



## L Venkatasubbu & Co.,

Chartered Accountants  
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### INDEPENDENT AUDITORS' REPORT

To

The Members of Ambika Cotton Mills Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Ambika Cotton Mills Limited ("the company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

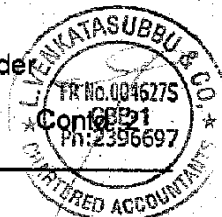
#### **Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and

matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under



#### **BRANCHES**

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Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015; and its Profit and its cash flows for the year ended on that date

### Report on other Legal and Regulatory Requirements

1. As required by the Companies ( Auditor's Report ) Order ,2015 ( " the Order " ) issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order

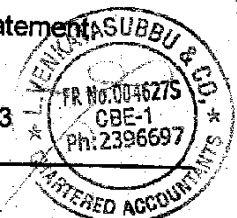
2. As required by section 143 (3) of the Act, we report that :

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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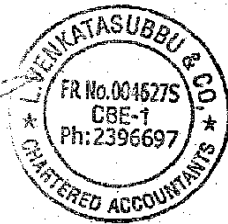
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- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies ( Audit and Auditors ) Rules , 2014, in our opinion and to the best of our information and according to the explanations given to us :
- i The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 25 to the financial statements.
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For L. Venkatasubbu & Co  
 Chartered Accountants  
 Firm Regn No. 004627S

*(Signature)*



(L. Venkatasubbu)  
 Partner  
 Membership No. 019791

Place: Coimbatore  
 Date: 26.05.2015

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**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

**Re: Ambika Cotton Mills Limited ( "the Company" )**

**Referred to in Paragraph 1 under "Report on other Legal and Regulatory Requirements" section 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 not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s 189 of the Companies Act, 2013.
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. The Company has not accepted any deposits from the public.
6. The Central Government has prescribed the maintenance of cost records under Section 148 (1) (d) of the Companies Act, 2013. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
7. According to the information and explanations given to us in respect of statutory and other dues:

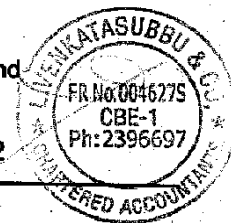
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- a. The Company is regular in depositing undisputed statutory dues including provident fund, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues with the appropriate authorities during the year. We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company
- b. No undisputed arrears of statutory dues were outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.
- c. Disputed dues are as under

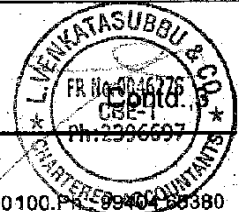
Name of the Statute	Nature of Demand	Amount Rs. in Lakhs	Period	Forum where dispute is pending
Income -Tax Act, 1961	Reopening of assessment	26.12	Assessment year 1998-99	Madras High Court,
Service Tax	Freight charges	4.80	From 16.11.1997 to 01.06.1998	CESTAT, Chennai
Customs Act	Interest for payment 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 agents' Commission	2.96	From 18.04.2006 to 29.02.2008	CESTAT, Chennai
Central Excise	Modvat Credit	11.33	From 20.05.1999 to 06.08.1999	Madras High Court
Central Excise	Cenvat Credit of Excise Duty	33.80	From 07.12.2008 to 06.07.2009	CESTAT, Chennai
Central Excise	Cenvat Credit of Service Tax	28.90	From 01.10.2005 to 30.06.2006	Madras High Court
Sales Tax	Non-filing of Form "H" and Bill of Lading in respect of Exports	4.96	Assessment year 1996-1997	Deputy Commissioner of Appeals, (CT) Madurai
Central Excise	Cenvat Credit of Excise Duty	4.91	November 2008 to December 2010	CESTAT, Chennai
Central Excise	Cenvat Credit of Excise Duty	0.84	November 2007 to January 2011	CESTAT, Chennai
Central Excise	Cenvat Credit of Excise Duty	3.38	December 2007 to January 2011	CESTAT, Chennai
Customs Act	De-bonding of Unit-II from 100% EOU	312.23	Assessment year 2005-06	Madurai Bench of Madras High Court
Customs Act	De-bonding of Unit-II from 100% EOU	97.77	Assessment year 2005-06	Madurai Bench of Madras High Court
Sales Tax	Non-filing of Form "H" and Bill of Lading in respect of Exports	4.96	Assessment year 1996-1997	Deputy Commissioner of Appeals, (CT) Madurai

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- d. The company has transferred within time the amount required to be transferred to investor education and protection fund in accordance with the provisions of the Companies Act, 1956 ( 1 of 1956 ) and rules made there under .
8. The Company does not have any accumulated losses as at the end of the financial year and has not incurred cash losses in the financial year or in the immediately preceding financial year.
9. The Company has not defaulted in repayment of dues to Financial Institutions or Banks.
10. 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.
11. 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.
12. 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

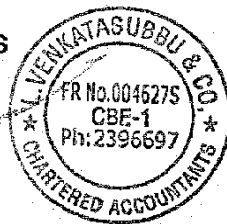
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Firm Regn No. 004627S

(L. Venkatasubbu)

Partner

Membership No. 019791



Place: Coimbatore

Date: 26.05.2015

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