Foreign exchange risk and hedging activities	Foreign exchange risks are mitigated through forward exchange contracts besides natural hedge of exports against imports.
Plant Locations	The Company has four Units and its locations are given below:
	Unit-I-Natham Main Road, Kanniyapuram, Dindigul-624 308 Unit - II - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308 Unit - III - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - II). Unit - IV - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308 (Adjacent to Unit - III)
Investor Correspondence/ Query Information :	
For Transfer Shares	M/s. SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006.
Any other matter	Regd.Office: 9-A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012

### 10. Other Disclosures

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

### D. DECLARATION REGARDING COMPLIANCE BY BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AFFIRMING COMPLIANCE WITH COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Board and Staff of the Company and a declaration to the effect that the same have been complied with has been received from them in respect of the Financial Year Ended 31.03.2016.

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

DATE : 06/08/2016  
PLACE : Coimbatore

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

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

To

The Members of Ambika Cotton Mills Limited

We have examined the compliance of conditions of Corporate Governance by Ambika Cotton Mills Limited ("the Company") for the year ended March 31, 2016, as stipulated in Clause 49 of the Equity Listing Agreement ("Listing Agreement") entered into by the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period December 1, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Listing Regulations.

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

Date : 06/08/2016

Place : Coimbatore

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

# AMBIKA COTTON MILLS LIMITED

## CORPORATE GOVERNANCE REPORT (Contd...)

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

To  
The Board of Directors  
Ambika Cotton Mills Limited  
Coimbatore

Dear Sirs,

We hereby certify that:

We have reviewed the financial statement read with the cash flow statement of the Company for the year ended March 31, 2016 and that to the best of our knowledge and belief, we state that :

- a) i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best to our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2016 which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems pertaining to financial reporting of the Company and there were no deficiencies in the design or operation of internal controls.
- d) We have indicated to the auditors and the Audit Committee:
  - i) There are no significant changes in internal control over financial reporting during the year ended March 31, 2016.
  - ii) There are no significant changes in accounting policies made during the year ended March 31, 2016 and
  - iii) There have been no instances of significant fraud of which we have become aware.

Sd/-  
M. Vijayakumar  
Chief Financial Officer

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

Date : 06/08/2016  
Place : Coimbatore

# AMBIKA COTTON MILLS LIMITED

## INDEPENDENT AUDITORS' REPORT

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To

The Members of Ambika Cotton Mills Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Ambika Cotton Mills Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

# AMBIKA COTTON MILLS LIMITED

## INDEPENDENT AUDITORS' REPORT ( Contd.,)

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Date : 28.05.2016

Place : Coimbatore

# AMBIKA COTTON MILLS LIMITED

## ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT

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The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2016, we report that:

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

According to the information and explanations given to us no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable

# AMBIKA COTTON MILLS LIMITED

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

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

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income -Tax Act, 1961	Income-Tax	26.12	Assessment year 1998-99	Madras High Court,
Service Tax	Service Tax	4.80	From 16.11.1997 to 01.06.1998	CESTAT, Chennai
Central Excise Act, 1944	Central Excise and Penalty	2.18	04.03.2005 (date of de-bonding)	CESTAT, Chennai
Service Tax	Service Tax, Interest and Penalty	2.95	From 18.04.2006 to 29.02.2008	CESTAT, Chennai
Central Excise Act, 1944	Excise Duty	11.33	From 20.05.1999 to 06.08.1999	Madras High Court
Central Excise Act, 1944	Excise Duty	33.80	From 07.12.2008 to 06.07.2009	CESTAT, Chennai
Service Tax	Service Tax	23.99	From 01.10.2005 to 30.06.2006	Madras High Court
TNGST Act, 1959	Sales Tax	3.72	Assessment year 1996-1997	Deputy Commissioner of Appeals, (CT) Madurai
Central Excise Act, 1944	Interest and Penalty	4.91	November 2008 to December 2010	CESTAT, Chennai
Central Excise Act, 1944	Interest and Penalty	0.84	November 2007 to January 2011	CESTAT, Chennai
Central Excise Act, 1944	Central Excise	410.01	Assessment Year 2005-06	Madurai Bench of Madras High Court
	Total	524.65		

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



# AMBIKA COTTON MILLS LIMITED

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

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

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

Date : 28.05.2016  
Place : Coimbatore

## ANNEXURE - B TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of Ambika Cotton Mills limited ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit

# AMBIKA COTTON MILLS LIMITED

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Date : 28.05.2016  
Place : Coimbatore

# AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

(Rs. in Lakhs)

Particulars	Note No	As at 31.03.2016	As at 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
Share capital	3	587.50	587.50
Reserves and surplus	4	32917.07	29533.41
		<u>33504.57</u>	<u>30120.91</u>
Non-Current Liabilities			
Long-term borrowings	5	0.00	375.00
Deferred tax liabilities (Net)	6	3723.30	4082.56
		<u>3723.30</u>	<u>4457.56</u>
Current Liabilities			
Short-term borrowings	7	1970.86	4584.91
Trade payables	8	1879.29	2295.43
Other current liabilities	9	1286.51	2537.75
Short-term provisions	10	41.63	989.94
		<u>5178.29</u>	<u>10408.03</u>
<b>TOTAL</b>		<u>42406.16</u>	<u>44986.50</u>
<b>II. ASSETS</b>			
Non-Current Assets			
Fixed assets			
(i) Tangible assets	11 A	25513.54	26976.71
(ii) Intangible assets	11 B	0.00	19.86
(iii) Capital work-in-progress		0.00	0.61
Long-term loans and advances	12	412.39	1101.48
		<u>25925.93</u>	<u>28098.66</u>
Current Assets			
Current investments	13	10.50	7.80
Inventories	14	12417.49	14453.11
Trade receivables	15	1850.07	604.30
Cash and cash equivalents	16	478.12	284.46
Short Term Loans & Advances	17	1723.53	1537.74
Other current assets	18	0.52	0.43
		<u>16480.23</u>	<u>16887.84</u>
<b>TOTAL</b>		<u>42406.16</u>	<u>44986.50</u>
Significant accounting policies	2		
See accompanying notes forming part of the Financial Statements			

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

For and on behalf of the Board

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

Sd/-  
(P.V. CHANDRAN)  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN : 00628479)  
  
Sd/-  
(R. SOUNDARARAJA PERUMAL)  
DIRECTOR  
(DIN : 02087219)

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

Sd/-  
(M.VIJAYAKUMAR)  
CHIEF FINANCIAL OFFICER

DATE : 28/05/2016  
PLACE : COIMBATORE

# AMBIKA COTTON MILLS LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2016

		(Rs. in Lakhs)	
Particulars	Note No	Year Ended 31.03.2016	Year Ended 31.03.2015
I. Revenue from operations	19	49230.78	49528.18
II. Other income	20	177.46	55.02
III. Total Revenue ( I+II )		<u>49408.24</u>	<u>49583.20</u>
IV. Expenses:			
Cost of materials consumed	21	30598.42	29416.32
Changes in inventories of finished goods and work-in-progress	22	-454.36	1091.06
Employee benefits expense	23	2510.82	2433.82
Finance costs	24	521.53	631.24
Depreciation and amortization expense		2991.96	2933.33
Other expenses	25	7344.16	6700.98
Total expenses		<u>43512.53</u>	<u>43206.75</u>
V. Profit before exceptional and extraordinary items and tax ( III - IV )		5895.71	6376.45
VI. Exceptional Items		0.00	0.00
VII. Profit before extraordinary items and tax ( V + VI )		5895.71	6376.45
VIII. Extraordinary items		0.00	0.00
IX. Profit before tax ( VII -VIII )		5895.71	6376.45
X Tax expense			
(1) Current tax			
(i) MAT		1258.17	1336.39
(ii) MAT credit reversed		551.28	-58.53
(2) Deferred tax		-359.26	-36.17
(3) Prior period Income tax		0.00	17.21
		<u>1450.19</u>	<u>1258.90</u>
XI. Profit (Loss) for the period from continuing operations ( IX -X )		4445.52	5117.55
XII. Profit / (Loss) from Discontinuing operations		0.00	0.00
XIII. Profit (Loss) for the period ( XI + XII )		4445.52	5117.55
XIV. Earnings per equity share (Face value of Rs.10/-)			
(1) Basic		75.67	87.11
(2) Diluted		75.67	87.11
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

For and on behalf of the Board

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

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

Sd/-  
(R. SOUNDARARAJA PERUMAL)  
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(DIN : 02087219)

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(Dr.K.VENKATACHALAM)  
DIRECTOR  
(DIN : 01062171)

Sd/-  
(RADHEYSHYAM PADIA)  
COMPANY SECRETARY

DATE : 28/05/2016  
PLACE : COIMBATORE

Sd/-  
(M.VIJAYAKUMAR)  
CHIEF FINANCIAL OFFICER

# AMBIKA COTTON MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

	(Rs. in Lakhs)	
Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	5895.71	6376.45
Adjustment for		
Depreciation	2991.96	2933.33
Finance Cost	521.53	631.24
Sale of Assets	-129.05	-21.93
Foreign Currency Fluctuation on revaluation	-84.09	-146.15
Foreign Currency Fluctuation in cash and cash Equivalents on Revaluation	2.14	-0.03
Investments Income:		
Interest/Dividend Received	-42.66	-29.48
	<u>9155.54</u>	<u>9743.43</u>
Operating Profit Before Working Capital Changes		
Changes in Working capital		
Adjustments for Inventories	2035.62	-1162.88
Trade and other receivables	-706.48	-104.44
Trade Payables	-1670.50	-2662.93
Cash generated from operations	<u>8814.18</u>	<u>5813.18</u>
Direct Taxes paid	-2115.87	-1518.51
Net Cash from operating activities	<u>6698.31</u>	<u>4294.67</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-2161.58	-1068.34
Capital work in progress	0.61	98.96
Sale of Fixed assets	781.70	46.07
Capital Advances	50.85	-33.70
Purchase of Investments	-2.70	-0.61
Interest Received	42.32	28.91
Dividend Received	0.34	0.57
Net cash used in Investing activities	<u>-1288.46</u>	<u>-928.14</u>

# AMBIKA COTTON MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(Rs. in Lakhs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	0.00	0.00
Proceeds from Long Term borrowings	0.00	0.00
Proceeds from Working Capital borrowings	-2614.05	723.92
Foreign currency fluctuation on revaluation	0.28	3.54
Repayment of Long Term borrowings	-375.00	-2718.31
Repayment of Finance/ Lease Liabilities	0.00	0.00
Dividend Paid	-1703.75	-734.38
Interest Paid	-521.53	-631.24
Net Cash Used in Financing Activities	-5214.05	-3356.47
Net increase in Cash and Cash Equivalents	195.80	10.06
Cash and Cash Equivalents as at 1st April (Opening Balance)	284.46	274.37
Increase on account of foreign currency revaluation	-2.14	0.03
Cash and Cash Equivalents as at 31st March (Closing Balance)	478.12	284.46
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents (Refer Note 15)	478.12	284.46
Less : Bank Balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statement		
- In Deposit accounts	72.76	67.39
- In Deposit accounts (more than 12 months maturity )	56.54	16.80
- In Deposit accounts (for Guarantee)	4.68	3.85
- In earmarked accounts Unpaid dividend accounts	31.76	14.94
Net Cash and Cash equivalents (as defined in AS 3 Cash Flow Statement) included in Note 15	312.38	181.48
Add : Current investments considered as part of Cash and cash equivalents	0.00	0.00
	<u>312.38</u>	<u>181.48</u>
Closing Cash and Cash Equivalents comprises:		
- Cash on Hand	28.15	39.98
- Balance with Banks		
In Current Accounts	92.56	132.17
In EEFC Accounts	191.67	9.33
	<u>312.38</u>	<u>181.48</u>

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

For and on behalf of the Board

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

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

DATE : 28/05/2016  
PLACE : COIMBATORE

Sd/-  
(M.VIJAYAKUMAR)  
CHIEF FINANCIAL OFFICER

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1

#### Corporate Information

Ambika Cotton Mills Limited is engaged in manufacturing and selling speciality cotton yarn catering to the needs of manufacturers of premium branded shirts and t-shirts. Exports constitute significant portion of the operations. The company operates with total installed spindle capacity of 108228 (Previous Year 108228 Spindles) of compact facility housed in four units. The company has installed 27.4 MW wind power capacity for captive consumption of spinning segment. The Spinning Plants are located at Kanniyapuram, Dindigul and Windmills are located in Tirunelveli, Dharapuram and Theni in the State of Tamilnadu.

### Note 2

#### Significant Accounting Policies

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

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

##### (b) Use of Estimates

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

##### (c) Fixed Assets (Tangible/Intangible)

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

##### (d) Depreciation and amortization

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

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

\*\* Based on technical advice

- ii. Intangible assets are amortized over the period of estimated useful life of 4 years.
- iii. The useful life of a fixed asset, at the time of the acquisition of the asset or of the remaining useful life, on a subsequent review, if, is shorter than as envisaged, depreciation is provided at a higher rate based on the remaining useful life.

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### (e) Inventories

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

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

### (f) Revenue Recognition

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

### (g) Foreign Currency Transactions

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

### (h) Government Grants

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

### (i) Investments

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

### (j) Employee benefits

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

### (k) Borrowing Cost

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



# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### (l) Segment reporting

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

### (m) Earnings per Share

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

### (n) Current Tax

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

### (o) Deferred Tax Liability

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

### (p) MAT Credit Entitlement

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

### (q) Impairment

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

### (r) Derivative Contracts

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

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

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

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 3 Share Capital	As at 31.03.2016		As at 31.03.2015	
	Number of Shares	Rs. (In Lakhs)	Number of Shares	Rs. (In Lakhs)
a. Authorised				
Equity Shares of Rs.10/ each with voting rights	10000000	1000.00	10000000	1000.00
b. Issued				
Equity Shares of Rs.10/ each with voting rights	5875000	587.50	5875000	587.50
c. Subscribed and fully paid up				
Equity Shares of Rs.10/ each with voting rights	5875000	587.50	5875000	587.50

### Notes :

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

Name of the Shareholder	31.03.2016		31.03.2015	
	No. of Shares	% of holding	No. of Shares	% of holding
1. C. Bhavani	2272566	38.68	2272566	38.68
2. P.V. Chandran	584534	9.95	584534	9.95
3. IDFC Mutual Fund	0.00	0.00	216715	3.69

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

(Rs. in Lakhs)

Note 4 Reserves & Surplus	As at 31.03.2016	As at 31.03.2015
(a) Securities Premium Reserve As per last Balance Sheet	1972.58	1972.58
	<u>1972.58</u>	<u>1972.58</u>
(b) General Reserve		
Opening Balance	13679.81	12679.81
Add : Transfer from Surplus in Statement of Profit & Loss	1000.00	1000.00
Closing Balance	<u>14679.81</u>	<u>13679.81</u>
(c) Surplus in Statement of Profit & Loss		
Opening Balance	13881.02	10753.41
Add : Profit after tax for the year	4445.52	5117.55
Less : Interim Dividend	-881.25	0.00
Provision for Dividend	0.00	-822.50
Tax on Interim Dividend	-179.40	00.00
Provision for Tax on Dividend	0.00	-167.44
Prior Period Dividend & Dividend Tax	-1.21	0.00
Transfer to General Reserve	-1000.00	-1000.00
Closing Balance	<u>16264.68</u>	<u>13881.02</u>
Total (a+b+c)	<u>32917.07</u>	<u>29533.41</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5

#### Long term Borrowings

##### (i) Secured

(Rs. in Lakhs)

	As at 31.03.2016	As at 31.03.2015
Term Loans from Banks	0	1678.27
Less: Repayable within 1 year included under Other Current Liabilities.	0	-1303.27
<b>Total</b>	<b>0</b>	<b>375.00</b>

#### Repayment and Maturity Profile of Term Loans

(Rs. in Lakhs)

Name of the Bank	As at 31.03.2016	As at 31.03.2015			
	Loan Amount Outstanding	Loan Amount Outstanding	Quarterly Installment Amount	Remaining Quarterly Installment/(s)	Loan Amount Repayable
1. Bank of Baroda (ROI @12.25%)	0.00	455.00	250.00	1	250.00
			255.00	1	255.00
<b>Total</b>					<b>455.00</b>
2. Bank of Baroda (ROI @12.75%)	0.00	348.27	88.80	3	266.40
			81.87	1	81.87
<b>Total</b>					<b>348.27</b>
3. Axis Bank (ROI @12.65%)	0.00	875.00	125.00	7	875.00
<b>Total</b>					<b>875.00</b>
<b>Total (1+2+3)</b>	<b>0.00</b>				<b>1678.27</b>

#### Nature of Security

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

Loans Guaranteed by Directors : Nil

Period and amount of continuing Default : Nil

Note : Consequent to repayment of term loans fully, the securities offered as above stands discharged.

(ii) Unsecured : 0 0

### Note 6

#### Deferred Tax Liability

Opening Balance	4082.56	4118.73
Add : Transferred from (+) /to (-) Statement of Profit & Loss	- 359.26	- 36.17
	<u>3723.30</u>	<u>4082.56</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2016	As at 31.03.2015
Note 7		
Short term Borrowings		
(i) Secured		
Loans Repayable on Demand From Banks	1970.86	4584.91
	<u>1970.86</u>	<u>4584.91</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
Note 8		
Trade Payables		
Due to Micro, Small & Medium Enterprises	24.89	31.52
Others	1854.40	2263.91
	<u>1879.29</u>	<u>2295.43</u>
Note 9		
Other Current Liabilities		
a. Current maturities of long-term debt	0.00	1303.27
b. Interest accrued but not due on borrowings	0.00	4.38
c. Unpaid dividends	31.75	14.93
d. Other Payables		
(i) Statutory remittances	58.49	62.77
(ii) Payables on Purchase of Fixed Assets	0.00	0.00
(iii) Advances from Customers	135.17	180.53
(iv) Liability for Expenses	1061.10	971.87
	<u>1286.51</u>	<u>2537.75</u>
Note 10		
Short Term Provisions		
a. Provision for Income Tax (net of Advance tax & TDS Rs.1216.54 Lakhs (Previous year Rs.1352.83 Lakhs ))	41.63	0.00
b. Provision for dividend	0.00	822.50
c. Provision for dividend tax	0.00	167.44
	<u>41.63</u>	<u>989.94</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 11

FIXED ASSETS :

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	As At 01.04.2015	Additions	Disposals	As At 31.03.2016	For the Year	Disposals	Upto 31.03.2016	As At 31.03.2016	As At 31.03.2015
<b>A. TANGIBLE ASSETS</b>									
LAND	1025.36	0.00	646.21	379.15	0.00	0.00	0.00	379.15	1025.36
BUILDING	6017.46	299.33	0.00	6316.79	218.43	0.00	1969.39	4347.40	4266.50
PLANT & MACHINERY	41806.47	1843.82	166.68	43483.61	2713.67	160.25	22826.79	20656.82	21533.10
ELECTRICAL FITTINGS	2.67	0.00	0.00	2.67	0.00	0.00	2.67	0.00	0.00
FURNITURE & FIXTURES	10.13	0.00	0.00	10.13	1.08	0.00	9.58	0.55	1.63
OFFICE EQUIPMENTS	66.98	2.63	0.00	69.61	4.02	0.00	67.01	2.60	3.99
VEHICLES	341.15	15.80	15.44	341.51	34.90	15.43	214.49	127.02	146.13
<b>TOTAL AS AT 31.03.2016</b>	<b>49270.22</b>	<b>2161.58</b>	<b>828.33</b>	<b>50603.47</b>	<b>2972.10</b>	<b>175.68</b>	<b>25089.93</b>	<b>25513.54</b>	<b>26976.71</b>
<b>TOTAL AS AT 31.03.2015</b>	<b>48339.76</b>	<b>1068.34</b>	<b>137.88</b>	<b>49270.22</b>	<b>2913.47</b>	<b>113.74</b>	<b>22293.51</b>	<b>26976.71</b>	<b>28845.98</b>
<b>B. INTANGIBLE ASSETS</b>									
KNOWHOW	79.43	0.00	0.00	79.43	19.86	0.00	79.43	0.00	19.86
<b>TOTAL AS AT 31.03.2016</b>	<b>79.43</b>	<b>0.00</b>	<b>0.00</b>	<b>79.43</b>	<b>19.86</b>	<b>0.00</b>	<b>79.43</b>	<b>0.00</b>	<b>19.86</b>
<b>TOTAL AS AT 31.03.2015</b>	<b>79.43</b>	<b>0.00</b>	<b>0.00</b>	<b>79.43</b>	<b>19.86</b>	<b>0.00</b>	<b>59.57</b>	<b>19.86</b>	<b>39.72</b>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at  
31.03.2016

As at  
31.03.2015

### Note 12

#### Long Term Loans and Advances

##### Unsecured, considered good

a. Capital Advances	13.75	64.60
b. Security Deposits		
i. Electricity Deposit	260.44	301.09
ii. Other Deposits	8.62	4.62
c. MAT credit entitlement	0.00	600.00
d. CENVAT Credit and VAT receivable	129.58	131.17
	<u>412.39</u>	<u>1101.48</u>

### Note 13

#### Current Investments

##### a. Investments in Equity Instruments

###### i. Quoted

Cholamandalam Investment and Finance Company Ltd (650 Equity Shares of Rs.10/- each) (Previous year 650 equity shares of Rs.10/- each)	0.65	0.65
City Union Bank Ltd., ( 5000 Equity Shares of Rs.1/- each) (Previous year 5000 equity shares of Rs.1/- each)	0.18	0.18

###### ii. Unquoted

Suryadev Alloys & Power Private Limited (2600 Equity Shares of Rs. 10/- each) (Previous year 1000 Equity Shares of Rs.10/- each)	3.80	1.36
--	------	------

##### b. Investments in Mutual Fund units

LIC Nomura MF Equity Fund- Dividend Reinvestment Plan(53691.972 Units of Rs. 10 each) (Previous Year 51667.021 Units of Rs.10 each)	5.87	5.61
	<u>10.50</u>	<u>7.80</u>

#### Note :

Basis of valuation of Individual investments: Carried at lower of cost and fair value

Aggregate amount of quoted investments	0.83	0.83
Aggregate amount of market value of quoted investments	9.43	8.67
Aggregate amount of unquoted investments	3.80	1.36
Net asset value of Mutual Fund units	6.85	7.30
Aggregate provision made for diminution in value of investments	0	0

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2016	As at 31.03.2015
Note 14		
Inventories (At lower of cost and net realisable value)		
a. Raw Materials	9975.88	12469.35
b. Work-in-progress	726.41	766.78
c. Finished Goods	1059.30	529.30
d. Waste Cotton	56.18	91.45
e. Stores and Spares	466.71	468.78
f. Packing Materials	133.01	127.45
	<u>12417.49</u>	<u>14453.11</u>
Details of Raw Materials		
Raw Cotton	9962.75	12430.86
Modal	13.13	38.49
	<u>9975.88</u>	<u>12469.35</u>
Details of Work in progress		
Cotton in process	726.41	766.78
	<u>726.41</u>	<u>766.78</u>
Details of Finished goods		
Cotton Yarn	1051.33	521.90
Knitted Fabrics	7.97	7.40
	<u>1059.30</u>	<u>529.30</u>
Note 15		
Trade Receivables		
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured and considered good	0.02	2.44
b. Other Trade Receivables		
Unsecured and considered good	1850.05	601.86
	<u>1850.07</u>	<u>604.30</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2016	As at 31.03.2015
Note 16		
Cash and Cash Equivalents		
a. Cash on hand	28.15	39.98
b. Balances with Banks		
(i) In Current accounts	92.56	132.17
(ii) In EEFC accounts	191.67	9.33
(iii) In Deposit accounts	72.76	67.39
(iv) In Deposit accounts (more than 12 months maturity)	56.54	16.80
(v) In Deposit accounts (for Guarantee)	4.68	3.85
(vi) In earmarked accounts - Unpaid dividend accounts	31.76	14.94
	<u>478.12</u>	<u>284.46</u>

(Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow statement is Rs.312.38 Lakhs ( Previous year Rs.181.48 Lakhs))

### Note 17

#### Short-Term Loans & Advances

Unsecured, considered good

a. Advance for supply of materials	287.54	142.94
b. Interest reimbursement receivable (TUFS)	211.15	200.78
c. Electricity Deposit	189.23	0.00
d. Balances with Government authorities		
i. Duty drawback receivable	169.65	349.57
ii. Cenvat & Service tax credit receivable	88.61	98.44
iii. MAT credit carried forward	428.71	380.00
iv. Income Tax refund Due	16.44	16.44
v. VAT & Sales tax receivable	21.02	26.45
e. Pre-paid Expenses	193.79	87.85
f. Others		
i. Cotton Purchase debit Note	0.59	15.34
ii. LC Opening charges for Import of cotton	25.40	16.01
iii. Forward cover receivable.	91.40	203.92
	<u>1723.53</u>	<u>1537.74</u>

### Note 18

#### Other Current Assets

Interest accrued on Deposits

Bank	0.41	0.43
Others	0.11	0.00
	<u>0.52</u>	<u>0.43</u>



# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2016	As at 31.03.2015
Note 19		
Revenue from Operations		
(a) Sale of Products (Refer Note (i) below)	48336.28	48373.76
(b) Other Operating Revenue (Refer Note (ii) below)	894.50	1154.42
	<u>49230.78</u>	<u>49528.18</u>
Less: Excise Duty	0.00	0.00
	<u>49230.78</u>	<u>49528.18</u>
Note (i)		
Sale of Products Comprises of		
Cotton Yarn	43170.60	42652.28
Knitted Fabrics	1567.81	2245.83
Waste Cotton	3597.87	3475.65
	<u>48336.28</u>	<u>48373.76</u>
Note (ii)		
Other Operating Revenue		
Duty draw back	885.98	818.82
Profit on disposal of raw material	8.52	335.60
	<u>894.50</u>	<u>1154.42</u>
Note 20		
Other Income		
a. Interest (Refer Note (i) below)	42.32	28.91
b. Dividend from Current Investments	0.34	0.57
c. Other non-operating income (Refer Note (ii) below)	134.80	25.54
	<u>177.46</u>	<u>55.02</u>
Note (i)		
Interest Income Comprises of		
From banks on deposits	8.85	7.84
Other Interest	33.47	21.07
Total Interest Income	<u>42.32</u>	<u>28.91</u>
Note (ii)		
Other non-operating income Comprises of		
Rent	3.30	3.30
Sundry Parties Written Off	2.45	0.00
Insurance Claim	0.00	0.18
Profit on sale of Fixed Assets	129.05	21.93
Increase in value of Investments	0.00	0.13
Total other non-operating income	<u>134.80</u>	<u>25.54</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2016	As at 31.03.2015
Note 21		
Cost of Materials Consumed		
Opening Stock	12469.35	10253.22
Add : Purchases	31280.33	34034.18
	<u>43749.68</u>	<u>44287.40</u>
Less : Cost of materials disposed	3175.38	2401.73
	<u>40574.30</u>	<u>41885.67</u>
Less : Closing Stock	9975.88	12469.35
Cost of Materials Consumed	<u>30598.42</u>	<u>29416.32</u>
Materials Consumed Comprises		
Raw Cotton	30573.07	28636.36
Modal	25.35	779.96
	<u>30598.42</u>	<u>29416.32</u>
Note 22		
Changes in Inventories of Finished goods and Work-in-Progress		
Opening Stock Work in progress	766.78	1158.97
Opening Stock Finished Goods	529.30	1219.67
Opening Stock of Waste Cotton	91.45	99.95
Total (A)	<u>1387.53</u>	<u>2478.59</u>
Closing Stock Work in progress	726.41	766.78
Closing Stock Finished Goods	1059.30	529.30
Closing Stock of Waste Cotton	56.18	91.45
Total (B)	<u>1841.89</u>	<u>1387.53</u>
Increase / Decrease in Stock (A - B) (-)/(+)	-454.36	1091.06
Note 23		
Employee Benefits Expense		
Salaries & Wages	1914.93	1795.07
Contribution to Provident Fund & Other Funds	139.31	131.10
Staff Welfare Expenses	456.58	507.65
	<u>2510.82</u>	<u>2433.82</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31.03.2016	As at 31.03.2015
Note 24		
Finance Costs		
a. Interest Expense		
(i) Fixed Term loans	60.06	305.10
(ii) Working Capital Loans	458.81	320.91
b. Other Borrowing Costs	2.66	5.23
c. Net Gain/Loss on Foreign Currency transactions	0.00	0.00
	<u>521.53</u>	<u>631.24</u>
Note 25		
Other Expenses		
Stores Consumed	437.32	492.31
Power & Fuel	3268.55	2534.63
Materials Sizing & Fabrication	73.74	96.70
Freight Inwards	15.53	18.99
Machinery Maintenance	172.40	123.02
Building Maintenance	478.59	454.19
Vehicle Maintenance	100.02	137.56
Printing & Stationary	9.68	10.23
Postage & Telephone	35.19	25.37
Travelling Expenses	11.26	10.42
Insurance	121.29	93.40
Licence Fees & Taxes	60.65	96.76
Bank Charges	65.58	85.43
Professional & Legal Charges	37.96	28.38
Salary to Managing Director	24.00	151.00
Auditors Remuneration	3.44	3.37
Foreign Exchange Fluctuation	70.53	128.48
Freight Outwards	673.03	654.61
Packing Materials	751.29	707.74
Brokerage & Commission	714.21	645.50
Rate Discount	17.12	30.93
Sundry Parties Written Off	0.00	2.70
Advertisement	10.12	8.34
Security Service Charges	38.06	40.49
CSR Expenses	116.55	91.01
Miscellaneous Expenses	38.05	29.42
	<u>7344.16</u>	<u>6700.98</u>

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 26

#### Other Additional Information:

I. Contingent Liabilities and commitments (to the extent not provided for)		
(i) Contingent Liabilities	(Rs.in Lakhs)	
a. Claims against the Company not acknowledged as debts:	As at 31.03.2016	As at 31.03.2015
Income Tax (refer note (A) below)	26.12	26.12
Central Excise: Claim of Modvat / Cenvat credit not accepted (refer note (B) below)	69.12	69.12
Central Excise: Demand relating to de-bonding of 100% EOU (refer note (c) below)	410.01	410.01
Other Central Excise & Service Tax matters (refer note (D) below)	15.68	15.68
Sales Tax (refer note (E) below)	3.72	3.72
<b>Total</b>	<b>524.65</b>	<b>524.65</b>
b. Other money for which the company is liable : Export Bills discounted /lodged with the Bank	2735.97	2651.31
(ii) Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1385.72 Lakhs (Previous year Rs. 1175.43 Lakhs). (Advance and other expenditure incurred Rs.13.75 Lakhs). (Previous year Rs.65.21 Lakhs).		

#### Notes :

A	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 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. Disputed amount Rs.26.12 Lakhs (Previous Year Rs.26.12 Lakhs).
B	(a) The Central Excise department has not accepted claim of Cenvat Credit of Service Tax in respect of Windmills for the reason that windmills are situated outside the factory and the matter is pending before Madras High Court. In the company's own case, for a different year, the claim was allowed by Commissioner Central Excise (Appeals), Madurai. Disputed amount Rs.23.99 Lakhs (Previous Year Rs.23.99 Lakhs). (b) The Central Excise department has not accepted claim of Modvat credit of in respect of its erstwhile 100% EOU unit and the matter is pending before Madras High Court. Disputed amount Rs. 11.33 Lakhs (Previous year Rs.11.33 Lakhs). (c) The Central Excise department has not accepted claim of Cenvat Credit of Excise duty in respect of capital goods for the reason that during the impugned period cotton yarn was exempted and the matter is presently pending before CESTAT Chennai. However in a similar matter the Gujarat High Court has allowed the claim of the assessee. Disputed amount Rs.33.80 Lakhs (Previous year Rs.33.80 Lakhs)
	Total demand raised in respect of the above disputes (a+b+c) Rs.69.12 Lakhs (Previous year Rs.69.12 Lakhs)
C	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

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Note 26 ( Contd...)

#### Other Additional Information:

	<p>EXIM policy. The de-bonding involved payment of duty under EPCG License (for capital goods) and Advance License (For Raw materials imported) Schemes. The de-bonding was completed after obtaining "No Dues Certificate from the Assistant Commissioner, Central Excise, Dindigul and final exit order from the Deputy Commissioner, MEPZ, Chennai. The Export Obligation, for duty discharge, fixed both under EPCG Scheme and advance License Scheme are also fulfilled and the respective licenses are redeemed from JDGFT, Coimbatore. Subsequent to the above fulfillment, the Central Excise Department has raised a Demand of Rs.410.01 Lakhs (Previous year Rs.410.01 Lakhs), towards de-bonding of Unit – II and the same is contested by way of writ before Hon'ble Madurai Bench of Madras High Court and the matter is stayed by the High Court.</p>		
D	<p>(a) The Central Excise department has raised a demand towards service tax of in respect of Freight charges paid by the Company, which was earlier held unconstitutional by Hon'ble Apex Court. The matter is contested before CESTAT, Chennai. Disputed amount Rs.4.80 Lakhs (Previous Year Rs.4.80 Lakhs)</p>		
	<p>(b) The Central Excise department has raised Service Tax demand including Interest and Penalty for payment of commission to Foreign Agents and the matter is presently pending before CESTAT Chennai. Disputed amount Rs.2.95 Lakhs ( Previous Year Rs.2.95 Lakhs)</p>		
	<p>(c) The Central Excise department has raised interest and penalty demand for late reversal of Cenvat credit and the matter is presently pending before CESTAT, Chennai. Disputed amount Rs.0.84 Lakhs ( Previous Year Rs.0.84 Lakhs).</p>		
	<p>(d) The Central Excise department has raised Interest and penalty demand for non- reversal of Cenvat Credit on account of its view that Cotton yarn is an exempted product during the period from November 2008 to December 2010.The matter is presently pending before CESTAT,Chennai. Disputed amount Rs.4.91 Lakhs (Previous Year Rs.4.91 Lakhs)</p>		
	<p>(e) The Central Excise department has raised duty demand and penalty proposing to levy the same in respect of used spares on de-bonding of 100 % EOU and the matter is presently pending before CESTAT Chennai. Disputed amount Rs. 2.18Lakhs ( Previous Year Rs. 2.18 Lakhs)</p>		
	<p>Total demand raised in respect of the above disputes (a+b+c+d+e) Rs.15.68 Lakhs (Previous year Rs. 15.68 Lakhs)</p>		
E	<p>The Sales Tax Department for Assessment Year 1996-97 raised demand for non filing of certain forms and the matter is contested before Appellate Deputy Commissioner (Commercial Taxes), Madurai. Disputed Amount Rs.3.72 Lakhs (Previous Year Rs.3.72 Lakhs).</p>		
II	<p>Details of EPCG Authorization &amp; Export obligations</p>		
		Export obligation to be fulfilled in [USD]*	Duty (Rs in Lakh)
	Opening Balance	1108435.07	124.29
	Add : New Authorizations obtained during the year	4141573.22	450.50
	Less : Obligation fulfilled during the year, pending redemption	3498737.72	383.54
	Closing Balance	1751270.57	191.25
	<p>*Obligation in USD is computed at 6 times of the Duty saved amount, to be fulfilled within a period of 6 years from the date of authorization. In the case of the Company the above closing balance obligation in USD 1751270.57 is in respect of authorizations obtained during the current financial year. The Obligation fulfilled Authorizations are pending for redemption.</p>		

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 26 ( Contd...)

Other Additional Information:

III.	a. Earnings Per Share (EPS)	FY 2016	FY 2015
	Profit after Tax as per Statement of Profit and Loss (Rs. in Lakhs)	4445.52	5117.55
	Weighted average No. of Equity Shares outstanding for Basic/ Diluted EPS (Face Value Rs.10/- each)	5875000	5875000
	Earning Per Share (EPS) (Basic) (Rs.)	75.67	87.11
	Earning Per Share (EPS) (Diluted) (Rs.)	75.67	87.11
	b. Dividend Proposed to be distributed to Equity Shareholders		
	Amount of Dividend (Rs. in Lakhs)	-	822.50
	Amount per Share (Rs.)	-	14.00

IV Details of TUFS Interest Reimbursement					(Rs. in Lakhs)
	Opening Balance	Receivable for the year	Total Receivable	Received during the Year	Closing Balance
	( 1 )	( 2 )	3 (1+2)	( 4 )	(5) (3 - 4)
	200.78	49.30	250.08	38.93	211.15
	(206.41)	(160.92)	(367.33)	(166.55)	(200.78)
(Figures in bracket relates to previous year)					

(Rs in Lakhs)

V	Breakup of Trade Payables	As at 31.03.2016	As at 31.03.2015
	Acceptances	1435.96	1432.36
	Other than Acceptances	418.44	831.55
	Total	1854.40	2263.91

VI. In terms of information available with the company there are 3 parties (Previous Year (One) party) who are duly registered under Micro, Small and Medium Enterprises Development Act 2006 and in respect of whom the amount payable Outstanding as on 31.03.2016 is Rs.24.89 Lakhs (Previous year Rs.31.52 Lakhs) and the same was settled within the agreed dates which is not more than 45 days from the day of acceptance or deemed acceptance of the goods.

VII. Vehicle maintenance includes cost of expenditure exclusively incurred to provide transport to the employees from their place to work spot Rs.91.82 Lakhs (Previous year Rs.133.11 Lakhs)

VIII. Related Party Disclosures under Accounting Standard 18

(Rs in Lakhs)

Name of the Related Party	Sri P.V. Chandran (Key Management Personnel)			
	For 2016	For 2015	Balance Payable as at 31.03.2016	Balance Payable as at 31.03.2015
Remuneration of Sri P.V. Chandran	24.00	151.00	2.00	127.61
<u>Relatives of Key Management Personnel</u>				
Mrs.Vidya Jyothish Pillai (Daughter of Sri P.V.Chandran) - Director's Sitting fees	0.75	0.60	-	-
Mrs. Bhavya Chandran ( Daughter of Sri P.V.Chandran) - Director's Sitting fees	0.75	0.60	-	-

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 26 ( Contd...)

Other Additional Information:

IX. Break up for Deferred Tax Liabilities / Assets

(Rs in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liability on account of timing difference of depreciation	3723.30	4082.56
Less : Deferred Tax Assets	0.00	0.00
Deferred Tax Liability/Asset(net)	3723.30	4082.56

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

Particulars	As at 31.03.2016		As at 31.03.2015	
	Assets	Liabilities	Assets	Liabilities
(i) In USD	293448.26	190822.77	39042	3589672
(ii) In INR(Lakh)	194.41	126.42	24.40	2243.19

b. Outstanding Forward Exchange Contracts entered into by the company as on 31.03.2016.

Currency	Amount	Buy/ Sell	Cross Currency
USD	3814000 (7902100)	Sell	INR
USD	2155231 (3645165)	Buy	INR

(Figures in bracket relates to the previous year)

(Rs. in Lakhs)

XI	Auditors' Remuneration	For 31.03.2016	For 31.03.2015
	Statutory Audit Fees	3.44	3.37
	Total	3.44	3.37

XII. Employee Benefits:

a. Company's Contribution to Provident Fund: Rs. 139.31 Lakhs (Previous Year Rs.131.10 Lakhs)

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 2016.

(i) Present value of obligations

(Rs. in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Obligations at the beginning of the year	32.57	14.15
Interest Cost	2.61	1.14
Current Service Cost	4.21	2.05
Benefit paid	(0.39)	(2.56)
Actuarial (Gain) /loss on obligations	(19.97)	17.79
Obligations at the end of the year	19.03	32.57

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 26 ( Contd...)

Other Additional Information :

(ii) Fair value of Plan Assets

(Rs. in Lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
Fair Value of the plan assets, beginning of the year	22.78	14.56
Expected return on plan assets	2.02	1.41
Contributions	4.08	9.37
Benefit paid	(0.39)	(2.56)
Actuarial (Gain) /loss on plan Assets	0	0
Fair Value of the plan assets, end of the year	28.49	22.78

(iii) Expenses to be recognized for the current year

(Rs. in Lakhs)

Particulars	For 31.03.2016	For 31.03.2015
Current Service Cost	4.21	2.05
Interest Cost	2.61	1.14
Expected return on plan assets	(2.02)	(1.41)
Actuarial (Gain)/ loss for the year	(19.97)	17.79
Expense to be recognized in statement of Profit and Loss	(15.17)	19.57

(iv) Actuarial Assumption

	For 31.03.2016	For 31.03.2015
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%

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



# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 26 ( Contd...)

Other Additional Information :

### XIII. Segment Reporting :

#### (i) Business segment

(Rs. in Lakhs)

Particulars	Textiles		Windmills		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Gross Segment Revenue	49230.78	49528.18	2434.95	2776.40	51665.73	52304.58
Less: Intersegment Revenue	-	-	-	-	2434.95	2776.40
Total Revenue	49230.78	49528.18	2434.95	2776.40	49230.78	49528.18
Segment Result	5656.90	5811.55	582.88	1141.12	6239.78	6952.67
Less: Finance Cost	-	-	-	-	521.53	631.24
Add: Unallocable Other Income net of Expenditure	-	-	-	-	177.46	55.02
Profit before Tax	-	-	-	-	5895.71	6376.45
Less : Tax Expense	-	-	-	-	1450.19	1258.90
Profit for the Year	-	-	-	-	4445.52	5117.55
Segment Assets	36220.31	37174.10	5740.70	6815.96	41961.01	43990.06
Unallocated Assets	-	-	-	-	445.15	996.44
Total Assets	-	-	-	-	42406.16	44986.50
Segment Liabilities	2755.67	3979.30	410.13	373.11	3165.80	4352.41
Unallocated Liabilities	-	-	-	-	5735.79	10513.18
Total Liabilities	-	-	-	-	8901.59	14865.59
Other information						
Capital Expenditure	2161.58	1068.34	0.00	0.00	2161.58	1068.34
Unallocated Capital Expenditure						
Depreciation	1787.85	1729.22	1204.11	1204.11	2991.96	2933.33
Unallocated Depreciation	-	-	-	-	-	-
Non - Cash Expenses other than depreciation	-	-	-	-	-	-

#### (ii) Geographic Segment

(Rs. in Lakhs)

Particulars	Europe	Asia	Others	India	Total
Sale of Goods	1118.13	24780.15	62.24	22375.76	48336.28
	(2529.25)	(26003.05)	(-)	(19841.46)	(48373.76)
(Figures in bracket relates to previous year)					

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 26 ( Contd...)

Other Additional Information :

(Rs. in Lakhs)

XIV. Value of Imported and Indigenous Raw Materials and Spare parts consumed and percentage thereof :		FY 2016		FY 2015	
		Value	% to Total	Value	% to Total
i)	Raw Materials				
	Imported	19000.52	62.09	20969.16	71.28
	Indigenous	11597.90	37.91	8447.16	28.72
	Total	30598.42	100.00	29416.32	100.00
ii)	Spare Parts				
	Imported	47.85	10.94	96.19	19.54
	Indigenous	389.47	89.06	396.12	80.46
	Total	437.32	100.00	492.31	100.00

(Rs. in Lakhs)

		FY 2016	FY 2015
XV.	a. Earnings in Foreign Exchange	25960.52	28532.30
	b. Expenditure in Foreign Currency		
	i) For Import of Capital Goods	1036.68	251.87
	ii) For Import of Raw Materials	22207.54	24388.47
	iii) For Import of Spares	52.10	102.55
	iv) For Interest & Bank Charges	196.18	211.21
	v) For Commission	381.06	369.57
	vi) For Other Matters	3.18	3.09
	Total expenditure in foreign currency	23876.74	25326.76

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Note 26 ( Contd...)

Other Additional Information :

XVI. Details of CSR Expenditure :

- a. Gross amount required to be spent by the Company during the year Rs. 109.38 Lakhs (Previous year Rs. 88.31 Lakhs)
- b. Amount spent during FY 2015 - 16

(Rs in Lakhs)

S.No	Particulars	In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset - Relates to construction of public toilets	35.10 (19.52)	0	35.10 (19.52)
ii)	On purposes other than (i) above	81.45 (71.49)	0	81.45 (71.49)
	<b>Total</b>	<b>116.55 (91.01)</b>		<b>116.55 (91.01)</b>

(Figures in bracket relates to previous year)

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

For and on behalf of the Board

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

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

Sd/-  
(R.SOUNDARARAJA PERUMAL)  
DIRECTOR  
(DIN : 02087219)

Sd/-  
(RADHEYSHYAM PADIA)  
COMPANY SECRETARY

Date : 28.05.2016  
Place : Coimbatore

Sd/-  
M. VIJAYAKUMAR  
(CHIEF FINANCIAL OFFICER)