

AMBIKA COTTON MILLS LIMITED

**ANNUAL REPORT
2011 - 2012**

AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT 2011 - 2012

BOARD OF DIRECTORS

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

Registered Office

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

Plant

Kanniyapuram
Dindigul

Auditors

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

Bankers

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

AMBIKA COTTON MILLS LIMITED

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

NOTICE OF THE MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held on Friday the 28th September 2012 at 12.00 Noon at Hotel Sree Annapoorna, 75, East Arokiyasamy Road, R.S.Puram, Coimbatore - 641 002.

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2012 and Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Sri. K.N.Sreedharan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. K.Venkatachalam who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting and to fix their remuneration.

B. SPECIAL BUSINESS

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

Resolved that Sri.P.V.Chandran be and is hereby reappointed as the Chairman and Managing Director of the company for a further period of 5 years with effect from 1.4.2012 to 31.03.2017.

Further Resolved that pursuant to Section 309 (3) and all other applicable provisions read with Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary, consent be and he hereby accorded to the payment of remuneration to Sri.P.V.Chandran, Chairman and Managing Director of the Company of Rs.2,00,000/- per month plus commission at the rate of 2% of the net profit of the company subject to maximum of Rs.75.00 Lakh per annum.

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

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

Resolved that Mrs.Vidya Jyothish be and is hereby appointed as a Director of the Company.

By order of the Board

Sd/-

(P.V.CHANDRAN)

Chairman and Managing Director

PLACE: Coimbatore

DATE: 29.05.2012

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.**

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...) :

NOTES :

2. The Register of Members of the Company will remain closed from Wednesday 19th September 2012 to Friday 28th September 2012 (Both the days inclusive). The dividend if declared will be paid to those members whose name appears in the Register of Members as on Friday, 28.09.2012 in respect of shares held in physical form and in respect of shares held in dematerialized form on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours on Tuesday 18th September 2012.
3. Members are requested to notify the changes if any in their address immediately.
4. Shareholders seeking any information with regard to the accounts are requested to write to the company at least seven days before the date of the meeting so as to enable the company to keep the information ready.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956 as amended, dividend for the Financial year 2004-2005 and thereafter which remain unpaid/unclaimed for a period of 7 (Seven) years will be transferred to the Investor Education and protection Fund (the Fund) constituted by the Central Government under Section 205C of the Companies Act, 1956. Unpaid/unclaimed Equity Dividend for the financial year 2004-2005 will fall due for transfer to the said Fund on 27th October 2012. As regards unclaimed dividend for the financial years up to 2003-2004 the same have already been transferred to the said Fund. It may kindly be noted that once the unpaid/unclaimed dividend is transferred to the above said Fund of the Central Government, no claim shall lie in respect thereof.
6. Notes on Directors seeking appointment / reappointment as required under Clause 49 (VI) (A) of the listing agreement entered into with the Stock Exchanges:

a. Sri. K.N. Sreedharan

Sri. K.N.Sreedharan is a practicing Chartered Accountant based at Coimbatore and rendering Corporate Advisory Services to several corporates in and around Coimbatore. He is a very senior Chartered Accountant and he is in the Board of the Company since 1994. He is rendering valuable services to the Company and his continued association is required for the long term growth of the Company.

b. Dr.K.Venkatachalam

Dr.K.Venkatachalam holds Masters Degree in Sociology and Post Graduation Diploma in Labour and Administrative Law and an expert in the field of Industrial Management and Labour related matters. The Cotton Textile Industry being labour intensive, his guidance in the labour related matters would be of much value in the maintenance of cordial labour relationship.

c. Sri.P.V.Chandran

Sri.P.V.Chandran is the promoter Director of the company and has spearheaded the growth of the company since its incorporation. Sri.P.V.Chandran is well experienced over a period of 40 years in the field of Textiles and the company continues to grow under his guidance. He was

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...) :

reappointed as Chairman and Managing Director of the Company by the Board of Directors for a period of 5 years with effect from 01.04.2012 to 31.03.2017 at their meeting held on 14.02.2012. The reappointment of Sri.P.V.Chandran as Chairman and Managing Director is beneficial and in the interest of the company. There is no variation in his remuneration as fixed in the 19th Annual General Meeting of the company held on 28.09.2007 and at which the above remuneration was approved by the members of the company.

d. Mrs. Vidya Jyothish

Mrs. Vidya Jyothish holds Masters in Computer Application and she is daughter of Sri. P.V. Chandran, Chairman and Managing Director of the Company. Her induction into the Board of Directors will facilitate in the overall growth of the company.

By order of the Board

PLACE: Coimbatore
DATE: 29.05.2012

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

ANNEXURE TO NOTICE

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

Item No.6

- (i) Sri.P.V.Chandran was reappointed as the Managing Director of the Company to hold the office for a period of 5 years with effect from 01.04.2012 to 31.03.2017 by the Board of Directors at their meeting held on 14.02.2012.
- (ii) Under his stewardship the company has grown considerably in terms of Sales and Profits and it is in the interest of the company to reappoint him as the Chairman and Managing Director of the company for a further period of 5 years with effect from 1.4.2012 to 31.03.2017.
- (iii) Schedule XIII to the Companies Act provides for payment of remuneration to managerial personnel either as a fixed monthly remuneration or as a percentage of profits or a combination of both.
- (iv) At the 19th Annual General Meeting of the company held on 28.09.2007 remuneration was provided to him providing for a remuneration of Rs.2.00 Lakh per month and 2% of the net profits of the company subject to a maximum remuneration of Rs.75.00 Lakh. He was also provided for sitting fees for the meetings of the Board of Directors or the Committee thereof attended by him and not entitled to any perquisites.
- (v) There is no variation in the remuneration as earlier approved by the members at the Annual General Meeting held on 28.09.2007.

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO NOTICE (Contd...)

- (vi) Accordingly Directors, recommend the Resolution at item no.6.
- (vii) No other Director is interested except Sri.P.V.Chandran, Mrs. Bhavya Chandran and Mrs. Vidya Jyothish may be considered as concerned or interested in passing the Resolution.

Item No.7

- (i) The Board of Directors appointed Mrs. Vidya Jyothish as an additional Director pursuant to Article 78 of the Articles of Association of the company and under the said Article she will hold office only up to the date of the forthcoming Annual General meeting. The Company has received a Notice in writing from a member of the Company under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- signifying his intention to propose the appointment of Mrs. Vidya Jyothish as a Director of the Company.
- (ii) Mrs. Vidya Jyothish holds Masters in Computer Application, the company has expanded its business operations substantially in the recent periods and the volume is growing. Her induction in to the Board would help the Company in its operations.
- (iii) Accordingly Directors, recommend the Resolution at item no.7
- (iv) Mrs. Vidya Jyothish is the daughter of Sri.P.V.Chandran, Chairman and Managing Director of the Company.
- (v) No other Director is interested except Sri.P.V.Chandran, Mrs. Bhavya Chandran and they may be considered as concerned or interested in passing the Resolution.

By order of the Board

PLACE: Coimbatore
DATE: 29.05.2012

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

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT

Your directors have great pleasure in submitting the Twenty Fourth Annual Report together with the audited accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2012 are furnished below:

	CURRENT YEAR 2012 Rs.	PREVIOUS YEAR 2011 Rs.
Sales and other Income	3,90,12,85,314	3,27,24,15,467
Gross Profit for the year	58,95,32,150	84,03,37,383
Less : Depreciation	26,80,13,695	24,21,96,256
Profit before tax	32,15,18,455	59,81,41,127
Less: Tax Expenses		
Current Tax (MAT)	6,43,35,758	11,92,02,034
Less : MAT Credit	0	-9,80,22,617
Net Current Tax	6,43,35,758	2,11,79,417
Less : Deferred Tax	10,64,134	14,56,18,277
Less : MAT Credit Reversed	89,53,158	43,06,197
Less : Prior Period Income Tax	83,44,059	25,90,481
Profit after Tax	23,88,21,346	42,44,46,755
Add : Balance in Profit & Loss Account	53,02,25,734	23,91,15,361
	76,90,47,080	66,35,62,116
Add : Depreciation Withdrawn	0	9,17,440
	76,90,47,080	66,44,79,556
Less : Appropriation		
Interim Dividend	1,17,50,000	1,17,50,000
Dividend Tax on Inteim Dividend	19,06,144	19,51,530
Transferred to General Reserve	10,00,00,000	10,00,00,000
Proposed Dividend on Equity Shares	1,76,25,000	1,76,25,000
Dividend Tax	28,59,216	29,27,292
Balance Carried Over in Profit & Loss Account	63,49,06,720	53,02,25,734

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

DIVIDEND

The company has paid an Interim dividend of 20% (Rs.2/- per share) during the year. The directors are pleased to recommend a Final dividend of 30% (Rs.3/- per share) for the year ended 31st March 2012 for your approval. The outflow on account of Equity Dividend would be including interim dividend for the year works out to 50% (Rs.5/- per share) and the total payout will be Rs.293.75 Lakh (Previous year Rs. 293.75 Lakh) and dividend tax Rs.47.65 Lakh (Previous year Rs. 48.79 Lakh).

OPERATIONS:

The Company's Total Income and Gross profit amounted to Rs.39013 Lakh (Previous year Rs.32724 Lakh) and Rs.5895 Lakh (Previous year Rs. 8403 Lakh). This represents growth in total income of 19.22 % and decline in Gross Profit of 29.85% as compared to the previous year.

For the year Company's Direct Export Turnover amounted to Rs.22916 Lakh as compared to Rs. 17816 Lakh in the previous year representing a growth of 28.63%. In terms of percentage the export turnover constituted 60.97% of the net sales as against 55.94 % in the previous year.

The company continued its fine performance for the current year on the strength of its operational matrix, but was impacted on account of volatility in foreign currency, hike in interest cost, instability in cotton prices and uninterrupted availability of power. Despite, the above constraints having a bearing on the overall performance, the company exhibited its strength as it can be seen from the financial results. As of now the company is focusing on debt reduction. The substantial investments made by the company over the years in spinning segment and wind energy would contribute sustainable revenue ensuring continued better performance of the company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

DEPOSITS:

The Company has not accepted any deposits from the public.

DIRECTORS:

Sri. K.N.Sreedharan Director retires by rotation and being eligible offers himself for re-appointment.

Dr. K.Venkatachalam Director retires by rotation and being eligible offers himself for re-appointment.

Mrs. Vidya Jyothish was co-opted as an additional director of the company by the Board of Directors of the company at the meeting held on 14.02.2012.

Sri P.V. Chandran, Chairman and Managing Director is re-appointed for a period of 5 years to hold the office with effect from 01.04.2012 to 31.03.2017.

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

AUDITORS:

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

COST AUDIT:

The company's cost records are audited by Mr. G. Sivagurunathan, Cost Accountant, Coimbatore for the financial year ended 31.03.2011 and in respect of the same has submitted his report to the Central Government on 30.09.2011. He was re-appointed to conduct cost audit of cost records of the company for the financial year 2011 - 12 and 2012 - 13 upon his furnishing a certificate to the effect that he is independent, free from any disqualification and his appointment if appointed, will be within the limits as specified under the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Company has selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Company has prepared the attached annual statement of accounts for the year ended 31st March 2012, on a going concern basis.

PARTICULARS OF EMPLOYEES:

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

DISCLOSURES OF PARTICULARS:

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

By order of the Board

PLACE: Coimbatore
DATE: 29.05.2012

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

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE I

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

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

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

b) Additional Investments and proposals being Implemented for reduction of consumption of Energy: The Company has installed 25.9 MW of wind energy capacity for captive consumption. This would meet 100% power requirement of the spinning segment.

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

i) Substantial savings in energy cost.

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

iii) Efficiency of the Internal Generation of Electricity is maintained.

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

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
1. ELECTRICITY :		
a. Purchased :		
Units (in Lakhs)	89.35	195.06
Total Amount (Rs. in Lakhs)	841.50	1150.92
Rate per Unit (inclusive of demand charges per unit Rs. 3.07 (previous year Rs. 1.40)	9.42	5.90
b. Own Generation :		
1. Through Diesel Generator:		
Units (in Lakhs)	49.00	90.16
Units per litre of Diesel Oil	3.66	3.66
Rate per Unit	9.35	8.72
2. Wind Energy	468.71	362.08
3. Coal	Nil	Nil
4. Furnace Oil	Nil	Nil
5. Others/Internal Generation	Nil	Nil
c. Consumption per unit of Production Electricity Units per Kg.	4.96	5.18
d. Technology Absorption :	Indigenous Technology alone is used.	
e. Foreign Exchange Earnings (Rs. in lakhs)	22916	17816
Foreign Exchange Outgo (Rs. in lakhs)	8774	5707

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT (Contd.,)

ANNEXURE II

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2012.

Name	Age (Years)	Designation / Nature of duties	Remuneration including commission (Rs. in Lakh)	Experience (Years)	Date of joining	Last Employment/ Designation/ period
P.V.Chandran	62	Chairman and Managing Director / Overall Management of the Company	75.00	40	06-10-1988	--

By order of the Board

PLACE: Coimbatore
DATE: 29.05.2012

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

AMBIKA COTTON MILLS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Overall Review

The Financial Year 2011 - 12 globally witnessed economic uncertainty and had severely impacted the demand environment in respect of all products and services. The economic scenario was further affected, domestically, by way of substantial rupee depreciation against USD, impacting the financial performance of those Companies who are having a wider exposure to imports and exports.

2. Industry Outlook

The long term trend of the cotton textile industry is better placed as the demand for cotton yarn is set to grow considerably as more and more users opt to wear cotton based clothing vis-a-vis other clothing styles on account of its Comfortability in wearing. But the industry, on the other hand, is exposed to volatility in cotton prices the main input in manufacturing cotton yarn.

3. Opportunities

The Cotton yarn manufacturing industry is broadly categorized into viz: (i) Normal yarn (ii) Speciality yarn. The demand for speciality yarn would grow on account of comfort of cotton wear, wherein specialty yarn is the major input and as such the speciality products would have a continuous demand.

The Company is operating only in speciality cotton yarn segment and would be in a position to make use of continuous demand for such yarn.

4. Challenges

- (i) Volatility in cotton prices
- (ii) Government regulatory issues
- (iii) Rupee depreciation against USD
- (iv) High cost of interest for domestic borrowing
- (v) Consistent and adequate supply of quality power without any interruptions.
- (vi) Transfer of power generated by windmills to grid by TNEB without interruption and its allowability for due set-off for captive consumption.

5. Company Outlook

The company has consistently good demand for its speciality yarn products. Even while, adverse environment prevailed on several fronts, it is able to perform substantially better as compared to the peers. 100% Captive power wind capacity would further support the operations of the company.

6. Risks and Concerns

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

AMBIKA COTTON MILLS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd...)

7. Discussion on Financial Performance with Respect to Overall Performance

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

	Current Year 2012 Rs.	Previous Year 2011 Rs.
1. Increase in Net Sales (Rs. in Lakhs)	5736	11045
2. Increase in Net Sales (%)	18.01	53.08
3. Increase in Exports (in Rs.Lakhs)	5100	5675
4. Increase in Exports (%)	28.63	55.93
5. Operating Profit Margin before Tax (%)	20.93	31.17
6. Operating Profit Margin after Tax (%)	18.73	25.72
7. Cash Profit Margin before Tax (%)	15.68	26.38
8. Cash Profit Margin after Tax (%)	13.48	20.93
9. Net Profit Margin before Tax (%)	8.55	18.78
10. Net Profit Margin after Tax (%)	6.35	13.33

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

8. Internal control, systems and adequacy.

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

9. Human Resources Development

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

10. Safety and Environment

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

11. Cautionary Statement

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT

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

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

2. Board of Directors

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

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

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

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

Number of Board Meetings held during 2011 - 2012 : 4			
Sl.No.	Date of Board Meeting	Sl.No.	Date of Board Meeting
1	30.05.2011	3	09.11.2011
2	30.07.2011	4	14.02.2012

(B) Attendance Record of Directors :

Sl. No.	Name of the Director	Number of Meetings held	Number of Meetings attended	Whether attended last AGM held on 27th September, 2011
1	Sri. P.V. Chandran, Chairman and Managing Director	4	4	Yes
2	Sri. K.N. Sreedharan, Director	4	3	No
3	Dr. K.Venkatachalam, Director	4	4	Yes
4	Sri. R. Soundararaja Perumal, Director	4	4	Yes
5	Mrs. Bhavya Chandran	4	2	No
6	Smt. Seethalakshmi Nagarajan (Nominee Director, IDBI Bank Limited)	4	2	No

4. Audit Committee :

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

Members' attendances at the meetings were as follows.

Name of the Directors	Category	No. of Meetings attended during the year 2011-12
Sri. K.N. Sreedharan	Independent / Non Executive	3
Dr. K.Venkatachalam	Independent / Non Executive	4
Sri. R.Soundararaja Perumal	Independent / Non Executive	4

During the year, the Audit Committee held its meetings on 30.05.2011, 30.07.2011, 09.11.2011 & 14.02.2012.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

5. Remuneration Committee:

The Remuneration Committee consists of Three Directors viz., Sri P.V.Chandran, Dr.K.Venkatachalam & Sri R. Soundararaja Perumal.

6. Shareholders Committee and Share Transfer System :

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

Name of the Directors	Category	No.of Meetings attended during the year 2011 - 2012
Sri. P.V. Chandran	Promoter Director & Executive	7
Dr. K.Venkatachalam	Independent Director	7
Sri. R. Soundararaja Perumal	Independent Director	7

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

(B) Share Transfer System:

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

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

8. General Body Meetings:

Location and time, where last three Annual General Meetings held

Year	Location	Date	Time
2009	Hotel Sree Annapoorna, 75 East Arokiyasamy Road R.S.Puram, Coimbatore - 641 002	29.09.2009	4 PM
2010	Hotel Sree Annapoorna, 75 East Arokiyasamy Road R.S.Puram, Coimbatore - 641 002	27.09.2010	12 Noon
2011	Hotel Sree Annapoorna, 75 East Arokiyasamy Road R.S.Puram, Coimbatore - 641 002	27.09.2011	12 Noon

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

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

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

10. Means of Communication :

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

11. Information of Directors Appointed/ Reappointed :

a. Sri. K.N. Sreedharan

Sri. K.N.Sreedharan is a practicing Chartered Accountant based at Coimbatore and rendering Corporate Advisory Services and he is in the Board of the Company since 1994 and his continued association is required for the long term growth of the Company.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

b. Dr. K. Venkatachalam

Dr.K.Venkatachalam holds Masters in Sociology and Post Graduation Diploma in Labour and Administrative Law and an expert in the field of Industrial Management and labour related matters. The Cotton Textile Industry being labour intensive, his guidance in the labour related matters would be of much value in the maintenance of cordial labour relationship.

c. Sri. P.V. Chandran

Sri.PV.Chandran is a Promoter Director of the company and is actively looking after affairs of the company since incorporation. He was reappointed as Chairman and Managing Director of the Company by the Board of Directors to hold office for a period of 5 years from 01.04.2012 to 31.03.2017 at their meeting held on 14.02.2012 on account of expiry of his period of appointment as Chairman and Managing Director on 31.03.2012. Hence he is re-appointed as Chairman and Managing Director to hold office for a further period of 5 years with effect from 01.04.2012.

d. Mrs. Vidya Jyothish

Mrs. Vidya Jyothish holds Masters in Computer Application and she is daughter of Sri. P.V. Chandran, Chairman and Managing Director of the Company. Her induction into the Board of Directors will facilitate in the overall growth of the company.

12. General Information to Shareholders:

Annual General Meeting (AGM) Date, Time and Venue	Friday, 28th September 2012 at 12.00 Noon at Hotel Sree Annapoorna, 75, East Arokiyasamy Road, R.S.Puram, Coimbatore - 641 002	
Financial Calendar (tentative):		
Results for Quarter ending	June 30, 2012	2nd Week of August, 2012
	September 30, 2012	2nd Week of November, 2012
	December 31, 2012	2nd Week of February, 2013
	March 31, 2013	Last week of May 2013 (Audited).
	AGM	September 2013.
Date of Book Closure	19.09.2012 to 28.09.2012 (Both days inclusive) for Dividend. The dividend if declared will be paid to those members whose name appears in the Register of Members as on Friday, 28.09.2012 in respect of shares held in physical form and in respect of shares held in dematerialized form on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours on Tuesday 18th September 2012.	
Dividend Payment Date	Within thirty days from the date of AGM	
Listing on Stock Exchanges	Listed in National Stock Exchange, Bombay Stock Exchange, Annual Listing Fee has been paid to the Stock Exchanges.	
Stock Code	531978 (BSE), AMBIKCO (NSE)	
Demat ISIN Number in NSDL & CDSL for Equity Shares.	ISIN Number : INE540G01014.	

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

Stock Market Data :

Month	The Stock Exchange Mumbai (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
Apr-11	231.00	203.00	229.00	202.10
May-11	228.00	188.20	228.00	188.10
June-11	200.00	162.00	200.00	161.15
Jul-11	198.95	175.00	199.40	171.00
Aug-11	205.90	167.05	205.00	164.00
Sep-11	192.30	167.10	189.10	167.00
Oct-11	197.00	165.35	190.10	169.00
Nov-11	203.50	165.00	204.00	160.00
Dec-11	176.70	138.00	179.90	139.00
Jan-12	173.00	145.00	172.90	147.00
Feb-12	175.00	150.05	174.90	154.00
Mar-12	173.50	141.30	161.00	143.00

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

Pattern of Share Holding as on 31.03.2012

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters	2679265	45.605
2	Banks, Financial Institutions, Mutual Funds	521125	8.870
3	Foreign Institutional Investors / NRIs	250	0.004
4	Corporate Bodies	768170	13.075
5	Public		
	1. Individuals (holding Nominal share capital upto Rs. 1.00 lakh)	973475	16.570
	2. Individuals (holding Nominal share capital in excess of Rs.1.00 lakh)	803525	13.677
6	Any other (Specify)		
	a. Directors and their relatives	100	0.002
	b. Non Resident Indians	28207	0.480
	c. Clearing Members	22727	0.387
	d. Hindu Undivided Families	78156	1.330
	TOTAL	5875000	100.00

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

Distribution of Share Holding as on 31-03-2012

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 to 500	3896	89.79	4290730	7.30
501 to 1000	198	4.57	1567900	2.67
1001 to 2000	97	2.24	1454470	2.48
2001 to 3000	39	0.90	1035940	1.76
3001 to 4000	14	0.32	504980	0.86
4001 to 5000	18	0.41	851300	1.45
5001 to 10000	34	0.78	2553810	4.35
10001 and above	43	0.99	46490870	79.13
TOTAL	4339	100.00	58750000	100.00
Dematerialisation of Shares	98.633% of the Company's paid-up Equity Share Capital has been dematerialized up to March 31, 2012. Trading in Equity shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities & Exchange Board of India (SEBI).			
Liquidity	The Shares are actively traded in Bombay Stock Exchange (BSE) & National Stock Exchange of India Limited (NSE)			
Outstanding GDR / Warrants / Convertible Instruments.	NIL			
Plant Location	The Company has four Units and its locations are given below :			
	Unit - I - Natham Main Road, Kanniyapuram, Dindigul - 624 308.			
	Unit - II - Kanniyapuram - Ellaipatti Road, Kanniyapuram, Dindigul - 624 308.			
	Unit - III - Kanniyapuram - Ellaipatti Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - II)			
	Unit - IV - Kanniyapuram - Ellaipatti Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - III).			
Investor Correspondence / Query Information :-				
For Transfer Shares	SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.			
Any other matter	Regd. Office : 9-A, Valluvar Street, Sivanandha Colony, Coimbatore - 641 012.			

13. Disclosure

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

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

2. Details of remuneration for the year ended 31.03.2012

(a) Non executive directors

Sl. No.	Name of the Director	Sitting Fees (Rs.)
1.	Sri K.N. Sreedharan	90000
2.	Dr. K. Venkatachalam	120000
3.	Sri. R. Soundararaja Perumal	120000
4.	Smt. Seethalakshmi Nagarajan (Amount paid to IDBI Bank Limited)	30000
	Total	360000

(b) Chairman and Managing Director and Executive Director.

Sl. No.	Name of the Director	Salary (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
1.	Sri. P.V. Chandran	2400000	5100000	60000	7560000
2.	Mrs. Bhavya Chandran	120000	-	30000	150000

3. Shares of the company held by non-executive directors: Sri. Dr. K.Venkatachalam holds 100 Shares of the company as on 31st March 2012.

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

This is to confirm that the Company has adopted a Code of Conduct for its Board and Staff of the Company and a declaration to the effect that the same have been complied with has been received from them in respect of the Financial Year Ended 31.03.2012.

Sd/-

PLACE: Coimbatore

(P.V.CHANDRAN)

DATE: 29.05.2012

Chairman and Managing Director

Compliance Certificate from the Auditors of the Company

To the Members of Ambika Cotton Mills Limited

We have examined the compliance of conditions of Corporate Governance by Ambika Cotton Mills Limited (the company), for the year ended on 31st March 2012, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

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

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

We state that in respect of investor grievance during the year ended 31st March 2012, no grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholder's & Investor's Grievances Committee.

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

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

Sd/-

(L. VENKATASUBBU)
PARTNER

MEMBERSHIP NO. 019791

PLACE: Coimbatore

DATE: 29.05.2012

AMBIKA COTTON MILLS LIMITED

AUDITORS' REPORT

To

The Members of Ambika Cotton Mills Limited,

1. We have audited the attached Balance sheet of Ambika Cotton Mills Limited as at 31st March 2012 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the Directors as on, 31st March 2012 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

AMBIKA COTTON MILLS LIMITED

AUDITORS' REPORT (Contd...)

- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
- ii. in the case of the Profit and Loss account, of the profit for the year ended on that date and
- iii. In the case of Cash Flow Statement of the cash flows for the year ended on that date

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

Sd/-

(L. VENKATASUBBU)
PARTNER

MEMBERSHIP No. 019791

PLACE : Coimbatore

DATE : 29.05.2012

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

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

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

AMBIKA COTTON MILLS LIMITED

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

in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

9. According to the information and explanations given to us in respect of statutory and other dues:
 - a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
 - b. No undisputed arrears of statutory dues were outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
 - c. Disputed dues are as under

Name of the Statute	Nature of Demand	Amount Rs. in Lakh	Period	Forum where dispute is pending
Income -Tax Act, 1961	Reopening of assessment	26.12	Assessment year 1998-99	Madras High Court, Chennai
Customs Act	Differential duty for import of raw material	30.12	Assessment year 2002-03	Madras High Court, Chennai
Service Tax	Freight charges	4.80	From 16.11.1997 to 01.06.1998	CESTAT, Chennai
Customs Act	Interest for payment of duty	7.06	Assessment year 2005-06	CESTAT, Chennai
Central Excise	Demand for Used Spares on de-bonding	2.18	04.03.2005 (date of de-bonding)	CESTAT, Chennai
Service Tax	Payment of Foreign Commission	2.96	From 18.04.2006 to 29.02.2008	CESTAT, Chennai
Central Excise	Modvat Credit	11.33	From 20.05.1999 to 06.08.1999	Madras High Court
Central Excise	Cenvat Credit of Excise Duty	31.02	From 07.12.2008 to 06.07.2009	CESTAT, Chennai
Central Excise	Cenvat Credit of Service Tax	28.90	From 01.10.2005 to 30.06.2006	Madras High Court
Customs Act	De-bonding of Unit-II from 100% EOU	312.23	Assessment year 2005-06	Madurai Bench of Madras High Court
Customs Act	De-bonding of Unit-II from 100% EOU	97.77	Assessment year 2005-06	Madurai Bench of Madras High Court

10. The Company has no accumulated losses and has not incurred cash losses during the Financial Year covered by our audit or in the immediately preceding Financial Year.
11. According to the information and explanations given to us the Company has not defaulted in repayment of dues to Financial Institutions or Banks.

AMBIKA COTTON MILLS LIMITED

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

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

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

PLACE : Coimbatore
DATE : 29-05-2012

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

AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	NOTE No.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	1	5,87,50,000	5,87,50,000
Reserves and surplus	2	1,90,01,45,868	1,69,54,64,882
		1,95,88,95,868	1,75,42,14,882
Non-Current Liabilities			
Long-term borrowings	3	92,74,84,930	1,39,73,52,900
Deferred tax liabilities (Net)	4	47,64,09,838	47,53,45,704
		1,40,38,94,768	1,87,26,98,604
Current Liabilities			
Short-term borrowings	5	28,52,99,496	90,57,81,929
Trade payables	6	33,89,78,898	42,85,68,502
Other current liabilities	7	36,18,48,852	40,58,18,767
Short-term provisions	8	3,16,53,318	3,95,51,383
		1,01,77,80,564	1,77,97,20,581
TOTAL		4,38,05,71,200	5,40,66,34,067
II. ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	9	3,10,11,72,302	3,31,36,78,307
Capital work-in-progress		0	58,33,500
Long-term loans and advances	10	3,11,09,110	3,17,96,987
Other non-current assets	11	14,57,99,735	15,87,52,893
		3,27,80,81,147	3,51,00,61,687
Current Assets			
Current investments	12	5,41,540	5,82,500
Inventories	13	82,72,10,041	1,50,42,63,109
Trade receivables	14	10,52,70,311	21,16,98,020
Cash and cash equivalents	15	2,04,14,674	2,64,50,609
Other current assets	16	14,90,53,487	15,35,78,142
		1,10,24,90,053	1,89,65,72,380
TOTAL		4,38,05,71,200	5,40,66,34,067

See accompanying notes to the Financial Statements

As per our report of even date attached

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

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

For and on Behalf of the Board

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

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

PLACE : COIMBATORE

DATE : 29-05-2012

AMBIKA COTTON MILLS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

PARTICULARS	NOTE No.	YEAR ENDED 31.03.2012 Rs.	YEAR ENDED 31.03.2011 Rs.
I. Revenue from operations	17	3,89,43,91,008	3,26,78,07,844
II. Other income	18	68,94,306	46,07,623
III. Total Revenue (I+II)		3,90,12,85,314	3,27,24,15,467
IV. Expenses:			
Cost of materials consumed	19	2,38,20,62,876	1,70,73,65,999
Purchases of Stock-in-Trade		0	0
Changes in inventories of finished goods and work-in-progress	20	-20,93,370	-1,00,62,009
Employee benefits expense	21	20,35,27,046	16,26,44,279
Finance costs	22	19,71,94,036	15,24,88,895
Depreciation and amortization expense		26,80,13,695	24,21,96,256
Other expenses	23	53,10,62,576	41,96,40,920
Total expenses		3,57,97,66,859	2,67,42,74,340
V. Profit before exceptional and extraordinary items and tax (III - IV)		32,15,18,455	59,81,41,127
VI. Exceptional Items		0	0
VII. Profit before extraordinary items and tax (V - VI)		32,15,18,455	59,81,41,127
VIII. Extraordinary items		0	0
IX. Profit before tax (VII -VIII)		32,15,18,455	59,81,41,127
X. Tax expense			
(1) Current tax (MAT)		6,43,35,758	11,92,02,034
Less: MAT Credit		0	-9,80,22,617
Net Current Tax		6,43,35,758	2,11,79,417
(2) Deferred tax		10,64,134	14,56,18,277
(3) MAT credit reversed		89,53,158	43,06,197
(4) Prior period Income tax		83,44,059	25,90,481
		8,26,97,109	17,36,94,372
XI. Profit (Loss) for the period from continuing operations (IX -X)		23,88,21,346	42,44,46,755
XII. Profit / (loss) from Discounting operations		0	0
XIII. Profit (Loss) for the period (XI + XII)		23,88,21,346	42,44,46,755
XIV. Earnings per equity share (Face value of Rs.10/-)			
(1) Basic		40.65	72.25
(2) Diluted		40.65	72.25

See accompanying notes to the Financial Statements

As per our report of even date attached

For and on Behalf of the Board

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

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

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

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

PLACE : COIMBATORE
DATE : 29-05-2012

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012

	2011 - 12 (Rs.)	2010 - 11 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	32,15,18,455	59,81,41,127
Adjustment for Depreciation	26,80,13,695	24,21,96,256
Interest Paid	19,71,94,036	16,19,42,326
Interest capitalised	0	-94,53,431
Increase in carrying amount of Investments	0	-48,197
Decrease in carrying amount of investments	40,960	0
Sale of vehicle	0	-1,00,962
Foreign Currency Fluctuation on revaluation	25,45,476	-1,95,76,809
Foreign Currency Fluctuation in cash and cash Equivalents on Revaluation	-364	6,423
Investments Income:		
Interest/Dividend Received	-65,84,306	-42,59,426
Operating Profit Before Working Capital Changes	<u>78,27,27,952</u>	<u>96,88,47,307</u>
Adjustments for		
Trade and other receivables	13,21,66,902	4,38,05,979
Inventories	67,70,53,068	-13,80,81,963
Trade Payables	-14,79,46,038	-2,32,43,889
Cash generated from operations	<u>1,44,40,01,884</u>	<u>85,13,27,434</u>
Direct Taxes paid	-9,00,28,860	-12,44,05,979
Net Cash from operating activities	<u>1,35,39,73,024</u>	<u>72,69,21,455</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-5,55,07,690	-84,00,30,739
Interest capitalised	0	94,53,431
Capital work in progress	58,33,500	7,45,500
Sale of Land	0	3,30,750
Sale of Vehicle	0	1,00,962
Acquisitions of Companies	0	0
Purchase of Investments	0	0
Sale of Investments	0	0
Interest Received	65,79,081	42,55,026
Dividend Received	5,225	4,400
Net cash used in Investing activities	<u>-4,30,89,884</u>	<u>82,51,40,670</u>

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012 (Contd....)

	2011 - 12 (Rs.)	2010 - 11 (Rs.)
C.CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	0	0
Proceeds from Long Term borrowings	0	0
Proceeds from Working Capital borrowings	-62,04,82,433	13,73,95,394
Increase on Foreign currency fluctuation	0	1,24,48,183
Repayment of Long Term borrowings	-46,98,67,970	11,01,89,960
Repayment of Finance/ Lease Liabilities	0	0
Dividend Paid	-2,93,75,000	-2,93,75,000
Interest Paid	-19,71,94,036	-16,19,42,326
Net Cash Used in Financing Activities	-1,31,69,19,439	6,87,16,211
Net increase in Cash and Cash Equivalents	-60,36,299	-2,95,03,004
Cash and Cash Equivalents as at 1st April (Opening Balance)	2,64,50,609	5,59,60,036
Increase on account of foreign currency revaluation	364	-6,423
Cash and Cash Equivalents as at 31st March (Closing Balance)	2,04,14,674	2,64,50,609

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006
2. Cash and cash equivalents include balances with scheduled banks on dividend account Rs.13.50 Lakh (Previous year Rs.18.51 Lakh) which are not available for use by the Company.

As per our report of even date attached

For and on Behalf of the Board

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

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

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

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

PLACE : Coimbatore

DATE : 29-05-2012

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note No. 1	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
SHARE CAPITAL :		
Authorised :		
1,00,00,000 (One Crore) Equity shares of Rs.10/- each (Previous year 1,00,00,000 (One Crore) Equity Shares of Rs.10/- each)	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued, Subscribed & fully Paid-Up :		
58,75,000 (Fifty Eight Lakh Seventy Five Thousand) Equity shares of Rs.10/- each Previous year 58,75,000 (Fifty Eight Lakh Seventy Five Thousand) Equity Shares of Rs. 10/- each	<u>5,87,50,000</u>	<u>5,87,50,000</u>

Notes :

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

Name of the Shareholder	31.03.2012		31.03.2011	
	No. of Shares	% of holding	No. of Shares	% of holding
1. C. Bhavani	22,72,456	38.68	21,05,000	35.83
2. P.V. Chandran	4,06,799	6.92	25,000	0.43
3. IDFC Sterling Equity Fund	4,80,000	8.17	5,00,000	8.51
4. Raghu Trading and Investment Company Private Ltd	3,34,589	5.70	2,08,450	3.55

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.
Note No: 2		
Reserves & Surplus		
a. Securities Premium Reserve		
As per last Balance Sheet	<u>19,72,58,148</u>	<u>19,72,58,148</u>
Total (A)	<u>19,72,58,148</u>	<u>19,72,58,148</u>
b. General Reserve		
As per last Balance Sheet	96,79,81,000	86,79,81,000
Add : Transferred from Profit & Loss Account	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Total (B)	<u>1,06,79,81,000</u>	<u>96,79,81,000</u>
c. Profit & Loss Account		
As per last Balance Sheet	53,02,25,734	23,91,15,361
Appropriations		
Add : Profit after tax for the year	23,88,21,346	42,44,46,755
Depreciation withdrawn	0	9,17,440
Less : Transferred to General Reserve	-10,00,00,000	-10,00,00,000
Interim dividend	-1,17,50,000	-1,17,50,000
Tax on Interim Dividend	-19,06,144	-19,51,530
Provision for Final Dividend	-1,76,25,000	-1,76,25,000
Provision for Tax on Final Dividend	<u>-28,59,216</u>	<u>-29,27,292</u>
Closing Balance in Profit & Loss Account (C)	<u>63,49,06,720</u>	<u>53,02,25,734</u>
Total (A+B+C)	<u>1,90,01,45,868</u>	<u>1,69,54,64,882</u>
Note No : 3		
Long - term Borrowings		
(i) Secured		
Term Loans from Banks	1,23,66,77,930	1,69,52,15,900
Less : Repayable within 1 year included under		
Other Current Liabilities	<u>-30,91,93,000</u>	<u>-29,78,63,000</u>
	<u>92,74,84,930</u>	<u>1,39,73,52,900</u>

Nature of Security

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

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

Loans Guaranteed by Directors : Aggregate amount outstanding Rs. 3.08 Crores guaranteed by Sri P.V. Chandran, Chairman, Managing Director.

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

Period and amount of continuing Default : Nil

(ii) Unsecured

0

0

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Note No: 4		
Deferred Tax Liability		
Opening Balance	47,53,45,704	32,97,27,427
Add. : Transferred from Profit & Loss Account	10,64,134	14,56,18,277
	<u>47,64,09,838</u>	<u>47,53,45,704</u>
Note No: 5		
Short term Borrowings		
(i) Secured		
Loans Repayable on Demand		
From Banks	28,52,99,496	90,57,81,929
	<u>28,52,99,496</u>	<u>90,57,81,929</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 No : 6		
Trade Payables		
a. Acceptances	28,36,28,083	37,89,53,950
b. Sundry Creditors	5,53,50,815	4,96,14,552
	<u>33,89,78,898</u>	<u>42,85,68,502</u>
Note No : 7		
Other Current Liabilities		
a. Current maturities of long-term debt	30,91,93,000	29,78,63,000
b. Advances for Supplies	1,02,16,057	6,21,91,264
c. Liability for Expenses	3,10,89,328	3,19,13,282
d. Sundry Creditors for capital works	1,00,00,000	1,20,00,000
e. Unpaid dividends	13,50,467	18,51,221
	<u>36,18,48,852</u>	<u>40,58,18,767</u>
Note No : 8		
Short Term Provisions		
a. Provision for Income Tax (net of Advance taxes)	1,11,69,102	1,89,99,091
b. Provision for dividend (Final)	1,76,25,000	1,76,25,000
c. Provision for dividend tax (Final)	28,59,216	29,27,292
	<u>3,16,53,318</u>	<u>3,95,51,383</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note No. 9

Particulars	As At		Additions		As At		Upto		Provided		As At		As At	
	01.04.2011	31.03.2012	(Sold / Adjusted)	During the year	31.03.2012	31.03.2011	during the Year	31.03.2012	31.03.2012	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012
	Rs.	Rs.	During the year	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	9,13,21,250	9,13,21,250	0	0	9,13,21,250	0	0	0	0	0	9,13,21,250	9,13,21,250	9,13,21,250	9,13,21,250
BUILDING	55,21,37,991	55,96,53,332	75,15,341	4,54,59,843	55,96,53,332	9,80,11,709	1,81,34,459	11,61,46,168	44,35,07,164	45,41,26,282	44,35,07,164	45,41,26,282	45,41,26,282	45,41,26,282
PLANT & MACHINERY	3,84,48,50,316	3,89,03,10,159	4,54,59,843	3,89,03,10,159	3,89,03,10,159	1,08,85,07,717	24,75,19,372	1,33,60,27,089	2,55,42,83,070	2,75,63,42,599	2,55,42,83,070	2,75,63,42,599	2,75,63,42,599	2,75,63,42,599
ELECTRICAL FITTINGS	2,66,870	2,66,870	0	0	2,66,870	2,66,870	0	2,66,870	0	0	2,66,870	0	0	0
FURNITURE & FIXTURES	6,69,539	6,85,539	16,000	4,54,59,843	6,85,539	4,68,436	42,889	5,11,325	1,74,214	2,01,103	5,11,325	1,74,214	2,01,103	2,01,103
OFFICE EQUIPMENTS	44,71,113	53,09,594	8,38,481	8,38,481	53,09,594	34,98,517	4,45,468	39,43,985	13,65,609	9,72,596	39,43,985	13,65,609	9,72,596	9,72,596
VEHICLES	1,96,96,049	2,13,74,074	16,78,025	16,78,025	2,13,74,074	89,81,572	18,71,507	1,08,53,079	1,05,20,995	1,07,14,477	1,08,53,079	1,05,20,995	1,07,14,477	1,07,14,477
			0	0	0	0	0	0	0	0	0	0	0	0
TOTAL AS AT 31.03.2012	4,51,34,13,128	4,56,89,20,818	5,55,07,690	4,56,89,20,818	4,56,89,20,818	1,19,97,34,821	26,80,13,695	1,46,77,48,516	3,10,11,72,302	3,31,36,78,307	3,10,11,72,302	3,31,36,78,307	3,31,36,78,307	3,31,36,78,307
TOTAL AS AT 31.03.2011	3,67,41,49,347	4,51,34,13,128	83,92,63,781	4,51,34,13,128	4,51,34,13,128	95,88,92,213	24,08,42,608	1,19,97,34,821	3,31,36,78,307	2,71,52,57,134	3,31,36,78,307	3,31,36,78,307	2,71,52,57,134	2,71,52,57,134

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Note No : 10		
Long Term Loans and Advances		
Security Deposits (unsecured)		
a. Electricity Deposit	2,56,11,954	2,67,40,903
b. In Fixed Deposit with Scheduled bank (For Guarantee)	51,60,536	48,07,464
c. Other Deposits	3,36,620	2,48,620
	<u>3,11,09,110</u>	<u>3,17,96,987</u>
Note No : 11		
Other Non Current Assets		
MAT Credit Carried Forward	14,57,99,735	15,87,52,893
	<u>14,57,99,735</u>	<u>15,87,52,893</u>
Note No : 12		
Current Investments		
a. Equity Shares (Quoted)		
i. Cholamandalam DBS Finance Limited (650 Equity Shares of Rs.10/- each) (Previous year 650 equity shares of Rs.10/- each)	65,000	65,000
ii. City Union Bank Ltd., (5,000 Equity Shares of Rs.1/- each) (Previous year 5,000 equity shares of Rs.1/- each)	17,500	17,500
b. Investments in Mutual Fund units		
LICMF Systematic Asset Allocation Fund-Dividend (50,000 Units of Rs.10/- each) (Previous year 50,000 Units of Rs.10/ each)	4,59,040	5,00,000
	<u>5,41,540</u>	<u>5,82,500</u>
(Market value of quoted investments - Equity Shares Rs.3,48,965 /- (Previous year Rs.3,36,190/-) Net asset value of Mutual Fund units Rs.4,59,040/- (Previous year Rs.5,16,755 /-) Mode of valuation : Carried at lower of cost and fair value		
Note No : 13		
Inventories		
a. Raw Materials (at cost or net realisable value whichever is lower)	64,46,00,572	1,33,18,03,302
b. Work-in-Process (at an estimated cost or net realisable value whichever is lower)	8,35,24,389	6,22,25,578
c. Finished Goods (at an estimated cost or net realisable value whichever is lower)	4,39,16,882	6,67,70,221
d. Waste Cotton (at net realisable value)	59,04,944	22,57,046
e. Packing Materials (at cost or net realisable value whichever is lower)	1,15,19,066	1,03,52,260
f. Stores and Spares (at cost or net realisable value whichever is lower)	3,77,44,188	3,08,54,702
	<u>82,72,10,041</u>	<u>1,50,42,63,109</u>

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Note No : 14		
Trade Receivables		
(Unsecured considered good)		
a. Due for a period more than six months	57,279	31,01,366
b. Others	10,52,13,032	20,85,96,654
	10,52,70,311	21,16,98,020
Note No : 15		
Cash and Cash Equivalents		
a. Cash on hand	37,73,656	29,62,006
b. In Current account with Scheduled Banks	1,52,90,551	2,16,37,382
c. In Unpaid Dividend Account with Scheduled Banks	13,50,467	18,51,221
	2,04,14,674	2,64,50,609
Note No : 16		
Other current assets		
(Unsecured and considered good)		
a. Advances Recoverable in cash or in kind or for value to be received	1,63,50,269	2,39,96,358
b. Interest Reimbursement Receivable (TUFS)	3,14,00,425	6,51,33,564
c. Duty Drawback, EB & Other Receivables	6,44,02,353	2,20,45,701
d. Advance Income-tax ,TDS & Refund due	6,650	42,74,190
e. MAT credit Carried forward	1,40,00,000	1,00,00,000
f. Excise Duty and Modvat Receivable	1,79,11,890	2,04,06,338
g. Input VAT (Receivable)	32,341	3,26,823
h. Pre-paid Expenses	48,39,129	57,69,763
i. Interest accrued on Deposits	1,10,430	16,25,405
	14,90,53,487	15,35,78,142

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	YEAR ENDED 31.03.2012 Rs.	YEAR ENDED 31.03.2011 Rs.
Note No : 17		
Revenue from Operations		
Sale of Goods	3,75,87,22,353	3,18,51,56,701
Less : Excise Duty	0	0
Net Sales Total (A)	3,75,87,22,353	3,18,51,56,701
Other Operating Revenue		
a. DEPB Receipts (For Export)	8,19,98,700	23,92,959
b. Foreign Exchange Fluctuation	0	3,67,63,978
c. Duty draw back	2,84,25,602	98,576
d. Trading Profit - Cotton	50,90,468	2,15,60,841
e. Focus Market Scheme (FMS) for Export	0	1,99,332
f. Sales tax refund	0	3,42,584
g. Sundry Parties Written-off	0	53,86,148
h. Profit on sale of Vehicle	0	1,00,962
i. Wind Energy Guarantee	0	58,00,000
j. Wind Mill (Carbon Credit)	0	56,00,000
k. Wind Energy Generation	2,01,53,885	44,05,763
Total (B)	13,56,68,655	8,26,51,143
Total (A+B)	3,89,43,91,008	3,26,78,07,844
Note No : 18		
Other Income		
a. Interest (TDS - Rs.6,66,656/-) (Previous year Rs.2,02,943/-)	65,79,081	42,55,026
b. Dividend	5,225	4,400
c. Rent	3,10,000	3,00,000
d. Increase in value of Investments	0	48,197
	68,94,306	46,07,623
Note No : 19		
Cost of Materials Consumed		
Opening Stock	1,33,18,03,302	1,21,29,89,494
Add : Purchases	1,71,39,99,074	1,82,61,79,807
	3,04,58,02,376	3,03,91,69,301
Less : Sales	1,91,38,928	0
	3,02,66,63,448	3,03,91,69,301
Less : Closing Stock	64,46,00,572	1,33,18,03,302
Cost of Materials Consumed	2,38,20,62,876	1,70,73,65,999
Note No : 20		
Changes in Inventories of Finished goods and Work-in-Process		
Opening Stock Work in Process	6,22,25,578	5,70,51,859
Opening Stock Finished Goods	6,67,70,221	5,70,87,531
Opening Stock of Waste Cotton	22,57,046	70,51,446
Total (A)	13,12,52,845	12,11,90,836
Closing Stock Work in Process	8,35,24,389	6,22,25,578
Closing Stock Finished Goods	4,39,16,882	6,67,70,221
Closing Stock of Waste Cotton	59,04,944	22,57,046
Total (B)	13,33,46,215	13,12,52,845
Increase / Decrease in Stock (A - B) (-)/(+)	-20,93,370	-1,00,62,009

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	YEAR ENDED 31.03.2012 Rs.	YEAR ENDED 31.03.2011 Rs.
Note No : 21		
Employee Benefits Expense		
Salaries & Wages	15,07,22,678	10,26,48,991
Contribution to Provident Fund & Other Funds	1,13,52,652	61,47,953
Staff Welfare Expenses	4,14,51,716	5,38,47,335
	20,35,27,046	16,26,44,279
Note No : 22		
Finance Costs		
a. Interest Expense		
(i) Fixed Term loans	12,06,94,280	11,35,03,057
(ii) Working Capital Loans	3,81,56,046	3,89,85,838
b. Net Gain / Loss on Foreign Currency transactions	3,83,43,710	0
	19,71,94,036	15,24,88,895
Note No : 23		
Other Expenses		
Stores Consumed	2,83,10,440	2,91,81,906
Power & Fuel	14,16,11,212	20,46,31,198
Materials Sizing & Fabrication	11,91,122	36,99,858
Freight Inwards	11,43,924	7,17,999
Machinery Maintenance	1,71,00,298	1,30,26,017
Building Maintenance	2,95,67,738	2,03,43,126
Vehicle Maintenance	79,52,551	79,66,903
Printing & Stationary	10,17,388	8,11,010
Postage & Telephone	16,60,671	12,15,721
Travelling Expenses	16,40,774	28,23,083
Insurance	73,61,933	61,56,066
Licence Fees & Taxes	52,57,859	36,76,234
Bank Charges	36,04,481	23,80,708
Professional & Legal Charges	21,47,359	25,02,319
Auditors Remuneration	3,30,900	3,00,000
Foreign Exchange Fluctuation	11,63,92,888	0
Freight Outwards	3,45,44,954	3,35,08,746
Packing Materials	5,61,27,427	3,71,65,233
Brokerage & Commission	6,19,45,345	4,02,10,950
Sundry Parties Written Off	29,47,843	0
Decrease in value of investments	40,960	0
Advertisement	6,26,105	6,82,096
Security Service Charges	31,83,892	29,02,745
Miscellaneous Expenses	53,54,512	57,39,002
	53,10,62,576	41,96,40,920

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note No. : 24

Significant Accounting Policies

(a) Basis for preparation of financial statements

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

(b) Use of Estimates

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

(c) Fixed Assets

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

(d) Depreciation

Depreciation has been provided on fixed assets:

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

(e) Inventories

Inventories are valued as under

- i. Raw materials: At cost or net realisable value whichever is lower.
- ii. Finished Goods: At an estimated cost or net realisable value whichever is lower.
- iii. Work in Process: At an estimated cost or net realisable value whichever is lower.
- iv. Waste Cotton: At net realisable value.

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

- v. Stores, Spares and Packing materials: At cost or net realisable value whichever is lower.
- vi. Cost of Raw materials is determined on weighted average cost basis and for Stores, Spares and Packing materials is determined on specific identification of individual costs
- vii. Cost of finished goods and work in process is estimated and determined by taking materials, labour cost and other related overheads.

(f) Revenue Recognition

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

(g) Foreign Currency Transactions

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

(h) Government Grants

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

(i) Investments

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

(j) Employee benefits

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

(k) Borrowing Cost

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

(l) Segment reporting

The company is primarily engaged in manufacturing a single product viz. cotton yarn.

Geographic segment is presented on the basis of location of customers.

(m) Deferred Tax Liability

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

(n) MAT Credit Entitlement

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

(o) Impairment

The carrying amounts of assets are reviewed at each Balance sheet date to ascertain if there is any indication of impairment, 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.

(p) Derivative Instruments

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

(q) Provisions, Contingent Liabilities and Contingent Assets

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

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

Note No. : 25

Other Additional Information

i.	Commitment and Contingent Liabilities:-
a.	Commitment : In respect of contract remains to be executed on capital account Rs. Nil (Previous year Rs.142/- Lakh net of advance and other expenditure incurred Rs.58/- Lakh).
	Contingent Liabilities :
b.	Letter of Credits of Export discounted with the Bank Rs.3499/- Lakh (Previous year Rs.570 Lakh)
c.	In respect of Assessment Year 1998-1999, the claim of the company for deduction of proportionate export profits from book profits was allowed by the Income-tax department while completing the original assessment. The same was revised in the reassessment proceedings and the department raised a demand of Rs.26.12 Lakh and the order raising the demand has been stayed by Madras High Court pursuant to the writ filed by the company. In a similar case the Supreme Court has upheld the principles of claim contested by the Company.
d.	In respect of Import of Raw materials, the customs duty was demanded at 10% at the time of import as against 5% in respect of prior contracts entered into before the notification of raising the rate of duty from 5% to 10% and the difference duty amount arising Rs.30.12 Lakh has been stayed by Madras High Court. However pending disposal of the writ, the company has provided a Bank Guarantee towards the same by depositing a sum of Rs.30.00 Lakh.
e.	The Central Excise department has raised a demand towards service tax of Rs.4.80 Lakh in respect of Freight charges paid by the Company, which was earlier held unconstitutional by Hon'ble Apex Court. The matter is contested before CESTAT, Chennai.
f.	The Central Excise department has raised a demand of Rs.7.06 Lakh on account of interest in respect of an Advance License for annual requirement. The matter is stayed by CESTAT Chennai. However the demand is paid by the company to redeem the Licence.
g.	The Central Excise department has raised a demand of Rs.1.09 Lakh and further a penalty of Rs.1.09 Lakh proposing to levy the same in respect of used spares and the matter is presently pending before CESTAT Chennai.
h.	The Central Excise department has raised a Service Tax demand of Rs.2.12 Lakh, Interest Rs.0.31 Lakh and Penalty Rs.0.53 Lakh for payment of commission to Foreign Agents and the matter is presently pending before CESTAT Chennai.
i.	The Central Excise department has not accepted claim of Modvat credit of Rs.11.33 Lakhs made by the Company in respect of its erstwhile 100% EOU unit and the matter is pending before Madras High Court.
j.	The Central Excise department has not accepted claim of Cenvat Credit of Excise duty of Rs.31.02 Lakhs made by the Company for the reason during the impugned period cotton yarn was exempted and the matter is presently pending before CESTAT Chennai.
k.	The Central Excise department has not accepted claim of Cenvat Credit of Service tax of Rs.28.90 Lakhs made by the Company in respect of Windmills for the reason that windmills are situated outside the factory and the matter is pending before Madras High Court.
l.	In respect of the EPCG License obtained and utilized for Import of capital goods, the company has fulfilled its Export Obligation in USD computed at eight times of the duty saved amount within a period of eight years from the date of License and the licenses are in the process of filing with the appropriate authority for redemption. The duty saved amount, in respect of which Export Obligation remains to be fulfilled as on 31.03.2012 amounts to Rs. Nil. (Previous year Rs. 60 Lakh). The EPCG licenses are to be filed with the appropriate authority for redemption which involves duty saved amount of Rs.1.53 Crores.
m.	In respect of Advance License utilized up to 31.03.2012 for Import of Raw Materials, the company has to fulfill an Export Obligation in USD 34083 (Previous year USD 34083) and in the event of failure to fulfill the prescribed Export Obligation the Company is liable to pay duty amount to the extent of Rs. 2.56 Lakh (Previous year 2.56 Lakh) along with applicable rate of interest. In the opinion of the Board the present level of exports of the company would be sufficient to fulfill the prescribed export obligation fixed under the authorizations.
n.	The Company has de-bonded one of its units (Unit-II) from 100% EOU after completion of initial period of 5 years and after fulfillment of export obligation by achieving positive NFEP (Net Foreign Exchange) in accordance with the EXIM Policy. The de-bonding involved payment of duty under EPCG License (for capital goods) and Advance License (for Raw materials imported) schemes. The de-bonding was completed after obtaining 'No Dues Certificate' from Assistant Commissioner, Central Excise, Dindigul and final exit order from Deputy Commissioner, MEPZ, Chennai. The

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

	Export obligation, for duty discharge, fixed both under EPCG Scheme and Advance License Scheme are also fulfilled and the respective licenses are redeemed from JDGFT, Coimbatore. Subsequent to the above fulfillment, the Central Excise Department has raised a demand of Rs.410 Lakh towards de-bonding of Unit II and the same is contested by way of writ before Hon'ble Madurai Bench of Madras High Court and the matter is stayed by the High Court.
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ii. Auditors' Remuneration	Rs.	Rs.
Audit Fees	3,30,900	3,00,000
Total	3,30,900	3,00,000

iii. Interest capitalized in respect of the projects completed for the year amounted to Rs.0 Lakh (Previous year Rs. 95 Lakh)

iv. Related Party Transactions & Disclosure : Salary to Mrs. Bhavya Chandran Rs. 1.20 Lakh (Previous Year Rs.1.20 Lakh) included under salaries and wages

v. a. Earnings Per Share (EPS):	2012	2011
Profit after Tax as per Profit	2,388	4,244
Average No. of Equity Shares (Face Value Rs.10/- each)	58,75,000	58,75,000
Earning Per Share (EPS) Basic	40.65	72.25
Earning Per Share (EPS) (Diluted)	40.65	72.25
b. Final Dividend Proposed to be distributed to Equity Shareholders		
Amount of Dividend (in Rs)	1,76,25,000	1,76,25,000
Amount per Share (in Rs)	3.00	3.00

vi. Total quantity of Cotton traded 1.66 Lakh Kgs. (Previous year 3.26 Lakh Kgs.)

vii. Details of TUFs Interest Reimbursement (Rs. In Lakh)

Opening Balance (1)	Receivable for the year (2)	Total Receivable 3 (1 + 2)	Received during the year (4)	Closing Balance (5) (3-4)
651	546	1197	883	314
(670)	(693)	(1363)	(712)	(651)

(Figures in bracket relates to previous year)

viii. In terms of information available with the company there are 4 (Four) parties (Previous Year 2 (two) parties) who are duly registered under Micro, Small and Medium Enterprises Development Act, 2006 and in respect of whom the amount payable Outstanding as on 31.03.2012 is Rs.449048/- (Previous year Rs.1,32,425/-) and the same are settled within the agreed dates, which is not more than 45 days from the day of acceptance or deemed acceptance of the goods.

ix. Vehicle maintenance includes cost of expenditure exclusively incurred to provide transport to the employees from their place to work spot Rs.74 Lakh (Previous year Rs.68 Lakh) and staff welfare expenses include quarterly production incentive paid amounting to Rs.1.65 Lakh (Previous year Rs.3.22 Lakh)

x. Deferred tax liability is on account of timing difference of depreciation amounting to Rs.11 Lakh (Previous year Rs. 1.456 Lakh)

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

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

Particulars	As at 31.03.2012		As at 31.03.2011	
	Assets	Liabilities	Assets	Liabilities
Foreign Currency Exposure in				
(i). USD				
Hedged	15,24,726	10,00,000	13,00,000	5,50,000
Unhedged	--	1,05,06,470	17,24,519	2,73,55,812
Total	15,24,726	1,15,06,470	30,24,519	2,79,05,812
(ii) EUR				
Hedged	--	--	--	--
Unhedged	--	--	14,400	--
Total	--	--	14,400	--
(iii) JPY				
Hedged	--	--	--	--
Unhedged	--	--	4,77,670	--
Total	--	--	4,77,670	--

Note: (i) The hedge of Foreign Currency exposures are by way of forward contracts to crystallize the Receivables / Payables as the case may be.

(ii) The Company has not entered into any speculative Foreign currency exposure contracts and hence the question of any outstanding position doesn't arise.

xii. Employee Benefits:

a. Company's Contribution to Provident Fund: Rs.113.53 Lakh (Previous Year Rs. 61.48 Lakh)

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

The Following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March 2012

(i). Present value of obligations

Particulars	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
Obligations at the beginning of the year	1,39,143	3,98,546
Interest Cost	11,131	31,884
Current Service Cost	1,34,970	1,15,662
Benefit paid	(1,86,028)	(2,33,682)
Actuarial (Gain) /loss on obligations	11,41,882	(1,73,267)
Obligations at the end of the year	12,41,098	1,39,143

(ii). Fair value of Plan assets

Particulars	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
Fair Value of the plan assets, beginning of the year	10,07,425	5,45,549
Expected return on plan assets	81,078	38,229
Contributions	8,81,712	6,57,329
Benefit paid	(1,86,028)	(2,33,682)
Actuarial (Gain) / Loss on obligations	-	-
Fair Value of the plan assets, end of the year	17,84,187	10,07,425

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

(iii) Expenses to be recognized for the current year

Particulars	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
Current Service Cost	1,34,970	1,15,662
Interest Cost	11,131	31,884
Expected return on plan assets	(81,078)	(38,229)
Actuarial (gain)/loss for the year	11,41,882	(1,73,267)
Expense to be recognized in statement of Profit and Loss	12,06,905	(63,950)

(iv). Actuarial Assumption

Particulars	31.03.2012	31.03.2011
Discount Rate	8.00%	8.00%
Salary Escalation	3.00%	3.00%

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

xiii. **Segment reporting: Geographic segment is presented on the basis of location of customers. Year ended 31.03.2012**

Particulars	Geographic segment				Rs. in Lakh
	Europe	East Asia & South East Asia	India	Others	Total
Revenue	1425	20767	16028	724	38944
Identified operating expenses	0	346	0	0	346
Segment result	1425	20421	16028	724	38598
Unallocable expenses (net)					35452
Operating Income					3146
Other Income					69
Profit before tax					3215
Tax expense					827
Net profit from ordinary activities after tax					2388
Segment Assets and Liabilities as at 31.03.2012					
Segment assets	16	628	41447	117	42208
Add: Non-segment - Income tax					1598
Total assets					43806
Segment Liabilities	0	141	43504	20	43665
Add: Non-segment - Income tax					141
Total Liabilities					43806

AMBIKA COTTON MILLS LIMITED

Notes to the Financial Statements

xiv. Value of Imported and Indigenous Raw Materials and Spare parts consumed and percentage thereof:		2012		2011	
		Value (Rs. in Lakh)	% to Total	Value (Rs. in Lakh)	% to Total
i)	Raw Materials				
	Imported	7897	33.15	9288	54.40
	Indigenous	15924	66.85	7786	45.60
	Total	23821	100.00	17074	100.00
ii)	Spare Parts				
	Imported	56	12.33	21	4.98
	Indigenous	398	87.67	401	95.02
	Total	454	100.00	422	100.00

(Rs. in Lakh)

Particulars		2012	2011
xv a.	Earnings in Foreign Exchange	22916	17816
b.	Expenditure in Foreign Currency:		
	i) For Import of Capital Goods	398	0
	ii) For Import of Raw Materials	7565	5288
	iii) For Import of Spares	134	20
	iv) For Interest & Bank Charges	338	284
	v) For Commission	339	115
	Total expenditure in foreign currency	8774	5707

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

xvii. Figures are rounded to the nearest rupee.

For and on Behalf of the Board

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

PLACE : Coimbatore

DATE : 29-05-2012

AMBIKA COTTON MILLS LIMITED

ATTENDANCE SLIP

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

L.F. NO. :

NAME OF THE SHAREHOLDER / PROXY*

ADDRESS :

No. of Shares held :

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company held on Friday, 28th September 2012 at 12.00 Noon at Hotel Sree Annapoorna, 75, East Arokiyasamy Road, R.S. Puram, Coimbatore - 641 002.

SIGNATURE OF THE SHAREHOLDER / PROXY

Strike out whichever is not applicable.

PROXY

L.F. No.

I / We of being a member / members of AMBIKA COTTON MILLS LIMITED hereby appoint of or failing him as my / our proxy to vote for me / us and on my / our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Friday the 28th September 2012 at 12.00 Noon and at any adjournment thereof.

Signed this day of 2012

by the said

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

Affix
Re. 1/-
Revenue
Stamp.

Signature.

CUT HERE

Regd. Office : AMBIKA COTTON MILLS LIMITED
9A, Valluvar Street,
Sivanandha Colony,
Coimbatore - 641 012.