

# AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT  
2015 - 2016

# AMBIKA COTTON MILLS LIMITED

CIN No.L17115TZ1988PLC002269

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

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## ANNUAL REPORT 2015 - 2016

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BOARD OF DIRECTORS	Sri. P.V. Chandran	(DIN : 00628479)
	Sri. K.N. Sreedharan	(DIN : 00321585)
	Dr. K. Venkatachalam	(DIN : 01062171)
	Sri. R. Soundararaja Perumal	(DIN : 02087219)
	Mrs. Bhavya Chandran	(DIN : 02080649)
	Mrs. Vidya Jyothish Pillai	(DIN : 05215930)

REGISTERED OFFICE	9A, Valluvar Street Sivanandha Colony Coimbatore - 641 012.
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PLANT	Kanniyapuram Dindigul - 624 308.
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AUDITORS	L. Venkatasubbu & Co., Chartered Accountants, Coimbatore - 641 001.
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BANKERS	IDBI Bank Ltd. The Bank of Nova Scotia Bank of Baroda Axis Bank Ltd. HDFC Bank Ltd. Kotak Mahindra Bank Ltd.
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# AMBIKA COTTON MILLS LIMITED

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

CIN No.L17115TZ1988PLC002269

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

## DIRECTORS' REPORT

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

### FINANCIAL RESULTS

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

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

### PERFORMANCE AND STATE OF AFFAIRS

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

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

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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

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

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

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

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

### TRANSFER TO RESERVES

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

### DIVIDEND

The details of Dividend are as under

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

  

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

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

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

### DIRECTORS

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

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

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### MEETINGS OF THE BOARD

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

### DECLARATION BY INDEPENDENT DIRECTORS

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

### DEPOSITS

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

### AUDITORS

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

### AUDITORS' REPORT

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

### SECRETARIAL AUDIT

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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

### COST AUDITOR AND COST AUDIT REPORT

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

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

### INTERNAL FINANCIAL CONTROLS

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

### AUDIT COMMITTEE

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

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

### NOMINATION AND REMUNERATION COMMITTEE

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

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

### RISK MANAGEMENT POLICY

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

### APPOINTMENT OF KEY MANAGERIAL PERSONNEL

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

### SUBSIDIARIES

The company does not have any subsidiaries.

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

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

### LOANS, GUARANTEES AND INVESTMENTS

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

### RELATED PARTY TRANSACTIONS

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

### MATERIAL CHANGES AND COMMITMENTS

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

### CHANGE IN THE NATURE OF BUSINESS

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

### BOARD EVALUATION

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

### EXTRACT OF ANNUAL RETURN

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

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

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

# AMBIKA COTTON MILLS LIMITED

## DIRECTORS' REPORT (Contd...)

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### CSR EXPENDITURE

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

### PARTICULARS OF EMPLOYEES

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

### ADDITIONAL DISCLOSURES PURSUANT TO SEBI REGULATIONS

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

DATE : 06/08/2016

PLACE : Coimbatore

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



# AMBIKA COTTON MILLS LIMITED

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE -I

#### FORM NO. MGT - 9

Extract of Annual Return

As on the financial year ended on 31.03.2016

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

#### I. Registration and other details :

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

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

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

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

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

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

# AMBIKA COTTON MILLS LIMITED

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

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

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

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

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