

AMBIKA COTTON MILLS LIMITED

**ANNUAL REPORT
2017 - 2018**

AMBIKA COTTON MILLS LIMITED

CIN No.L17115TZ1988PLC002269

website - www.acmills.in, Email -id - ambika@acmills.in

ANNUAL REPORT 2017 - 2018

BOARD OF DIRECTORS Sri. P.V. Chandran (DIN : 00628479)
 Sri. K.N. Sreedharan (DIN : 00321585)
 Dr. K. Venkatachalam (DIN : 01062171)
 Sri.E.M. Nagasivam (DIN : 07894618)
 Mrs. Bhavya Chandran (DIN : 02080649)
 Mrs. Vidya Jyothish Pillai (DIN : 05215930)

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

PLANT Kanniyapuram
 Dindigul - 624 308.

AUDITORS Srikishen & Co.,
 Chartered Accountants,
 Coimbatore-641 006.

BANKERS Axis Bank Ltd.
 HDFC Bank Ltd.
 ICICI Bank Ltd.
 IDBI Bank Ltd.
 Kotak Mahindra Bank Ltd.
 State Bank of India

AMBIKA COTTON MILLS LIMITED

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Ph. : +91 422 2491504 Fax : +91 422 2499623

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DIRECTORS' REPORT

Your directors have great pleasure in submitting the Thirtieth Annual Report together with the audited accounts for the year ended 31st March 2018.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2018 are furnished below:

(Rs. in Lakhs)

	CURRENT YEAR 2017-18	PREVIOUS YEAR 2016-17
Sales & Other Income	58569.81	52944.78
Profit Before Finance Cost and Depreciation	11342.44	10525.30
Less: Finance Cost	492.86	383.95
Gross Profit For the Year	10849.58	10141.35
Less : Depreciation	2887.60	2934.86
Profit before Tax	7961.98	7206.49
Less : Tax Expense	1855.21	1632.66
Profit after Tax	6106.77	5573.83
Other Comprehensive income	-7.22	-4.83
Total Comprehensive income for the year	6099.55	5569.00
Add: Opening Balance of retained earnings	20841.22	16272.22
Amount available for appropriation	26940.77	21841.22
Less: Appropriations		
Transfer to General Reserve	1000.00	1000.00
Interim Dividend on Equity Shares	572.50	0.00
Dividend Tax on Interim dividend	116.55	0.00
Closing Balance of retained earnings	25251.72	20841.22

TRANSITION TO IND AS

The Ministry of Corporate Affairs (MCA) has notified the applicability of Indian Accounting Standards (Ind AS) in the place of existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to certain classes of companies. Accordingly these are the company's first IND AS financial statements. The date of transition to IND AS is 1st April 2016. Note 31.13 to the financial statements provides further details on First time IND AS Adoption reconciliations.

PERFORMANCE AND STATE OF AFFAIRS

The Company's Total Income and Gross profit amounted to Rs. 58569.81 Lakhs (Previous year Rs. 52944.78 Lakhs) and Rs.10849.58 Lakhs (Previous year Rs. 10141.35 Lakhs). This represents growth of 10.62% in total income as compared to 7.15% growth in the previous year and growth of 6.98% in Gross Profit as against growth of 13.97% in the previous year.

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

For the year Company's Direct Export Turnover amounted to Rs.32728.88 Lakhs as compared to Rs.24965.35 Lakhs in the previous year representing a growth of 31.10% (Previous Year decline of 3.83%)

In terms of percentage the export turnover constituted 57.46% of the net sales as against 48.39% in the previous year.

The Company continued its focus on product innovation, broad basing product profile, working on value added products having better margins without orientation to export/ domestic markets and catering to reputed manufactures of upstream products. This policy orientation has contributed to the sustained financial performance of the company.

During the year the Company has further invested Rs.3203.82 Lakhs in Knitting segment and operationalized the knitting capacity of converting yarn into fabric for 30,000 Kgs per day. It is further proposed to invest during the current year an estimated amount of Rs.1300 Lakhs for additional conversion capacity of 7000 Kgs per day.

The Company is not carrying any long term debt.

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 Board of Directors have declared and paid interim Dividend for FY 2017-18 as under

Rate of Dividend	Dividend per equity share (Rs.)	Amount of Dividend (Rs.in Lakhs)
100%	10	572.50

The Board of Directors have recommended payment of final dividend for FY 2017-18 as under

Rate of Dividend	Dividend per equity share (Rs.)	Amount of Dividend (Rs.in Lakhs)
250%	25	1431.25

If approved by the members at the Annual General Meeting (AGM) to be held on 27.09.2018, the interim Dividend and proposed Final Dividend would result in cash outflow of dividend Rs.2003.75 Lakhs and dividend distribution tax Rs.410.75 Lakhs for FY 2017-18. The payout ratio of dividend and dividend tax works out to 39.54%.

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.E.M. Nagasivam.

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...)

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, 2018 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 four meetings during the Financial Year 2017- 18 namely, May 27, 2017, August 12, 2017, November 14, 2017 and February 10, 2018.

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

Srikishen & Co., Chartered Accountants, ICAI Registration No.004009S was appointed as the Statutory auditors for a continuous period of five years from the conclusion of 29th AGM till the conclusion of 34th AGM.

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:04.08.2016 issued to them by Institute of Chartered Accountants of India (ICAI).

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. Sundararajan Baalaji, Practising Company Secretary to undertake the Secretarial Audit of the Company.

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

The Secretarial Audit Report for the financial year ended March 31, 2018 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 & 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, 2018 will be submitted in 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, Mrs. Vidya Jyothish Pillai and Sri. E.M.Nagasivam. Sri. E.M.Nagasivam was co-opted as a member of Audit Committee by the Board at its meeting held on 10.02.2018

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee consists of Directors Sri. P.V.Chandran Dr.K.Venkatachalam and Mrs.Bhavya Chandran 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.

NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee presently consists of Directors Sri.K.N.Sreedharan ,Dr. K.Venkatachalam, 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.

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.

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT (Contd...)

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders relationship consists of Directors Dr.K.Venkatachalam , 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.

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, 2018 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 Board has carried out an annual Performance evaluation of its own performance and that of its Committees and individual Directors .Further the independent Directors 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...)

CSR EXPENDITURE

The requirement to spend in this regard is Rs.129.77 Lakhs(Previous year Rs. 121.59 Lakhs) @ 2% of 3 years average net profit of the Company and the Company has spent Rs 136.32 Lakhs(Previous year Rs. 123.02 Lakhs) on various CSR activities which are into (i) Rural Development, (ii) Education (iii)Animal Protection (iv) Medical Support, (v) Relief to Poor 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 : 11/08/2018
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 31.03.2018

[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 - 641012 Phone : +91 422 2491504,E-mail : 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 4958995, 2539835 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	72.04
2	Knitted fabrics	6006	17.45
3	Waste Cotton	5202	10.51

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				% of Change during the year*
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	2857100	0	2857100	49.905	2862350	0	2862350	49.997	0.092
b) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
Sub Total(A)(1)	2857100	0	2857100	49.905	2862350	0	2862350	49.997	0.092
(2) Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)	0	0	0	0.000	0	0	0	0.000	0.000
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	2857100	0	2857100	49.905	2862350	0	2862350	49.997	0.092
B. Public shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	1738	0	1738	0.030	0	0	0	0.000	-0.030
b) Financial Institutions / Banks	3109	0	3109	0.054	4069	0	4069	0.071	0.017
c) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) Foreign Institutional Investors	19736	0	19736	0.345	0	0	0	0.000	-0.345
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-