

AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT 2012 - 2013

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BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

PLANT

Kanniyapuram
Dindigul

AUDITORS

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

BANKERS

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

AMBIKA COTTON MILLS LIMITED

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

NOTICE OF THE MEETING

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

A. ORDINARY BUSINESS

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

B. SPECIAL BUSINESS

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

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

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

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

BY ORDER OF THE BOARD

Sd/-

(P. V. CHANDRAN)

Chairman and Managing Director

Place : Coimbatore

Date : 07.08.2013

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...)

NOTES:

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

Mrs. Bhavya Chandran

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

BY ORDER OF THE BOARD

Place : Coimbatore

Date : 07.08.2013

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

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING (Contd...)

ANNEXURE TO NOTICE

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

Item No. 5

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

BY ORDER OF THE BOARD

Place : Coimbatore

Date : 07.08.2013

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

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT

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

FINANCIAL RESULTS

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

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

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

DIVIDEND

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

OPERATIONS

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

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

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

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

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

AUDITORS

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

COST AUDIT

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

PARTICULARS OF EMPLOYEES

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

DISCLOSURES OF PARTICULARS

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

BY ORDER OF THE BOARD

Place : Coimbatore

Date : 30.05.2013

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

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

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

A. CONSERVATION OF ENERGY

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

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

AMBIKA COTTON MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT (Contd.,)

ANNEXURE II

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

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

BY ORDER OF THE BOARD

Place : Coimbatore

Date : 30.05.2013

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