

AMBIKA COTTON MILLS LIMITED

**ANNUAL REPORT
2010 - 2011**

AMBIKA COTTON MILLS LIMITED

ANNUAL REPORT 2010 - 2011

BOARD OF DIRECTORS	Sri P.V. Chandran Sri K.N. Sreedharan Dr. K. Venkatachalam Sri R. Soundararaja Perumal Ms. Bhavya Chandran Smt. Seethalakshmi Nagarajan, (Nominee Director of IDBI Bank Ltd.,)
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 Indian Bank 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 Third Annual General Meeting of the Company will be held on Tuesday the 27th September 2011 at 12.00 Noon at Hotel Sree Annapoorna, 75, East Arokiyasamy Road, R.S.Puram, Coimbatore – 641 002.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011 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. R. Soundararaja Perumal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting and to fix their remuneration.

By order of the Board

Sd/-

(P.V.CHANDRAN)

Chairman and Managing Director

PLACE: Coimbatore

DATE: 30.05.2011

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 19th September 2011 to Tuesday 27th September 2011 (Both the days inclusive). The dividend if declared will be paid to those members whose name appears in the Register of Members as on Tuesday, 27th September 2011 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 17th September 2011.
3. Members are requested to notify the changes if any in their address immediately.

AMBIKA COTTON MILLS LIMITED

NOTICE OF THE MEETING

NOTES : (Contd.)

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 2003-2004 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 2003-2004 will fall due for transfer to the said Fund on 26th October 2011. As regards unclaimed dividend for the financial years up to 2002-2003 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:

Sri R. Soundaraja Perumal

Sri. R. Soundaraja Perumal is a graduate and has considerable experience in working with Government departments. The company has installed Wind Mills for Captive Consumption which involves a huge capital outlay and are installed at far away places from the plants of the company. This requires constant monitoring for proper protection, generation and connectivity to the grid so as to derive maximum benefit. Therefore his continuity as a Director would be of immense value and beneficial to the company.

By order of the Board

PLACE: Coimbatore

DATE: 30.05.2011

Sd/-

(P.V.CHANDRAN)

Chairman and Managing Director

AMBIKA COTTON MILLS LIMITED

DIRECTORS' REPORT

Your directors have great pleasure in submitting the Twenty Third Annual Report together with the audited accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2011 are furnished below:

	CURRENT YEAR 2011 Rs.	PREVIOUS YEAR 2010 Rs.
Sales and other income	3,27,24,15,467	2,23,13,91,816
Gross Profit for the year	84,03,37,383	44,63,45,979
Less : Depreciation	24,21,96,256	20,94,77,849
Profit before tax	59,81,41,127	23,68,68,130
Less: Provision for Taxation		
Current Tax (Minimum alternative tax)	11,92,02,034	4,02,50,000
Less : Minimum alternative tax credit	9,80,22,617	0
Net Current Tax	2,11,79,417	4,02,50,000
Less : Provision for Deferred Tax Liability	14,56,18,277	1,13,19,860
Provision for FBT	0	0
Profit after tax	43,13,43,433	18,52,98,270
Add: Balance in Profit & Loss Account (Brought Forward From The Previous Year)	23,91,15,361	15,61,19,796
Excess Depreciation withdrawn	9,17,440	0
Prior Period Income Tax Written back	0	30,09,634
	67,13,76,234	34,44,27,700
Less : Prior Period Income-tax Written Off	25,90,481	57,09,485
Prior Period FBT	0	60,090
Prior Period Expenses	0	89,90,472
MAT Credit Adjusted	43,06,197	0
	66,44,79,556	32,96,67,653
Appropriations :		
Interim Dividend	1,17,50,000	0
Tax on Interim Dividend	19,51,530	0
Proposed Dividend	1,76,25,000	1,76,25,000
Tax on Dividend	29,27,292	29,27,292
General Reserve	10,00,00,000	7,00,00,000
Balance Carried Over in Profit & Loss Account	53,02,25,734	23,91,15,361

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 2011 for your approval. The outflow on account of Equity Dividend would be including interim dividend for the year works out 50% (Rs. 5/- per share) and the total payout Rs. 293.75 Lakh (Previous year Rs. 176.25 Lakh) and dividend tax Rs. 48.79 Lakh (Previous year Rs. 29.27 Lakh).

OPERATIONS:

The Company's Total Income and Gross profit amounted to Rs.32724 Lakh (Previous year Rs.22314 Lakh) and Rs.8403 Lakh (Previous year Rs. 4463 Lakh). This represents growth in total income of 46.65% and Gross Profit of 88.28% as compared to the previous year.

For the year Company's Direct Export Turnover amounted to Rs.17816 Lakh as compared to Rs. 12141 Lakh in the previous year representing a growth of 46.74%. In terms of percentage the export turnover constituted 55.93% of the net sales as against 58.35% in the previous year.

During the year the demand environment in respect of Cotton Yarn remind robust coupled with better realisation. This has contributed to higher capacity utilization and the company was able to derive the consequent benefits resulting in the overall financial performance of the company.

The Company has completed and put into operation its scheme of expansion of Wind Power capacity by 12 MW and the total Wind Power capacity has been enhanced to 27.4 MW. The total cost of the scheme amounted to Rs. 73.17 Crores and was met out of internal accruals of Rs. 25.75 Crores and Term Loans of Rs. 47.42 Crores. The company has prepaid Term Loans amounting to Rs. 7.15 Crores in FY 2011 and subsequently further prepaid Term Loans amounting to Rs. 15.82 Crores up to the date of this report.

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. R. Soundaraja Perumal Director retires by rotation and being eligible offers himself for re-appointment.

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.

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 provision with 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 2011, 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: 30.05.2011

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 enhanced its wind energy capacity, during the year, for captive consumption from 15.4 MW to 27.4 MW. This would meet 100% power requirement of the spinning segment. This will reduce energy cost considerably.
- c) Impact of measures (a) & (b) above for reduction of Energy Consumption and consequent impact on cost of production.
- i) The consumption of energy has been closely monitored and as a result wastage is avoided.
- ii) 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 31-03-2011	YEAR ENDED 31-03-2010
1. ELECTRICITY :		
a. Purchased :		
Units (in Lakhs)	195.06	138.40
Total Amount (Rs. in Lakhs)	1150.92	797.36
Rate per Unit	5.90	5.76
b. Own Generation :		
1. Through Diesel Generator:		
Units (in Lakhs)	90.16	88.92
Units per litre of Diesel Oil	3.66	3.71
Rate per Unit	8.72	8.02
2. Wind Energy	362.08	319.06
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.	5.16	4.85
d. Technology Absorption :	Indigenous Technology alone is used.	
e. Foreign Exchange Earnings (Rs. in Lakhs)	17816	12141
Foreign Exchange Outgo (Rs. in Lakhs)	5707	6898

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 2011.

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	61	Chairman and Managing Director / Overall management of the Company	75.00	39	06-10-1988	--

By order of the Board

PLACE: Coimbatore
DATE: 30.05.2011

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

AMBIKA COTTON MILLS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Overall Review

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-à-vis other clothing styles on account of comfortable human wear. But the industry is subject to volatility in cotton prices the main input in manufacturing cotton yarn.

2. Industry Outlook

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

3. Opportunities

The Company has expanded its productive capacity in speciality cotton yarn segment and would be in a position to make use of the improved demand scenario for speciality cotton yarn.

4. Challenges

- (i) Wide fluctuations in cotton prices.
- (ii) Government regulatory mechanism.
- (iii) Market appreciation of speciality cotton yarn and its uses

5. Company Outlook.

The company has good demand for its products. Cotton price is subject to wide fluctuation which was not so earlier. 100% Captive power through wind mills is established which would reduce the power cost enhancing the long term interest of the company.

6. Risks and Concerns

Change in Policies of the Government restricting exports, withdrawing incentives for exports, hike in Bank interest rates would be the major factors having a bearing over the operations of the company.

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	PREVIOUS YEAR
	2011	2010
	Rs.	Rs.
1. Increase in Net Sales (Rs. in Lakh)	11045	3017
2. Increase in Net Sales (%)	53.08	16.96
3. Increase in Exports (in Rs.Lakh)	5675	4635
4. Increase in Exports (as a % of Net Sales)	-2.42	61.75
5. Net Profit Margin before Deferred Tax Liability (%)	18.11	9.45
6. Net Profit Margin after Deferred Tax Liability (%)	13.54	8.91

AMBIKA COTTON MILLS LIMITED

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

7. Cash Profit Margin before Deferred Tax Liability (%)	25.72	19.52
8. Cash Profit Margin after Deferred Tax Liability (%)	21.15	18.97
9. Operating Profit Margin before Deferred Tax Liability (%)	30.51	27.43
10. Operating Profit Margin after Deferred Tax Liability (%)	25.93	26.88

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 through 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 6 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)	Nil	Nil	Nil
Sri R.Soundararaja Perumal	Director (Non Executive and Independent)	Nil	Nil	Nil
Ms. 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

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 2010 - 2011 : 5			
Sl.No.	Date of Board Meeting	Sl.No.	Date of Board Meeting
1	14.05.2010	2	31.07.2010
3	27.10.2010	4	31.01.2011
5	11.02.2011		

(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 2010
1.	Sri. P.V. Chandran, Chairman and Managing Director	5	5	Yes
2.	Sri. K.N. Sreedharan, Director	5	4	No
3.	Dr. K.Venkatachalam, Director	5	4	Yes
4.	Sri. R.Soundararaja Perumal, Director	5	4	Yes
5.	Ms. Bhavya Chandran	5	5	No
6.	Smt. Seethalakshmi Nagarajan (Nominee Director, IDBI Bank Limited)	5	3	No
7.	Sri. Sunil Kumar Kolangara, (Until Resignation)	5	1	No

4. Audit Committee :

The Audit Committee consists of three Directors, (after resignation of a Director) 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 2010 - 2011
Sri. K.N.Sreedharan	Independent / Non Executive	3
Dr. K. Venkatachalam	Independent / Non Executive	3
Sri. R. Soundararaja Perumal	Independent / Non Executive	4
Sri. Sunil Kumar Kolangara (Until Resignation)	Independent / Non Executive	1

During the year, the Audit Committee held its meetings on 14-05-2010, 31-07-2010, 27-10-2010 & 31-01-2011.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

5. Remuneration Committee:

The Remuneration Committee consists of Two Directors viz., Sri P.V.Chandran & 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 2010 - 2011
Sri. P.V. Chandran	Promoter / Director & Executive	6
Dr. K.Venkatachalam	Independent Director	3
Sri. R. Soundararaja Perumal	Independent Director	6

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
2008	Hotel Sree Annapoorna, 75 East Arokiyasamy Road,R.S.Puram, Cbe-2	27-09-2008	12 Noon
2009	Hotel Sree Annapoorna, 75 East Arokiyasamy Road,R.S.Puram, Cbe-2	29-09-2009	4 PM
2010	Hotel Sree Annapoorna, 75 East Arokiyasamy Road,R.S.Puram, Cbe-2	27-09-2010	12 Noon

All the Resolutions set out in the respective Notices were passed by the members. There were no resolutions put through by Postal Ballot 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 :

Sri R. Soundaraja Perumal

Sri. R. Soundaraja Perumal is a graduate and has considerable experience in working with Government departments. The company has installed Wind Mills for Captive Consumption which involves a huge capital outlay and are installed at far away places from the plants of the company. This requires constant monitoring for proper protection, generation and connectivity to the grid so as to derive maximum benefit. Therefore his continuity as a Director would be of immense value and beneficial to the company.

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

12. General Information to Shareholders:

Annual General Meeting (AGM) Date, Time and Venue	Tuesday, 27th September 2011 at 12.00 Noon at Hotel Sree Annapoorna, 75, East Arokyasamy Road, R.S.Puram, Coimbatore - 641 002	
Financial Calendar (tentative) :		
Results for Quarter ending	June 30, 2011	2nd Week of August,2011
	September 30, 2011	2nd Week of November, 2011
	December 31, 2011	2nd Week of February, 2012
	March 31, 2012	2nd Week of May, 2012 (Unaudited)/ Last week of May 2012 (audited).
	AGM	September 2012.
Date of Book Closure	19.09.2011 to 27.09.2011 (Both days inclusive) for Dividend. The dividend if declared will be paid to those members whose names appear in the Register of Members as on 19th September 2011.	
Dividend Payment Date	Within thirty days from the date of AGM	
Listing on Stock Exchanges	Listed in National Stock Exchange, Bombay Stock Exchange, Proposed to be de-listed from Madras Stock Exchange and Coimbatore 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.	

Stock Market Data :

Month	The Stock Exchange Mumbai (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
Apr-10	186.60	159.85	185.90	151.30
May-10	181.80	157.05	181.00	153.30
June-10	190.00	158.00	180.40	155.50
Jul-10	207.50	173.00	207.90	166.95
Aug-10	241.00	197.35	241.00	197.50
Sep-10	282.50	222.00	284.00	220.70
Oct-10	300.00	248.20	286.20	241.00
Nov-10	293.85	204.95	298.00	204.95
Dec-10	234.00	179.00	229.90	175.35
Jan-11	229.00	185.40	227.80	185.30
Feb-11	231.40	184.00	231.05	190.10
Mar-11	214.00	185.15	217.00	190.25

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

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 31-03-2011

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters	23,85,671	40.607
2	Banks, Financial Institutions, Mutual Funds	5,00,000	8.511
3	Foreign Institutional Investors / NRIs	13,600	0.231
4	Corporate Bodies	7,74,621	13.185
5	Public		
	1. Individuals (holding Nominal share capital upto Rs. 1.00 lakh)	10,74,916	18.297
	2. Individuals (holding Nominal share capital in excess of Rs.1.00 lakh)	9,80,206	16.684
6	Any other (Specify)		
	a. Trusts	825	0.014
	b. Directors and their relatives	100	0.002
	c. Non Resident Indians	29,551	0.503
	d. Clearing Members	16,224	0.276
	e. Hindu Undivided Families	99,286	1.690
	TOTAL	58,75,000	100.000

AMBIKA COTTON MILLS LIMITED

CORPORATE GOVERNANCE REPORT (Contd...)

Distribution of Share Holding as on 31-03-2011

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 to 500	4177	89.35	462761	7.88
501 to 1000	214	4.58	175344	2.98
1001 to 2000	113	2.42	173715	2.95
2001 to 3000	52	1.11	136124	2.32
3001 to 4000	11	0.23	38524	0.66
4001 to 5000	19	0.40	91033	1.55
5001 to 10000	41	0.88	310394	5.28
10001 and above	48	1.03	4487105	76.38
TOTAL	4675	100.00	58750000	100.00
Dematerialisation of Shares	95.512% of the Company's paid-up Equity Share Capital has been dematerialized up to March 31, 2011. 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 The Stock Exchange, Mumbai & National Stock Exchange of India (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 - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308.			
	Unit - III - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - II)			
	Unit - IV - Kanniyapuram - Ellaipatty Road, Kanniyapuram, Dindigul - 624 308. (Adjacent to Unit - III).			
Investor Correspondence / Query Information :-				
For Transfer Shares	SKDC Consultants Ltd., Kanapathy Towers, 3 rd 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 31.03.2011.
(a) Non executive directors.

Sl. No.	Name of the Director	Sitting Fees (Rs.)
1.	K.N. Sreedharan	35,000
2.	Dr. K. Venkatachalam	35,000
3.	R. Soundararaja Perumal	40,000
4.	Sunil Kumar Kolangara (Amount paid to Uffl Ventures) (Until Resignation)	10,000
5.	Seethalakshmi Nagarajan (Amount paid to IDBI Bank Limited)	15,000
	Total	1,35,000

- (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	24,00,000	51,00,000	25,000	75,25,000
2.	Ms. Bhavya Chandran	1,20,000	-	15,000	1,35,000

3. Shares of the company held by non-executive directors : Dr. K. Venkatachalam holds 100 shares of the company as on 31st March 2011.

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 31.3.2011.

Sd/-

PLACE: Coimbatore

(P.V.CHANDRAN)

DATE: 30.05.2011

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 2011, 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 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.0046275

Sd/-

(L. VENKATASUBBU)
PARTNER

MEMBERSHIP NO. 019791

PLACE: Coimbatore

DATE: 30.05.2011

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 2011 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 2011 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March 2011 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 read with Significant Accounting Policies and Notes thereon 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 2011.
- 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

PLACE : Coimbatore
DATE : 30-05-2011

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

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.
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 is 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 the question of reasonable prices in respect of such transactions as regards to the prevailing market prices does not arise.
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 its size and 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 in this connection and are of the opinion, that prima-facie, the prescribed accounts and records

AMBIKA COTTON MILLS LIMITED

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

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. 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	Commissioner of Central Excise (Appeals), Madurai
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
Service Tax	Payment of Licence Fee	0.67	10.05.2006	Commissioner of Central Excise (Appeals), Madurai
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
EPF & MP Act, 1952	PF dues made in respect of apprentice covered by Standing Order of the prescribed authority	40.26	From March 2006 to October 2007	EPF Appellate Tribunal, New Delhi.

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. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima-facie, applied by the company during the year for the purposes for which the loans were obtained.
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 : 30-05-2011

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

AMBIKA COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2011

SCHEDULE	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SOURCES OF FUNDS		
A. Shareholders' funds		
1. Share Capital	A 5,87,50,000	5,87,50,000
2. Reserves & Surplus	B 1,69,54,64,882	1,30,43,54,509
	<u>1,75,42,14,882</u>	<u>1,36,31,04,509</u>
B. Loan funds		
1. Secured Loans	C 2,60,09,97,829	2,33,96,61,225
2. Unsecured Loans	0	0
	<u>2,60,09,97,829</u>	<u>2,33,96,61,225</u>
C. Deferred Tax Liability	D 47,53,45,704	32,97,27,427
TOTAL	<u>4,83,05,58,415</u>	<u>4,03,24,93,161</u>
APPLICATION OF FUNDS		
A. Fixed Assets	E	
1. Gross Block	4,51,34,13,128	3,67,41,49,347
Less : Depreciation	<u>1,19,97,34,821</u>	<u>95,88,92,213</u>
Net Block	3,31,36,78,307	2,71,52,57,134
2. Capital Work In Progress	58,33,500	65,79,000
	<u>3,31,95,11,807</u>	<u>2,72,18,36,134</u>
B. Investments	F 5,82,500	5,34,303
C. Current Assets, Loans and Advances	G	
Current Assets		
1. Inventories	1,50,42,63,109	1,36,61,81,146
2. Sundry Debtors	21,16,98,020	23,66,12,690
3. Cash & Bank Balances	3,12,58,073	5,59,60,036
4. Loans & Advances	33,76,95,153	26,73,76,032
5. Other Current Assets	16,25,405	69,478
	<u>2,08,65,39,760</u>	<u>1,92,61,99,382</u>
Less : Current Liabilities and provisions	H	
1. Current Liabilities	53,65,24,269	57,88,37,744
2. Provisions	3,95,51,383	3,72,38,914
	<u>57,60,75,652</u>	<u>61,60,76,658</u>
Net Current Assets	1,51,04,64,108	1,31,01,22,724
TOTAL	<u>4,83,05,58,415</u>	<u>4,03,24,93,161</u>
NOTES FORMING PART OF ACCOUNTS	N	

As per our report of even date attached

For and on Behalf of the Board

For L. VENKATASUBBU & CO.,
Chartered Accountants
Firm Regn. No. : 0046275

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(L. VENKATASUBBU)
PARTNER
MEMBERSHIP No. 019791
PLACE : COIMBATORE
DATE : 30-05-2011

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	SCHEDULE	YEAR ENDED 31.03.2011 Rs.	YEAR ENDED 31.03.2010 Rs.
INCOME			
Sales		3,18,51,56,701	2,08,06,97,844
Other Income	I	8,72,58,766	15,06,93,972
		3,27,24,15,467	2,23,13,91,816
EXPENDITURE			
Raw Materials Consumed	J	1,70,73,65,999	1,20,94,26,357
Stock Adjustment	K	-1,00,62,009	-2,91,59,741
Excise Duty		0	0
Manufacturing Administrative and Other Expenses	L	58,22,85,199	44,02,43,230
Interest	M	15,24,88,895	16,45,35,991
Depreciation		24,21,96,256	20,94,77,849
		2,67,42,74,340	1,99,45,23,686
PROFIT BEFORE TAX		59,81,41,127	23,68,68,130
Less: Provision for Taxation			
Current tax (Minimum alternative tax)		11,92,02,034	4,02,50,000
Less: Minimum alternative tax credit		9,80,22,617	0
Net Current tax		2,11,79,417	4,02,50,000
Less: Provision for Deferred Tax Liability		14,56,18,277	1,13,19,860
Provision for FBT		0	0
PROFIT AFTER TAX		43,13,43,433	18,52,98,270
Add:			
a) Balance brought forward from previous year		23,91,15,361	15,61,19,796
b) Excess Depreciation withdrawn		9,17,440	0
c) Prior Period Income Tax Written Back		0	30,09,634
		67,13,76,234	34,44,27,700
Less:			
a) Interim Dividend		1,17,50,000	0
b) Tax on Interim Dividend		19,51,530	0
c) Provision for Final Dividend		1,76,25,000	1,76,25,000
d) Provision for Tax on Dividend		29,27,292	29,27,292
e) Prior period Income-tax Written-off		25,90,481	57,09,485
f) Prior Period FBT		0	60,090
g) Prior Period Expenses		0	89,90,472
h) MAT Credit adjusted		43,06,197	0
i) Transfer to General Reserve		10,00,00,000	7,00,00,000
Balance carried forward to Balance Sheet		53,02,25,734	23,91,15,361
NOTES FORMING PART OF ACCOUNTS			
	N		
Basic Earning per Share (Face Value of Rs.10/-) before prior period expenses and income-tax (Rs.)		73.42	31.54
Basic Earning per Share (Face Value of Rs.10/-) after prior period expenses and income-tax (Rs.)		72.25	29.53

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
PLACE : Coimbatore
DATE : 30-05-2011

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	59,81,41,127	23,68,68,130
Adjustment for Depreciation	24,21,96,256	20,94,77,849
Interest Paid	16,19,42,326	16,45,35,991
Interest capitalised	-94,53,431	0
Increase in carrying amount of Investments	-48,197	-69,000
Sale of investments	0	-5,75,804
Sale of Vehicle	-1,00,962	0
Foreign Currency Fluctuation on revaluation	-1,95,76,809	-2,56,11,350
Foreign Currency Fluctuation in cash and cash Equivalents on Revaluation	6423	-19108
Investments Income: Interest/Dividend Received	-42,59,426	-26,05,166
Operating Profit Before Working Capital Changes	<u>96,88,47,307</u>	<u>58,20,01,542</u>
Adjustments for		
Trade and other receivables	4,86,13,443	-15,25,32,537
Inventories	-13,80,81,963	-27,69,50,689
Trade Payables	<u>-3,69,95,139</u>	<u>26,20,57,168</u>
Cash generated from operations	84,23,83,648	41,45,75,484
Direct Taxes paid	<u>-12,44,05,979</u>	<u>-3,43,92,429</u>
Cash flow before extraordinary Items	71,79,77,669	38,01,83,055
Prior period Items	0	-89,90,472
Net Cash from operating activities	<u>71,79,77,669</u>	<u>37,11,92,583</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-84,00,30,739	-1,67,71,222
Interest capitalised	94,53,431	0
Capital work in progress	7,45,500	-27,67,500
Sale of Land	3,30,750	0
Sale of Vehicle	1,00,962	0
Acquisitions of Companies	0	0
Purchase of Investments	0	0
Sale of Investments	0	12,59,853
Interest Received	42,55,026	25,69,973
Dividend Received	4,400	35,193
Net cash used in Investing activities	<u>-82,51,40,670</u>	<u>-1,56,73,703</u>

AMBIKA COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011 (Contd....)

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
C.CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	0	0
Proceeds from Long Term borrowings	47,41,72,960	6,00,00,000
Proceeds from Working Capital borrowings	13,73,95,394	11,51,42,918
Foreign Currency Fluctuation	1,24,48,183	1,51,06,595
Repayment of Long Term borrowings	-35,02,31,750	-33,58,63,093
Repayment of Finance/ Lease Liabilities	0	0
Dividend Paid	-2,93,75,000	-1,17,50,000
Interest Paid	-16,19,42,326	-16,45,35,991
Net Cash Used in Financing Activities	<u>8,24,67,461</u>	<u>-32,18,99,571</u>
Net increase in Cash and Cash Equivalents	-2,46,95,540	3,36,19,309
Cash and Cash Equivalents as at 1st April (Opening Balance)	5,59,60,036	2,23,21,619
Increase on account of foreign currency revaluation	-6,423	19,108
Cash and Cash Equivalents as at 31st March (Closing Balance)	3,12,58,073	5,59,60,036

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. 18.51 Lakh (Previous year Rs.14.26 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. : 0046275

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

Sd/-
(Dr. K. VENKATACHALAM)
DIRECTOR

Sd/-
(L. VENKATASUBBU)
PARTNER
MEMBERSHIP No. 019791
PLACE : Coimbatore
DATE : 30-05-2011

Sd/-
(R. SOUNDARARAJA PERUMAL)
DIRECTOR

Sd/-
(RADHEYSHYAM PADIA)
COMPANY SECRETARY

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts As at 31.03.2011 As at 31.03.2010

	Rs.	Rs.
SCHEDULE A		
SHARE CAPITAL :		
Authorised :		
1,00,00,000 Equity shares of Rs.10/- each (Previous year 1,00,00,000 Equity Shares of Rs.10/- each)	10,00,00,000	10,00,00,000
Issued, Subscribed & Paid-Up :		
58,75,000 Equity shares of Rs.10/- each (Previous year 58,75,000 Equity Shares of Rs. 10/- each)	5,87,50,000	5,87,50,000
(Of the above 29,57,150 Equity Shares of Rs.10/- each are allotted as Bonus Shares by capitalisation of free reserves and share premium account)		
SCHEDULE B:		
RESERVES & SURPLUS :		
a. Share Premium As per last Balance Sheet	19,72,58,148	19,72,58,148
b. General Reserve As per last Balance Sheet Add : Transfer from Profit & Loss Account	86,79,81,000 10,00,00,000	79,79,81,000 7,00,00,000
	96,79,81,000	86,79,81,000
c. Balance in Profit & Loss Account	53,02,25,734	23,91,15,361
	1,69,54,64,882	1,30,43,54,509
SCHEDULE C		
SECURED LOANS		
1. From Banks		
a. Rupee Term Loan	1,69,52,15,900	1,57,12,74,690
b. Working Capital Loan	90,57,81,929	76,83,86,535
	2,60,09,97,829	2,33,96,61,225

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

As at 31.03.2011

As at 31.03.2010

NOTES :

1. Rupee Term Loans from IDBI Bank Ltd., Bank of Baroda, Corporation Bank and 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 in the manner indicated in para 2,3, 4 & 5 below.
2. Rupee Term Loan from IDBI Bank Ltd., relating to Windmills (located at Tirunelveli) is secured by a First Charge over the Assets created out of the Term Loan and further secured on Paripassu, second charge over the fixed assets of the Company except those that are exclusively charged to other Term Lenders.
3. Rupee Term Loan from Indian Bank is secured by a First Charge over the Assets created out of the Term Loan and further secured on Paripassu second charge over the existing and future fixed assets of the Company and Paripassu second charge on the entire current assets of the Company with IDBI Bank Ltd., Bank of Baroda, Corporation Bank and Axis Bank Ltd., Paripassu second charge on the assets created out of the Term Loan is offered to other lenders.
4. Rupee Term Loan from Indusind Bank Limited is secured by specific and exclusive Charge over the assets created out of the Term Loan funded by them.
5. 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.

SCHEDULE D

DEFERRED TAX LIABILITY

	Rs.	Rs.
Opening Balance	32,97,27,427	31,84,07,567
Add. : Transferred from Profit & Loss a/c for the current year	14,56,18,277	1,13,19,860
	47,53,45,704	32,97,27,427

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts :

SCHEDULE - E	GROSS BLOCK			DEPRECIATION			NET BLOCK	
FIXED ASSETS :	As At 01.04.2010 Rs.	Additions (Sold / Adjusted) During the year Rs.	As At 31.03.2011 Rs.	Upto 31.03.2010 Rs.	Provided (Withdrawn) during the Year Rs.	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.	As At 31.03.2010 Rs.
LAND	1,56,26,663	7,60,25,337 -3,30,750	9,13,21,250	0	0	0	9,13,21,250	1,56,26,663
OFFICE BUILDING	1,48,55,266	56,000	1,49,11,266	0	0	0	1,49,11,266	1,48,55,266
FACTORY BUILDING	50,53,88,213	3,18,38,512	53,72,26,725	8,07,77,514	1,72,34,195	9,80,11,709	43,92,15,016	42,46,10,699
PLANT & MACHINERY	3,11,28,78,177	73,19,72,139	3,84,48,50,316	86,60,47,222	22,24,60,495	1,08,85,07,717	2,75,63,42,599	2,24,68,30,955
ELECTRICAL FITTINGS	2,66,870	0	2,66,870	2,66,870	0	2,66,870	0	0
FURNITURE & FIXTURES	6,27,287	42,252	6,69,539	4,64,609	41,172	4,68,436	2,01,103	1,62,678
OFFICE EQUIPMENTS	43,74,614	96,499	44,71,113	31,60,683	3,60,350	34,98,517	9,72,596	12,13,931
VEHICLES	2,01,32,257	0	1,96,96,049	81,75,315	21,00,044	89,81,572	1,07,14,477	1,19,56,942
TOTAL AS AT 31.03.2011	3,67,41,49,347	84,00,30,739 -4,36,208	4,51,34,13,128	95,88,92,213	24,21,96,256	1,19,97,34,821	3,31,36,78,307	2,71,52,57,134
TOTAL AS AT 31.03.2010	3,65,73,78,125	1,67,71,222 -7,66,958	3,67,41,49,347	74,94,14,364	20,94,77,849	95,88,92,213	2,71,52,57,134	2,90,79,63,761

Note : The Office building is not put into use and hence depreciation is not provided.

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

	As at 31.03.2011	As at 31.03.2010
SCHEDULE F	Rs.	Rs.
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	16,803
ii. City Union Bank Ltd., (5000 Equity Shares of Rs.1/- each) (Previous year 5000 equity shares of Rs.1/- each)	17,500	17,500
b. Investments in Mutual Fund units		
LICMF Systematic Asset Allocation Fund-Dividend (50000 Units of Rs.10/- each) (Previous year 50000 Units of Rs.10/ each)	5,00,000	5,00,000
	5,82,500	5,34,303

(Market value of quoted investments - Equity Shares Rs. 3,36,190/- (Previous year Rs. 2,03,688/-)
 Net asset value of Mutual Funds units Rs. 5,16,755/- (Previous year Rs. 5,25,265/-)

SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES

Current Assets		
1. Inventories		
a. Raw Materials (at cost or net realisable value whichever is lower)	1,33,18,03,302	1,21,29,89,494
b. Work-in-process (at an estimated cost or net realisable value whichever is lower)	6,22,25,578	5,70,51,859
c. Finished Goods (at an estimated cost or net realisable value whichever is lower)	6,67,70,221	5,70,87,531
d. Waste Cotton (at net realisable value)	22,57,046	70,51,446
e. Packing Materials (at cost or net realisable value whichever is lower)	1,03,52,260	75,72,841
f. Stores and Spares (at cost or net realisable value whichever is lower)	3,08,54,702	2,44,27,975
	1,50,42,63,109	1,36,61,81,146

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

As at 31.03.2011

As at 31.03.2010

SCHEDULE G (Contd)	Rs.	Rs.
2. Sundry Debtors (Unsecured and considered good)		
a. Due for a period more than six months	31,01,366	82,91,811
b. Others	20,85,96,654	22,83,20,879
	<u>21,16,98,020</u>	<u>23,66,12,690</u>
3. Cash and Bank Balances		
a. Cash on hand	29,62,006	18,52,928
b. In Current account with Scheduled Banks	2,16,37,382	4,81,62,556
c. In Unpaid Dividend Account with Scheduled Banks	18,51,221	14,25,644
d. In Fixed Deposit with Scheduled banks	48,07,464	45,18,908
	<u>3,12,58,073</u>	<u>5,59,60,036</u>
4. Loans and Advances (Unsecured and considered good)		
a. Advances Recoverable in cash or in kind or for value to be received	4,61,17,059	6,25,05,047
b. Interest Reimbursement Receivable (TUFs)	6,51,33,564	6,69,52,915
c. Advance Income-tax & TDS*	17,30,27,083	7,92,63,552
d. Excise Duty and Modvat Receivable	2,04,06,338	1,48,43,588
e. Input VAT (Receivable)	3,26,823	1,88,966
f. Pre-paid Expenses	57,69,763	48,22,264
g. Electricity Deposit	2,67,40,903	3,86,76,080
h. Other Deposits	1,73,620	1,23,620
	<u>33,76,95,153</u>	<u>26,73,76,032</u>
*Includes MAT Credit Carried forward Rs. 16,87,52,893		
5. Other Current Assets		
a. Interest accrued on Deposits	16,25,405	69,478
b. Interest accrued on Investments	0	0
	<u>16,25,405</u>	<u>69,478</u>

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

As at 31.03.2011

As at 31.03.2010

SCHEDULE H	Rs.	Rs.
CURRENT LIABILITIES AND PROVISIONS		
1. Current Liabilities		
a. Acceptances	37,89,53,950	46,68,86,351
b. Sundry Creditors	4,96,14,552	4,78,72,649
c. Sundry Creditors for Capital Works	1,20,00,000	1,88,53,258
d. Advance for Supplies	6,21,91,264	1,72,23,074
e. Liability for Expenses	3,19,13,282	2,65,76,768
f. Investor Education and Protection Fund*		
i. Unpaid Dividend	18,51,221	14,25,644
ii. Unpaid application money received by the company for allotment of securities and due for refund.	0	0
iii. Unpaid Matured Debentures.	0	0
iv. Interest accrued on Unpaid Matured Debentures	0	0
(* There is no amount due and outstanding as on 31st March, 2011 to be credited to Investor Education and Protection Fund.)		
	<u>53,65,24,269</u>	<u>57,88,37,744</u>
2. Provisions		
a. Provision for Income Tax (Net of Advance Taxes)	1,89,99,091	1,66,86,622
b. Provision for Dividend	1,76,25,000	1,76,25,000
c. Provision for Tax on Dividend	29,27,292	29,27,292
	<u>3,95,51,383</u>	<u>3,72,38,914</u>

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

As at 31.03.2011

As at 31.03.2010

SCHEDULE I	Rs.	Rs.
OTHER INCOME		
a. Interest (TDS - Rs. 2,02,943 /-) (Previous year Rs. 5,06,480/-)	42,55,026	25,69,973
b. DEPB Receipts (For Export)	23,92,959	7,86,79,612
c. Foreign Exchange Fluctuation	3,67,63,978	3,69,50,514
d. Duty draw back	98,576	7,33,399
e. Cotton Short supply	0	14,94,799
f. Trading Profit - Cotton	2,15,60,841	0
g. Focus Market Scheme (FMS) for Export	1,99,332	0
h. Sales Tax refund	3,42,584	0
i. Sundry Parties Written-off	53,86,148	4,78,681
j. Dividend	4,400	35,193
k. Rent	3,00,000	0
l. Profit on sale of Investments	0	5,75,804
m. Profit on sale of Vehicle	1,00,962	0
n. Increase in Value of Investments	48,197	69,000
o. Wind Energy Guarantee	58,00,000	24,72,594
p. Wind Mill (Carbon Credit)	56,00,000	2,26,11,984
q. Wind Energy Generation	44,05,763	40,22,419
	<u>8,72,58,766</u>	<u>15,06,93,972</u>
SCHEDULE J		
Raw Materials Consumed		
Opening Stock	1,21,29,89,494	97,51,75,251
Add : Purchases	1,82,61,79,807	1,44,72,40,600
	<u>3,03,91,69,301</u>	<u>2,42,24,15,851</u>
Less : Closing Stock	1,33,18,03,302	1,21,29,89,494
Raw Materials Consumed	<u>1,70,73,65,999</u>	<u>1,20,94,26,357</u>
SCHEDULE K		
Stock Adjustment		
Opening Stock work in process	5,70,51,859	3,87,33,102
Opening Stock Finished Goods	5,70,87,531	4,65,02,667
Opening Stock of Waste Cotton	70,51,446	67,95,326
Total (A)	<u>12,11,90,836</u>	<u>9,20,31,095</u>
Closing Stock Work in process	6,22,25,578	5,70,51,859
Closing Stock Finished Goods	6,67,70,221	5,70,87,531
Closing Stock of Waste Cotton	22,57,046	70,51,446
Total (B)	<u>13,12,52,845</u>	<u>12,11,90,836</u>
Increase / Decrease in Stock (A - B) (-) / (+)	-1,00,62,009	-2,91,59,741

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

As at 31.03.2011

As at 31.03.2010

SCHEDULE L	Rs.	Rs.
MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES		
Stores Consumed	2,91,81,906	1,71,61,405
Power & Fuel	20,46,31,198	16,33,78,048
Materials Sizing & Fabrication	36,99,858	3,63,586
Freight Inwards	7,17,999	9,29,371
Salaries & Wages	9,51,48,991	8,04,82,345
Contribution to Provident Fund & Other Funds	61,47,953	36,76,260
Staff Welfare Expenses	5,38,47,335	2,60,94,496
Salary to Managing Director	75,00,000	72,88,227
Machinery Maintenance	1,30,26,017	71,76,416
Building Maintenance	2,03,43,126	1,05,77,302
Vehicle Maintenance	79,66,903	67,77,302
Printing & Stationary	8,11,010	7,60,905
Postage & Telephone	12,15,721	12,56,814
Travelling Expenses	28,23,083	22,98,076
Insurance	61,56,066	65,63,540
Licence Fees & Taxes	36,76,234	38,72,828
Bank Charges	23,80,708	28,95,431
Professional & Legal Charges	25,02,319	17,71,062
Auditors Remuneration	3,00,000	3,00,000
Freight Outwards	3,35,08,746	2,93,23,696
Packing Materials	3,71,65,233	3,16,26,589
Brokerage & Commission	4,02,10,950	2,57,58,287
Advertisement	6,82,096	3,70,993
Security Service Charges	29,02,745	16,28,781
Miscellaneous Expenses	57,39,002	79,11,470
	58,22,85,199	44,02,43,230
SCHEDULE M		
INTEREST		
On Fixed Term Loans	11,35,03,057	9,39,13,952
On Other Loans	3,89,85,838	7,06,22,039
	15,24,88,895	16,45,35,991

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

SCHEDULE N

NOTES FORMING PART OF ACCOUNTS

1. 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.

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

- iii. Work In Process: At an estimated cost or net realisable value whichever is lower.
- iv. Waste Cotton: At net realisable value.
- 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 working 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.

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

SCHEDULE N (Contd...)

(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.

(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 based on internal / external factors.

(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

Schedules Forming Part of Accounts

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

2.	Contingent Liability: -
a.	Contingent Liability in respect of contract remains to be executed on capital account amounts to Rs. 142/-Lakh (Previous year Rs. 7392/- Lakh) net of advance and other expenditure incurred Rs 58/- Lakh so far as up to 31.03.2011 (Previous year Rs.67/- Lakh)
b.	Letter of Credits of Export discounted with the Bank Rs.570/- Lakh (Previous year Rs. 0 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 Commissioner Central Excise (Appeals), Madurai.
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 raised a Service Tax demand of Rs.0.31 Lakh and Penalty Rs.0.36 Lakh for payment of Licence Fee and the matter is presently pending before Commissioner of Central Excise (Appeals) Madurai.
j.	In respect of the EPCG License obtained and utilized for Import of capital goods, the company has to fulfill 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 in the event of failure to fulfill the prescribed Export Obligation the Company is liable to pay duty amount along with applicable rate of interest. The duty saved amount, in respect of which Export Obligation remains to be fulfilled as on 31.03.2011 amounts to Rs. 60 Lakh. (Previous year Rs. 1246 Lakh). 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.
k.	In respect of Advance License utilised up to 31.03.2011 for Import of Raw Materials, the company has to fulfill an Export Obligation in USD 0.33 Lakh (Previous year USD 75,84,646) 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 452 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.
l.	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 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.
m.	The Regional Provident Fund Commissioner, Madurai has raised a demand of Rs. 40.26 Lakh in respect of apprentices appointed under standing orders duly certified by the prescribed authority and such apprentices are not required to be enrolled as members of Employees' Provident Fund & Miscellaneous Provision Act, 1952. However this is not acceptable to the Provident Fund department and the above demand was raised. The company has contested the matter before EPF Appellate Tribunal, New Delhi and the matter stands stayed by the Tribunal.

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

3. Details of Installed Capacity of production	2011	2010
(i) Spinning (in terms of spindles)	1,09,872	1,09,872
(ii) Knitting (in terms of Kgs. in lakh)	7.30	7.30
(iii) Wind Energy (for captive consumption) (in MW)	27.40	15.40

4. Auditors' Remuneration	Rs.	Rs.
Audit Fees	3,00,000	3,00,000
Total	3,00,000	3,00,000

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

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

7. Earnings Per Share (EPS):	2011	2010
Profit after Tax as per Profit & Loss Account before prior period expenses and Income-tax (Rs. in Lakh)	4313	1853
Profit after Tax as per Profit & Loss Account after prior period expenses and Income-tax (Rs. in Lakh)	4244	1735
Average No. of Equity Shares (Face Value Rs.10/- each)	58,75,000	58,75,000
Earning Per Share (EPS) before prior period expenses and Income-tax (in Rs.)	73.42	31.54
Earning Per Share (EPS) after prior period expenses and Income-tax (in Rs.)	72.25	29.53

8. Total quantity of Cotton traded 3.26 Lakh Kgs. (Previous year 0 Lakh Kgs.)

9. 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)
670	693	1363	712	651
(867)	(761)	(1628)	(958)	(670)
<i>(Figures in bracket relates to previous year)</i>				

10 In terms of information available with the company there are 2 (two) 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 31.03.2011 is Rs. 1,32,425/- (Previous year Rs. 78,901/-) 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.

11 Vehicle maintenance includes cost of expenditure incurred to provide transport to the employees from their place to work spot Rs. 68 Lakh (Previous year Rs. 56 Lakh) and staff welfare expenses include quarterly production incentive paid amounting to Rs. 322 Lakh (Previous year Rs. 63 Lakh).

12 Deferred tax liability is on account of timing difference of depreciation amounting to Rs.1456 Lakh (previous year Rs. 113 Lakh)

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

13 Particulars of Hedged and Un-Hedged Foreign Currency Exposure

Particulars	As at 31.03.2011		As at 31.03.2010	
	Assets	Liabilities	Assets	Liabilities
Foreign Currency Exposure in				
(i) USD				
Hedged	1300000	550000	---	10590174
Unhedged	1724519	27355812	3926307	10949343
Total	3024519	27905812	3926307	21539517
(ii) EUR				
Hedged	---	---	---	---
Unhedged	14400	---	2500	---
Total	14400	---	2500	---
(iii) JPY				
Hedged	---	---	---	---
Unhedged	477670	---	---	---
Total	477670	---	---	---

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.

14. Employee Benefits:

- Company's Contribution to Provident Fund: Rs. 61.48 Lakh (Previous Year Rs.36.76 Lakh)
 - 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 2011

(i) Present value of obligations

Particulars	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Obligations at the beginning of the year	3,98,546	6,36,564
Interest Cost	31,884	20,105
Current Service Cost	1,15,662	70,525
Benefit paid	(2,33,682)	(3,62,603)
Actuarial (Gain) /loss on obligations	(1,73,267)	33,955
Obligations at the end of the year	1,39,143	3,98,546

(ii) Fair value of Plan assets

Particulars	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Fair Value of the plan assets, beginning of the year	5,45,549	7,38,711
Expected return on plan assets	38,229	57,084
Contributions	6,57,329	1,12,357
Benefit paid	(2,33,682)	(3,62,603)
Actuarial (Gain) / loss on obligations	-	-
Fair Value of the plan assets, end of the year	10,07,425	5,45,549

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

(iii) Expenses to be recognized for the current year

Particulars	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Current Service Cost	1,15,662	70,525
Interest Cost	31,884	20,105
Expected return on plan assets	(38,229)	(57,084)
Actuarial (gain)/loss for the year	(1,73,267)	33,955
Expense to be recognized in statement of Profit and Loss	(63,950)	67,501

(iv) Actuarial Assumption

	31.03.2011	31.03.2010
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.

15. Segment reporting : Geographic Segment is presented on the basis of location of customers. Year ended 31.03.2011

Particulars	Geographic Segment				Rs. in Lakh
	Europe	East Asia & South East Asia	India	Others	Total
Revenue	4225	12552	1039	14863	32679
Identified operating expenses	1	212	1	188	402
Segment result	4224	12340	1038	14675	32277
Unallocable expenses (net)					26342
Operating Income					5935
Other Income					46
Profit before tax					5981
Tax expense					1668
Net profit from ordinary activities after tax					4313
Segment Assets and Liabilities as at 31.03.2011					
Segment assets	350	882	104	51000	52336
Add: Non-segment - Income tax					1731
Total assets					54067
Segment Liabilities	1	212	1	53663	53877
Add: Non-segment - Income tax					190
Total Liabilities					54067

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

SCHEDULE N (Contd...)

NOTES FORMING PART OF ACCOUNTS

16. Value of Imported and Indigenous Raw Materials and Spare parts consumed and percentage thereof:		2011		2010	
		Value (Rs. in Lakh)	% to Total	Value (Rs. in Lakh)	% to Total
i)	Raw Materials				
	Imported	9288	54.40	5902	48.80
	Indigenous	7786	45.60	6192	51.20
	Total	17074	100.00	12094	100.00
ii)	Spare Parts				
	Imported	21	4.98	24	9.84
	Indigenous	401	95.02	220	90.16
	Total	422	100.00	244	100.00

		2011 (Rs. in Lakh)	2010 (Rs. in Lakh)
17	a. Earnings in Foreign Exchange	17816	12141
	b. Expenditure in Foreign Currency:		
	i) For Import of Capital Goods	0	0
	ii) For Import of Raw Materials	5288	6570
	iii) For Import of Spares	20	15
	iv) For Interest & Bank Charges	284	190
	v) For Commission	115	123
	Total expenditure in foreign currency	5707	6898

18 Statement showing the Computation of Net profit in accordance with Section 198 (1) of the Companies Act 1956

Profit before tax		59,81,41,127
Add: Managerial remuneration paid / provided		
Directors sitting fees	1,75,000	
Chairman & Managing Director salary	75,00,000	
Salary to a Director	1,20,000	77,95,000
Total		60,59,36,127
Less: Surplus on disposal of fixed assets	1,00,962	
Increase in value of investments	48,197	1,49,159
Net Profit in accordance with section 198(1) / 349		60,57,86,968
Commission payable to Chairman and Managing Director at 2% of the said profit for the year		1,21,15,739
Commission Restricted to maximum		51,00,000

19. Previous year figures have been re-grouped, re-classified and re-calculated wherever necessary.

20. Figures are rounded to the nearest rupee.

AMBIKA COTTON MILLS LIMITED

Schedules Forming Part of Accounts

SCHEDULE N (Contd..)

NOTES FORMING PART OF ACCOUNTS

21. Quantitative Information:

Finished Goods		Unit	Quantity	Value
1. Yarn				
a. Opening Stock		Kgs	311445.522	56899437
			297518.036	46320489
b. Production		Kgs	12536343.935	-
			11269719.544	-
c. Issued to cloth production		Kgs	170058.830	-
			110345.230	-
d. Stock written off		Kgs	0.000	-
			248.980	-
e. Sales		Kgs	12325928.726	2916640829
			11145197.848	1896662352
f. Closing Stock		Kgs	351801.901	65801523
			311445.522	56899437
2. Cloth				
a. Opening Stock		Kgs	1529.223	188094
			1481.123	182178
b. Production		Kgs	170058.830	-
			110345.230	-
c. Sales		Kgs	165697.520	30186495
			110297.130	14620730
d. Closing Stock		Kgs	5890.533	968698
			1529.223	188094
3. Waste Cotton				
a. Opening Stock		Kgs	296408.750	7051446
			196329.000	6795326
b. Production		Kgs	4530371.800	-
			3997290.750	-
c. Sales		Kgs	4771547.600	238329377
			3897211.000	169414762
d. Stock Written Off		Kgs	20885.000	0
			0.000	0
e. Closing Stock		Kgs	34347.950	2257046
			296408.750	7051446
4. Raw Materials Consumed				
Cotton		Kgs	17506591.000	1707365999
			15728059.000	1209426357

(Figures in thick and Italicized relates to previous year)

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 : 30-05-2011

Book - Post

To

From

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