

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 1. CORPORATE INFORMATION

Ambika Cotton Mills Limited is engaged in manufacturing and selling speciality cotton yarn catering to the needs of manufacturers of premium branded shirts and t-shirts. Exports constitute significant portion of the operations. The company operates with total installed spindle capacity of 108288 (Previous Year 108288 Spindles) of compact facility housed in four units and Knitting facility of converting 40,000 Kgs of yarn per day into fabrics. The company has installed 27.4 MW wind power capacity for captive consumption of spinning segment. The Spinning Plants are located at Kanniyapuram, Dindigul and Windmills are located in Tirunelveli, Dharapuram and Theni in the State of Tamilnadu. The financial statements are approved for issue by the Company's Board of Directors on 28th May 2019.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Statement of compliance

The financial statements have been prepared in accordance with IND AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) (IndAS) Rules 2015 and other relevant provisions of the Act.

#### 2.2. Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013('Act')(to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

#### 2.3. Property, Plant and Equipment

Property, plant and equipment are carried at cost of acquisition including any attributable cost of bringing the assets to its working condition for its intended use and net of Cenvat / GST or any other claim receivable less accumulated depreciation and impairment losses, if any.

The depreciation charge is based on useful life and the expected residual value at the end of its life and are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end with the effect of any changes in estimate accounted for on a prospective basis. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Depreciation is recognised using the straight-line method.

| Estimated useful lives of the tangible assets are as follows : |               |
|--|---------------|
| Buildings  | 30 - 40 Years |
| Plant and Equipment  | 18.94 Years   |
| Wind Mills   | 13.33 Years   |
| Furniture & fixtures   | 3 Years       |
| Vehicles   | 8 years       |
| Office Equipments  | 3 Years       |

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

### 2.4. Intangible Assets

Intangible assets are carried at cost less accumulated amortisation. Amortisation is recognised on a straight line basis over their estimated useful lives.

|   |         |
|---|---------|
| Estimated useful lives of the intangible assets are as follows: |         |
| Technical Know how  | 4 years |

### 2.5. Impairment of assets

A tangible or intangible asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of tangible or intangible assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognised as an impairment loss. The impairment loss, if any, recognised in prior accounting period is reversed if there is a change in estimate of recoverable amount.

### 2.6 Financial Instruments

Financial assets and financial liabilities constitute Financial Instruments and are recognised only when the company becomes party to the contractual provisions of the instrument.

On initial recognition, (i) financial assets are classified either at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss (FVTPL) and (ii) financial liabilities either at amortised cost or fair value through profit or loss (FVTPL)

On initial recognition, a financial asset or a financial liability is measured at its fair value. In the case of a financial asset or liability which is not categorised at FVTPL, the financial asset or liability will be measured at its fair value plus/minus transaction cost that are directly contributed to the acquisition or issue of the financial asset or financial liability.

The financial assets and liabilities are carried at FVTPL and there are no financial assets and liabilities falling under other categories.

The equity instruments are categorised at FVTPL and are measured at the end of each reporting period.

In the case of derivatives, the contractual rights and obligations are recognised as assets or liabilities in the balance sheet.

The financial assets are derecognised when the contractual rights to the cash flows from the asset expires.

The financial liabilities are derecognised when the obligations are discharged.

### 2.7 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

# **AMBIKA COTTON MILLS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

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### **2.8 Valuation of Inventories**

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. The costs of inventories are ascertained on weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### **2.9. Foreign Currency transactions:**

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items at the balance sheet date are reported using the closing rate.

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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### **2.10 Recognition of revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Dividend income from investments is recognised when the right to receive payment is established

Interest income is recognized on time proportionate basis with reference to the principal outstanding and at the effective interest rate applicable.

Export incentives are recognised when the right to receive payment/credit is established and no significant uncertainty as to measurability or collectability exists.

### **2.11 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

### **2.12 Date of recording of Final Dividend declared by the Company as a liability**

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors.

### **2.13 Earnings per share:**

Basic Earnings per share is calculated by dividing the Net Profit after tax attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year.

### **2.14 Employee Benefits:**

Employee benefits consist of provident fund and gratuity. The company's contribution to provident fund is considered as defined contribution plan and charged as an expense based on the amount of contribution required to be made. For defined benefit plan 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.

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

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### **2.15 Segment reporting**

The company is primarily engaged in manufacturing cotton yarn and fabrics . The power generated from windmills is meant for captive consumption for manufacturing of cotton yarn and fabrics . One of the criteria for segment reporting is absolute amount of the segment's reported profit or loss is 10% or more of the greater of (i) the combined reported profit of all operating segments that did not report a loss and ( ii ) the combined loss of all operating segments that reported a loss and accordingly the company has identified two reportable segments viz., Textiles and Windmills as business segments and inter segment revenue is value of power adjusted by State Government Corporation (TANGEDCO) in electricity bills of spinning segment.

### **2.16. Taxes on Income**

Income tax expense comprises current and deferred income tax.

#### **Current tax**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

#### **Deferred tax**

"Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### **Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income .

### **2.17 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 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.

### **2.18 Cash Flow statement and Cash and Cash equivalents**

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

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associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balances with banks in current accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

### **3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such estimates and judgments are included in the relevant notes together with the basis of calculation for relevant line item in the financial statements. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 4. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK -IN-PROGRESS

(Rs. in Lakhs)

| Particulars              | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|--------------------------|--------------------------|--------------------------|
| Carrying amounts of:     |                          |                          |
| Freehold land            | 339.13                   | 323.09                   |
| Buildings                | 5082.41                  | 4991.55                  |
| Plant and Equipment      | 20429.61                 | 20453.36                 |
| Electrical Fittings      | 0.00                     | 0.00                     |
| Furniture and fixtures   | 0.83                     | 1.18                     |
| Vehicles                 | 140.71                   | 111.23                   |
| Office Equipment         | 23.45                    | 20.64                    |
| <b>Total</b>             | <b>26016.14</b>          | <b>25901.05</b>          |
| Capital Work-in-progress | 115.75                   | 31.46                    |
| <b>Total</b>             | <b>115.75</b>            | <b>31.46</b>             |
| <b>Total</b>             | <b>26131.89</b>          | <b>25932.51</b>          |

(Rs. in Lakhs)

| Particulars                                    | Free hold<br>Land | Buildings | Plant &<br>Equipment | Electrical<br>Fittings | Furniture<br>& fixtures | Vehicles | Office<br>equipments | Total    | Capital Work<br>in progress |
|--|-------------------|-----------|----------------------|------------------------|-------------------------|----------|----------------------|----------|-----------------------------|
| <b>Cost or deemed cost</b>                     |                   |           |                      |                        |                         |          |                      |          |                             |
| <b>Balance at 1st April 2018</b>               | 323.09            | 7431.03   | 48479.57             | 2.67                   | 13.45                   | 397.79   | 103.49               | 56751.09 | 31.46                       |
| Additions                                      | 16.04             | 365.14    | 2550.76              | 0.00                   | 1.03                    | 60.62    | 20.04                | 3013.63  | 115.75                      |
| Capitalised                                    |                   |           |                      |                        |                         |          |                      |          | 31.46                       |
| Eliminated on disposals of assets              | 0.00              | 0.00      | 37.60                | 0.00                   | 0.00                    | 0.00     | 0.00                 | 37.60    | 0.00                        |
| <b>Balance at 31st March 2019</b>              | 339.13            | 7796.17   | 50992.73             | 2.67                   | 14.48                   | 458.41   | 123.53               | 59727.12 | 115.75                      |
| <b>Accumulated depreciation and impairment</b> |                   |           |                      |                        |                         |          |                      |          |                             |
| <b>Balance at 1st April 2018</b>               | 0.00              | 2439.47   | 28026.21             | 2.67                   | 12.27                   | 286.56   | 82.85                | 30850.03 | 0.00                        |
| Eliminated on disposals of assets              | 0.00              | 0.00      | 23.82                | 0.00                   | 0.00                    | 0.00     | 0.00                 | 23.82    | 0.00                        |
| Depreciation Expense                           | 0.00              | 274.28    | 2560.73              | 0.00                   | 1.38                    | 31.14    | 17.23                | 2884.76  | 0.00                        |
| <b>Balance at 31st March 2019</b>              | 0.00              | 2713.75   | 30563.12             | 2.67                   | 13.65                   | 317.70   | 100.08               | 33710.97 | 0.00                        |
| <b>Carrying Amount</b>                         |                   |           |                      |                        |                         |          |                      |          |                             |
| <b>Balance at 1st April 2018</b>               | 323.09            | 4991.55   | 20453.36             | 0.00                   | 1.18                    | 111.23   | 20.64                | 25901.05 | 31.46                       |
| Additions                                      | 16.04             | 365.14    | 2550.76              | 0.00                   | 1.03                    | 60.62    | 20.04                | 3013.63  | 115.75                      |
| Eliminated on disposals of assets              | 0.00              | 0.00      | 13.78                | 0.00                   | 0.00                    | 0.00     | 0.00                 | 13.78    | 0.00                        |
| Capitalised                                    |                   |           |                      |                        |                         |          |                      |          | 31.46                       |
| Depreciation expense                           | 0.00              | 274.28    | 2560.73              | 0.00                   | 1.38                    | 31.14    | 17.23                | 2884.76  | 0.00                        |
| <b>Balance at 31st March 2019</b>              | 339.13            | 5082.41   | 20429.61             | 0.00                   | 0.83                    | 140.71   | 23.45                | 26016.14 | 115.75                      |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 5. INTANGIBLE ASSETS

(Rs. in Lakhs)

| Particulars          | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|----------------------|--------------------------|--------------------------|
| Carrying amounts of: |                          |                          |
| Know-how             | 0                        | 0                        |
| <b>Total</b>         | <b>0</b>                 | <b>0</b>                 |

| Particulars                                    | Know How |
|--|----------|
| <b>Cost or deemed cost</b>                     |          |
| Balance at 1st April 2018                      | 79.43    |
| Additions                                      | 0        |
| Eliminated on disposals of assets              | 0        |
| Balance at 31st March 2019                     | 79.43    |
| <b>Accumulated depreciation and impairment</b> |          |
| Balance at 1st April 2018                      | 79.43    |
| Eliminated on disposals of assets              | 0        |
| Depreciation Expense                           | 0        |
| Balance at 31st March 2019                     | 79.43    |
| <b>Carrying Amount</b>                         |          |
| Balance at 1st April 2018                      | 0        |
| Additions                                      | 0        |
| Eliminated on disposals of assets              | 0        |
| Depreciation expense                           | 0        |
| Balance at 31st March 2019                     | 0        |

### 6. INVENTORIES

(Rs. in Lakhs)

| Particulars  | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|--|--------------------------|--------------------------|
| Inventories (lower of cost and net realisable value) |                          |                          |
| Raw Materials  | 22201.16                 | 19928.06                 |
| Work-in-progress                                     | 1607.00                  | 2347.71                  |
| Finished Goods                                       | 2364.67                  | 988.70                   |
| Waste Cotton   | 84.58                    | 22.74                    |
| Stores and Spares                                    | 743.98                   | 537.49                   |
| Packing Materials                                    | 187.94                   | 168.45                   |
| <b>Total</b>   | <b>27189.33</b>          | <b>23993.15</b>          |

The cost of inventories recognised as an expense during the year is Rs. 42226.32

(Previous year Rs. 38685.11)

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 7. INVESTMENTS

(Rs. in Lakhs)

| Particulars  | As at 31st March 2019 |              | As at 31st March 2018 |              |
|--|-----------------------|--------------|-----------------------|--------------|
|  | Quantity              | Amount       | Quantity              | Amount       |
| <b>Current</b>   |                       |              |                       |              |
| Investment in quoted equity instruments (fully paid up) [At fair values] |                       |              |                       |              |
| Cholamandalam Investment & Finance Co. Limited                           | 650                   | 9.44         | 650                   | 9.42         |
| City Union Bank  | 5500                  | 11.27        | 5000                  | 9.49         |
| Investment in unquoted equity instruments (fully paid up)                |                       |              |                       |              |
| Suryadev Alloys Power Private Limited                                    | 2600                  | 3.80         | 2600                  | 3.80         |
| Investment in Mutual Fund [at Nav]                                       |                       |              |                       |              |
| LICMF Equity Fund- Dividend-Reinvestment plan                            | 58182.257             | 8.84         | 58182.257             | 8.25         |
| <b>Total</b>   | <b>66932.257</b>      | <b>33.35</b> | <b>66432.257</b>      | <b>30.96</b> |
| Aggregate book value of quoted investments                               |                       |              |                       |              |
|  |                       | 0.87         |                       | 0.87         |
| Aggregate market value of quoted investments                             |                       |              |                       |              |
|  |                       | 20.71        |                       | 18.91        |
| Aggregate book value of unquoted investments                             |                       |              |                       |              |
|  |                       | 3.80         |                       | 3.80         |
| Aggregate amount of impairment in the value of investments               |                       |              |                       |              |
|  |                       | 0.00         |                       | 0.0          |
| Aggregate book value of Mutual fund                                      |                       |              |                       |              |
|  |                       | 6.46         |                       | 6.46         |
| Aggregate net asset value of Mutual fund                                 |                       |              |                       |              |
|  |                       | 8.84         |                       | 8.25         |
| Category-wise investments - as per IND AS 109 classification             |                       |              |                       |              |
| Financial assets carried at fair value through profit or loss (FVTPL)    |                       | 33.35        |                       | 30.96        |
| Financial assets carried at amortised cost                               |                       | 0.00         |                       | 0.00         |
| Financial assets carried at fair value through Other                     |                       |              |                       |              |
| Comprehensive Income (FVTOCI)  |                       | 0.00         |                       | 0.00         |

### 8. TRADE RECEIVABLES

(Rs. in Lakhs)

| Particulars   | As at 31st     |                |
|---|----------------|----------------|
|   | March 2019     | March 2018     |
| <b>Current</b>  |                |                |
| <b>Unsecured, considered good</b>                             |                |                |
| From related Parties  | 0.00           | 0.00           |
| From others   | 1255.09        | 1360.49        |
| Allowance for doubtful debts (Expected credit loss allowance) | 0.00           | 0.00           |
| <b>Total</b>  | <b>1255.09</b> | <b>1360.49</b> |

### Concentration of Risk

Generally the sales are made against specific orders and to those customers who have long term relationship. Export Sales are backed by irrevocable letter of credits. In respect of domestic sales advance payments are collected before delivery of goods. However exceptions are made based on the credit quality of customers. Expected credit loss is placed at Nil.



# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. in Lakhs)

| Particulars               | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---------------------------|--------------------------|--------------------------|
| <b>Age of receivables</b> |                          |                          |
| Within the credit period  | 1255.09                  | 1360.49                  |
| 30-60 Days                | 0                        | 0                        |
| 60-90 Days                | 0                        | 0                        |
| More than 90 Days         | 0                        | 0                        |
| <b>Total</b>              | <b>1255.09</b>           | <b>1360.49</b>           |

### MOVEMENT IN THE EXPECTED CREDIT LOSS ALLOWANCE

(Rs. in Lakhs)

| Particulars   | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---|--------------------------|--------------------------|
| <b>Age of receivables</b>                                 |                          |                          |
| Balance at the beginning of the year                      | 0                        | 0                        |
| Movement in the expected credit loss allowance on trade   | 0                        | 0                        |
| Receivables calculated at lifetime expected credit losses | 0                        | 0                        |
| Balance at the end of the year                            | 0                        | 0                        |

### 9 (a). CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

| Particulars                | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|----------------------------|--------------------------|--------------------------|
| <b>Balances with Banks</b> |                          |                          |
| Current account            | 380.24                   | 279.24                   |
| EEFC A/c                   | 154.30                   | 152.06                   |
| Cash on hand               | 54.91                    | 39.38                    |
| <b>Total</b>               | <b>589.45</b>            | <b>470.68</b>            |

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

### 9(b) BANK BALANCES OTHER THAN ABOVE

(Rs. in Lakhs)

| Particulars                       | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|-----------------------------------|--------------------------|--------------------------|
| Bank Deposits - Closure on Demand | 1565.81                  | 0.00                     |
| Deposits held for guarantee       | 5.70                     | 5.40                     |
| Unpaid dividend account           | 20.50                    | 16.11                    |
| <b>Total</b>                      | <b>1592.01</b>           | <b>21.51</b>             |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 10. OTHER FINANCIAL ASSETS

(Rs. in Lakhs)

| Particulars   | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---|--------------------------|--------------------------|
| <b>Non-current</b>                                    |                          |                          |
| Cenvat and service tax credit receivable              | 37.86                    | 39.86                    |
| Cenvat Transcredit Receivable                         | 115.28                   | 115.28                   |
| Interest reimbursement receivable (TUFS)              | 126.94                   | 126.94                   |
| Security Deposit for Electricity TWAD Board & Others  | 382.40                   | 119.66                   |
| <b>Total</b>  | <b>662.48</b>            | <b>401.74</b>            |
| <b>Current</b>  |                          |                          |
| Cotton Purchase debit note                            | 30.91                    | 35.71                    |
| Duty drawback & MEIS receivable                       | 297.94                   | 186.67                   |
| EB receivable (for wind)                              | 99.87                    | 79.84                    |
| Forward cover receivable(Foreign Currency derivative) | 268.02                   | 134.11                   |
| GST receivable  | 1746.27                  | 1423.71                  |
| Interest Subvention Receivable                        | 5.39                     | 0.00                     |
| VAT & Sales tax receivable                            | 5.24                     | 5.24                     |
| <b>Total</b>  | <b>2453.64</b>           | <b>1865.28</b>           |

### 11. CURRENT TAX ASSETS (NET)

(Rs. in Lakhs)

| Particulars                    | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|--------------------------------|--------------------------|--------------------------|
| <b>Current tax assets</b>      |                          |                          |
| Income tax advances            | 0.00                     | 2106.96                  |
| <b>Current tax liabilities</b> |                          |                          |
| Income tax liability           | 0.00                     | 2069.14                  |
|                                | 0.00                     | 37.82                    |
| Income tax refund due          | 54.26                    | 16.44                    |
| <b>Total</b>                   | <b>54.26</b>             | <b>54.26</b>             |

### 12. OTHER CURRENT ASSETS

(Rs. in Lakhs)

| Particulars                             | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---|--------------------------|--------------------------|
| <b>Non-Current</b>                      |                          |                          |
| Capital Advances                        | 34.71                    | 16.86                    |
| <b>Total</b>                            | <b>34.71</b>             | <b>16.86</b>             |
| <b>Current</b>                          |                          |                          |
| Advance for supply of materials         | 211.66                   | 195.21                   |
| Advance for Cotton                      | 830.80                   | 1990.27                  |
| LC Opening Charges for import of Cotton | 5.47                     | 26.45                    |
| Prepaid Expenses                        | 268.45                   | 85.57                    |
| LIC Plan Assets                         | 11.70                    | 10.65                    |
| <b>Total</b>                            | <b>1328.08</b>           | <b>2308.15</b>           |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 13. EQUITY SHARE CAPITAL

(Rs. in Lakhs)

| Particulars   | As at 31st March 2019 | As at 31st March 2018 |
|---|-----------------------|-----------------------|
| <b>a. Authorized Share Capital</b>                        |                       |                       |
| 1,00,00,000 Fully paid Equity Shares of Rs. 10 each       | 1000.00               | 1000.00               |
| <b>b. Issued and subscribed and fully paid up capital</b> |                       |                       |
| 5725000 Equity shares of Rs.10 each                       | 572.50                | 572.50                |

(Rs. in Lakhs)

| Particulars                     | Number of Shares | Share Capital |
|---------------------------------|------------------|---------------|
| <b>Fully paid Equity Shares</b> |                  |               |
| Balance as on March 31, 2018    | 5725000          | 572.50        |
| Balance as on March 31, 2019    | 5725000          | 572.50        |

The company has issued only one class of Equity share having a par value of Rs.10 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Shareholders holding more than 5% Equity shares

| Particulars      | As at 31st March 2019 |            | As at 31st March 2018 |            |
|------------------|-----------------------|------------|-----------------------|------------|
|                  | Number of shares      | Percentage | Number of shares      | Percentage |
| 1. C. Bhavani    | 2272566               | 39.70      | 2272566               | 39.70      |
| 2. P.V. Chandran | 589784                | 10.30      | 589784                | 10.30      |

### 14. OTHER EQUITY

(Rs. in Lakhs)

| Particulars                | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------|-----------------------|-----------------------|
| Capital Redemption Reserve | 15.00                 | 15.00                 |
| Securities Premium Reserve | 361.06                | 361.06                |
| General Reserve            | 17679.81              | 16679.81              |
| Retained Earnings          | 28833.66              | 25251.72              |
| <b>Total</b>               | <b>46889.53</b>       | <b>42307.59</b>       |

#### 14.1. CAPITAL REDEMPTION RESERVE

(Rs. in Lakhs)

| Particulars                                 | As at 31st March 2019 | As at 31st March 2018 |
|---|-----------------------|-----------------------|
| <b>Balance at the beginning of the year</b> | <b>15.00</b>          | <b>15.00</b>          |
| Movements during the year                   | 0.00                  | 0.00                  |
| <b>Balance at the end of the year</b>       | <b>15.00</b>          | <b>15.00</b>          |

Capital Redemption Reserve is a statutory reserve created at amounts equal to the face value of the shares bought back as per the provisions of company law.

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 14.2 SECURITIES PREMIUM RESERVE

(Rs. in Lakhs)

| Particulars                           | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---------------------------------------|--------------------------|--------------------------|
| Balance at the beginning of the year  | 361.06                   | 361.06                   |
| Movements during the year             | 0                        | 0.00                     |
| <b>Balance at the end of the year</b> | <b>361.06</b>            | <b>361.06</b>            |

Security Premium reserve is a reserve created out of amounts received over and above the par value at the time of issue of shares.

### 14.3 GENERAL RESERVE

(Rs. in Lakhs)

| Particulars                           | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---------------------------------------|--------------------------|--------------------------|
| Balance at the beginning of the year  | 16679.81                 | 15679.81                 |
| Add: Transfer from retained earnings  | 1000.00                  | 1000.00                  |
| <b>Balance at the end of the year</b> | <b>17679.81</b>          | <b>16679.81</b>          |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

### 14.4 RETAINED EARNINGS

(Rs. in Lakhs)

| Particulars                                  | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|--|--------------------------|--------------------------|
| Balance at the beginning of the year         | 25251.72                 | 20841.22                 |
| Add: Total comprehensive income for the year | 6307.39                  | 6099.55                  |
| Less: Payment of dividends on equity shares  | 1431.25                  | 572.50                   |
| Less: Payment of tax on dividends            | 294.20                   | 116.55                   |
| Less: Transfer to General Reserve            | 1000.00                  | 1000.00                  |
| <b>Balance at the end of the year</b>        | <b>28833.66</b>          | <b>25251.72</b>          |

The directors have proposed dividend of Rs. 30/- per share amounting to Rs. 171750000/- for the year ended March 31, 2019 and the same is subject to approval of shareholders at the Annual General Meeting and hence not included as a liability.

### 15. DEFERRED TAX LIABILITY (NET )

(Rs. in Lakhs)

| Particulars            | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|------------------------|--------------------------|--------------------------|
| Deferred Tax Liability | 2742.55                  | 3042.04                  |
| Deferred Tax Asset     | 0.00                     | 0.00                     |
| MAT credit C/F         | 0.00                     | 0.00                     |
| <b>Total</b>           | <b>2742.55</b>           | <b>3042.04</b>           |

### 2018 - 2019

(Rs. in Lakhs)

| Particulars                                    | Opening<br>Balance | Recognised in<br>Profit or loss | Closing<br>Balance |
|--|--------------------|---------------------------------|--------------------|
| On account of Property, Plant & Equipment      | 3037.80            | -300.00                         | 2737.80            |
| On account of fair value of Equity instruments | 4.24               | 0.51                            | 4.75               |
|  | <b>3042.04</b>     | <b>-299.49</b>                  | <b>2742.55</b>     |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2017 - 2018 (Rs. in Lakhs)

| Particulars                                    | Opening Balance | Recognised in Profit or loss | Closing Balance |
|--|-----------------|------------------------------|-----------------|
| On account of Property , Plant & Equipment     | 3257.80         | -220.00                      | 3037.80         |
| On account of fair value of Equity instruments | 3.12            | 1.12                         | 4.24            |
|  | <b>3260.92</b>  | <b>-218.88</b>               | <b>3042.04</b>  |

16. BORROWINGS (Rs. in Lakhs)

| Particulars                                 | As at 31st March 2019 | As at 31st March 2018 |
|---|-----------------------|-----------------------|
| <b>From Banks (Secured)</b>                 |                       |                       |
| Loans Repayable on Demand - Working Capital | 8366.79               | 2842.89               |
| <b>From Banks (Unsecured)</b>               |                       |                       |
| Loans Repayable on Demand - Working Capital | 500.00                | 0                     |
|   | <b>8866.79</b>        | <b>2842.89</b>        |

### NATURE OF SECURITY

Working Capital Loans from Banks are secured by Paripassu First charge over the current assets and Paripassu second charge over the movable fixed assets excluding Windmills.

Loans Guaranteed by Directors Nil

Period and amount of continuing Default Nil

17. TRADE PAYABLES (Rs. in Lakhs)

| Particulars                        | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------|-----------------------|-----------------------|
| <b>Current</b>                     |                       |                       |
| Due to Micro and Small Enterprises | 78.94                 | 0.00                  |
| Others                             | 659.46                | 6098.42               |
| <b>Total</b>                       | <b>738.40</b>         | <b>6098.42</b>        |

18. OTHER FINANCIAL LIABILITIES (Rs. in Lakhs)

| Particulars                                | As at 31st March 2019 | As at 31st March 2018 |
|--|-----------------------|-----------------------|
| <b>Non- current</b>                        |                       |                       |
| Liabilities for Expenses                   | 756.07                | 756.07                |
|  | <b>756.07</b>         | <b>756.07</b>         |
| <b>Current</b>                             |                       |                       |
| Unpaid dividends                           | 20.50                 | 16.11                 |
| Interest accrued but not due on borrowings | 2.43                  | 30.02                 |
| Statutory payables                         | 51.62                 | 38.97                 |
| Other liabilities for Expenses             | 511.25                | 476.24                |
| <b>Total</b>                               | <b>585.80</b>         | <b>561.34</b>         |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 19. OTHER CURRENT LIABILITIES (Rs. in Lakhs)

| Particulars                     | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------|-----------------------|-----------------------|
| Advance received from Customers | 153.48                | 274.74                |
| <b>Total</b>                    | <b>153.48</b>         | <b>274.74</b>         |

### 20. CURRENT TAX LIABILITIES (NET) (Rs. in Lakhs)

| Particulars                    | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------|-----------------------|-----------------------|
| <b>Current tax liabilities</b> |                       |                       |
| Income tax provisions          | 2657.73               | 0.00                  |
| <b>Current tax assets</b>      |                       |                       |
| Income tax advances            | 2638.56               | 0.00                  |
| <b>Total</b>                   | <b>19.17</b>          | <b>0.00</b>           |

### 21. REVENUE FROM OPERATIONS (Rs. in Lakhs)

| Particulars                                     | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|----------------------------|----------------------------|
| Sale of Products (Refer Note (i) below)         | 64450.09                   | 56957.82                   |
| Other Operating Revenue (Refer Note (ii) below) | 1109.88                    | 1488.86                    |
|   | <b>65559.97</b>            | <b>58446.68</b>            |
| Note (i)  |                            |                            |
| <b>Sale of Products Comprises</b>               |                            |                            |
| Cotton Yarn                                     | 35158.81                   | 41034.38                   |
| Knitted Fabrics                                 | 23122.55                   | 9937.47                    |
| Waste Cotton                                    | 6168.73                    | 5985.97                    |
|   | <b>64450.09</b>            | <b>56957.82</b>            |
| Note (ii)                                       |                            |                            |
| <b>Other Operating Revenue</b>                  |                            |                            |
| Export Benefits                                 | 919.54                     | 910.20                     |
| Foreign Exchange Fluctuation                    | 0.00                       | 401.21                     |
| Profit on disposal of rawmaterial               | 139.54                     | 148.42                     |
| Wind Energy                                     | 20.03                      | 0.00                       |
| Sale of Scrap                                   | 30.77                      | 29.03                      |
|   | <b>1109.88</b>             | <b>1488.86</b>             |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 22. OTHER INCOME

(Rs. in Lakhs)

| Particulars  | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Interest (Refer Note (i) below)                    | 96.06                         | 61.81                         |
| Dividend from Current Investments                  | 0.04                          | 0.01                          |
| Other non-operating income (Refer Note (ii) below) | 43.72                         | 61.31                         |
|  | <b>139.82</b>                 | <b>123.13</b>                 |
| Note (i)   |                               |                               |
| <b>Interest Income Comprises of</b>                |                               |                               |
| From banks on deposits                             | 85.62                         | 55.07                         |
| Other Interest                                     | 10.44                         | 6.74                          |
| <b>Total Interest Income</b>                       | <b>96.06</b>                  | <b>61.81</b>                  |
| Note (ii)  |                               |                               |
| <b>Other non-operating income comprises of</b>     |                               |                               |
| Sundry Parties Written Off                         | 41.33                         | 0.00                          |
| Profit on sale of Fixed Assets                     | 0.00                          | 45.34                         |
| Increase in fair value of Investments              | 2.39                          | 5.25                          |
| VAT Refund   | 0.00                          | 10.72                         |
|  | <b>43.72</b>                  | <b>61.31</b>                  |

### 23. COST OF MATERIALS CONSUMED

(Rs. in Lakhs)

| Particulars                             | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|---|-------------------------------|-------------------------------|
| <b>Opening Stock</b>                    | 19928.06                      | 12291.45                      |
| Add : Purchases                         | 47077.61                      | 48269.88                      |
|   | 67005.67                      | 60561.33                      |
| Less: Cost of materials disposed        | 2578.19                       | 1948.16                       |
|   | 64427.48                      | 58613.17                      |
| Less : Closing Stock                    | 22201.16                      | 19928.06                      |
| <b>Total Cost of Materials Consumed</b> | <b>42226.32</b>               | <b>38685.11</b>               |
| <b>Materials Consumed Comprise</b>      |                               |                               |
| Raw Cotton                              | 35745.47                      | 35566.10                      |
| Modal                                   | 994.78                        | 223.32                        |
| Lycra                                   | 645.68                        | 310.03                        |
| Yarn                                    | 4840.39                       | 2585.66                       |
|   | <b>42226.32</b>               | <b>38685.11</b>               |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 24. CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS (Rs. in Lakhs)

| Particulars                                  | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Opening Stock Work in progress               | 2347.71                       | 1352.29                       |
| Opening Stock Finished Goods                 | 988.70                        | 830.89                        |
| Opening Stock of Waste Cotton                | 22.74                         | 84.87                         |
| <b>Total (A)</b>                             | <b>3359.15</b>                | <b>2268.05</b>                |
| Closing Stock Work in progress               | 1607.00                       | 2347.71                       |
| Closing Stock Finished Goods                 | 2364.67                       | 988.70                        |
| Closing Stock of Waste Cotton                | 84.58                         | 22.74                         |
| <b>Total (B)</b>                             | <b>4056.25</b>                | <b>3359.15</b>                |
| Increase / Decrease in Stock (A - B) (-)/(+) | -697.10                       | -1091.10                      |

### 25. EMPLOYEES BENEFIT EXPENSES (Rs. in Lakhs)

| Particulars                                  | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Salaries & Wages                             | 2858.80                       | 2577.84                       |
| Contribution to Provident Fund & Other Funds | 110.62                        | 155.39                        |
| Staff Welfare Expenses                       | 807.46                        | 630.44                        |
|  | <b>3776.88</b>                | <b>3363.67</b>                |

### 26. FINANCE COSTS (Rs. in Lakhs)

| Particulars                         | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|-------------------------------------|-------------------------------|-------------------------------|
| a. Interest - Working Capital Loans | 930.86                        | 487.07                        |
| b. Other Borrowing Costs            | 11.56                         | 5.79                          |
|                                     | <b>942.42</b>                 | <b>492.86</b>                 |

### 27. DEPRECIATION AND AMORTISATION EXPENSE (Rs. in Lakhs)

| Particulars  | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Depreciation of property, plant and equipment      | 2884.76                       | 2887.60                       |
| Amortisation expense                               | 0.00                          | 0.00                          |
| <b>Total depreciation and amortisation expense</b> | <b>2884.76</b>                | <b>2887.60</b>                |



# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 28. OTHER EXPENSES

(Rs. in Lakhs)

| Particulars                            | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Stores Consumed                        | 594.50                        | 574.91                        |
| Power & Fuel                           | 3369.75                       | 2423.22                       |
| Materials Sizing & Fabrication         | 67.10                         | 16.86                         |
| Freight Inwards                        | 31.80                         | 22.43                         |
| Machinery Maintenance                  | 45.49                         | 37.25                         |
| Building Maintenance                   | 58.69                         | 112.48                        |
| Vehicle Maintenance                    | 245.92                        | 182.77                        |
| Printing & Stationary                  | 11.23                         | 11.75                         |
| Postage & Telephone                    | 23.03                         | 27.71                         |
| Travelling Expenses                    | 34.14                         | 32.62                         |
| Insurance                              | 88.29                         | 101.84                        |
| Licence Fees & Taxes                   | 133.23                        | 173.28                        |
| Bank Charges                           | 41.16                         | 59.96                         |
| Professional & Legal Charges           | 64.73                         | 56.03                         |
| Salary to Managing Director            | 24.00                         | 24.00                         |
| Auditors Remuneration - for Audit fees | 6.00                          | 5.00                          |
| Foreign Exchange Fluctuation           | 435.80                        | 0.00                          |
| Freight Outwards                       | 756.29                        | 594.11                        |
| Packing Materials                      | 649.70                        | 742.94                        |
| Brokerage & Commission                 | 923.78                        | 776.71                        |
| Rate Discount                          | 0.00                          | 43.52                         |
| Advertisement                          | 10.57                         | 8.33                          |
| Loss on sale of Machinery              | 4.96                          | 0.00                          |
| Sundry Parties Written Off             | 0.00                          | 17.31                         |
| Security Service Charges               | 42.37                         | 36.96                         |
| CSR Expenses                           | 143.55                        | 136.32                        |
| Miscellaneous Expenses                 | 77.76                         | 51.38                         |
| <b>Total</b>                           | <b>7883.84</b>                | <b>6269.69</b>                |

### 29. INCOME TAX RELATING TO CONTINUING OPERATIONS

#### 29.1. INCOME TAX RECOGNISED IN PROFIT & LOSS

(Rs. in Lakhs)

| Particulars                                      | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| <b>Current tax</b>                               |                               |                               |
| Current tax on profits for the year              | 2663.41                       | 2070.27                       |
| Add: interest                                    | 0.19                          | 2.69                          |
| Adjustments for current tax of prior periods     | 0.26                          | 1.13                          |
| Current tax expense                              | 2663.86                       | 2074.09                       |
| <b>Deferred Tax</b>                              |                               |                               |
| (Decrease) in DTL - depreciation                 | -300.00                       | -220.00                       |
| Increase in DTL - Fair value of Investments      | 0.51                          | 1.12                          |
| Deferred tax                                     | -299.49                       | -218.88                       |
| Total Tax expense for continuing Operations      | 2364.37                       | 1855.21                       |
| Less: Tax relating to other comprehensive income | 5.86                          | 3.82                          |
| <b>Total tax expense for the year</b>            | <b>2358.51</b>                | <b>1851.39</b>                |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 29.2. RECONCILIATION OF INCOME TAX EXPENSE TO THE ACCOUNTING PROFIT FOR THE YEAR

(Rs. in Lakhs)

| Particulars   | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|---|-------------------------------|-------------------------------|
| Profit before tax after exceptional items               | 8682.67                       | 7961.98                       |
| Enacted tax rate in India                               | 34.944%                       | 34.608%                       |
| Computed expected tax expense at enacted tax rate       | 3034.07                       | 2755.48                       |
| Tax effect on account of items treated separately       | -1.07                         | -17.51                        |
| Tax effect on Income that is exempt from taxation       | -614.51                       | -974.60                       |
| Tax effect of non-deductible expenses                   | 51.90                         | 55.83                         |
| Tax effect on Difference of book and IT Depreciation    | 193.02                        | 251.07                        |
| <b>Total income tax expense recognised for the year</b> | <b>2663.41</b>                | <b>2070.27</b>                |

### 29.3. INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

(Rs. in Lakhs)

| Particulars  | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Arising on income and expenses recognised in other comprehensive income: |                               |                               |
| Remeasurement of defined benefit obligations                             | 16.77                         | 11.04                         |
| <b>Total</b>   | <b>16.77</b>                  | <b>11.04</b>                  |
| Bifurcation of income tax recognised in other comprehensive income into: |                               |                               |
| Items that will not be reclassified to profit or loss                    | 5.86                          | 3.82                          |
| Items that may be reclassified to profit or loss                         | 0.00                          | 0.00                          |
| <b>Total</b>   | <b>5.86</b>                   | <b>3.82</b>                   |

### 30.1. CONTINGENT LIABILITIES AND COMMITMENTS TO THE EXTENT NOT PROVIDED FOR

(Rs. in Lakhs)

| Particulars   | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---|--------------------------|--------------------------|
| <b>(i) Contingent liabilities :</b>   |                          |                          |
| <b>Claims against the company not acknowledged as debt</b>  |                          |                          |
| Central Excise Demand   | 445.32                   | 458.82                   |
| Income Tax Demand   | 11.65                    | 11.65                    |
| <b>Other money for which the company is contingently liable</b>   |                          |                          |
| Export Bills Dicounted / Lodged with the Bank   | 5199.06                  | 7038.19                  |
| Nature of Disputes and amount of demand   |                          |                          |
| Central Excise Demand   |                          |                          |
| 1. Claim on Modvat Credit not accepted  | 11.32                    | 11.32                    |
| 2. Claim of Cenvat Credit not accepted  | 23.99                    | 23.99                    |
| 3. Demand relating to de-bonding of 100% EOU  | 410.01                   | 410.01                   |
| 4. (i) Service tax on Frieght charges, (ii) Foreign agent commssion and<br>(iii) interest and penalty for non reversal of cenvat credit | 0.00                     | 13.50                    |
|   | <b>445.32</b>            | <b>458.82</b>            |
| Income tax Assessment Year 1998 - 99  |                          |                          |
| Disallowance of claim of replacement of machinery as revenue expenditure  | 11.65                    | 11.65                    |
|   | <b>11.65</b>             | <b>11.65</b>             |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

The above disputed tax dues are appealed before concerned appellate authorities / courts. The Company is advised that the cases are likely to be disposed of in favour of the Company and hence no provision is considered necessary therefor.

| Particulars   | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---|--------------------------|--------------------------|
| <b>(ii) Commitments</b>   |                          |                          |
| a. Estimated amount of contracts remaining to be executed on capital account not provided for | 2404.83                  | 1238.41                  |
| Advances made in respect of the above works   | 115.75                   | 16.14                    |
| Capital Commitments net of advances   | <b>2289.08</b>           | <b>1222.27</b>           |
| b. Other Commitments  |                          |                          |
| For Import of Raw Materials   | 6778.61                  | 10964.48                 |

### 30.2. DETAILS OF DIVIDEND PROPOSED AND PAID

(Rs. in Lakhs)

| Particulars  | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| a) Interim dividend paid during the previous year for FY 2017-18 is Rs. 10/ per share        |                               | 572.50                        |
| b) Final dividend paid during the year for the year ended March 31' 2018 is Rs. 25 per share | 1431.25                       | 0.00                          |

c) In respect of the current year, the directors propose that a dividend of Rs. 30/- per share be paid on equity shares. The equity dividend is subject to approval by shareholders at the Annual General meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is Rs.1717.50 Lakhs. The payment of this dividend is estimated to result in payment of dividend tax of 353.12 Lakhs @ 20.56% on the amount of dividends grossed up for the related dividend distribution tax.

### 30.3. DISCLOSURE AS PER SCHEDULE

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

(Rs. in Lakhs)

| Particulars   | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|---|--------------------------|--------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year  | 78.94                    | 0                        |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year  | Nil                      | Nil                      |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | Nil                      | Nil                      |
| The amount of interest accrued and remaining unpaid at the end of the year  | Nil                      | Nil                      |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise                              | Nil                      | Nil                      |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 30.4. FINANCIAL INSTRUMENTS

(Rs. in Lakhs)

| Particulars   | As at 31 March 2019 |             |                 | As at 31 March 2018 |             |                 |
|---|---------------------|-------------|-----------------|---------------------|-------------|-----------------|
|   | FVTPL               | FVTOCI      | Amortised Cost  | FVTPL               | FVTOCI      | Amortised Cost  |
| <b>Financial Assets</b>                               |                     |             |                 |                     |             |                 |
| a) Cash and cash equivalents                          | -                   | -           | 589.45          | -                   | -           | 470.68          |
| b) Other financial assets-Non current                 | -                   | -           | 662.48          | -                   | -           | 401.74          |
| c) Trade receivables                                  | -                   | -           | 1255.09         | -                   | -           | 1360.49         |
| d) Bank balances other than cash and cash equivalents | -                   | -           | 1592.01         | -                   | -           | 21.51           |
| e) Other financial assets- Current                    | -                   | -           | 2453.64         | -                   | -           | 1865.28         |
| f) Investments in subsidiaries                        | -                   | -           | -               | -                   | -           | -               |
| g) Investments in equity                              | 33.35               | -           | -               | 30.96               | -           | -               |
| <b>Total</b>  | <b>33.35</b>        | <b>0.00</b> | <b>6552.67</b>  | <b>30.96</b>        | <b>0.00</b> | <b>4119.70</b>  |
| <b>Financial Liabilities</b>                          |                     |             |                 |                     |             |                 |
| a) Borrowings   | -                   | -           | 8866.79         | -                   | -           | 2842.89         |
| b) Trade payables                                     | -                   | -           | 738.40          | -                   | -           | 6098.42         |
| c) Other financial liabilities - Non current          | -                   | -           | 756.07          | -                   | -           | 756.07          |
| d) Other financial liabilities                        | -                   | -           | 585.80          | -                   | -           | 561.34          |
| e) Other Current liabilities                          | -                   | -           | 153.48          | -                   | -           | 274.74          |
| <b>Total</b>  | <b>0.00</b>         | <b>0.00</b> | <b>11100.54</b> | <b>0.00</b>         | <b>0.00</b> | <b>10533.46</b> |
| Financial assets                                      |                     |             | 6586.02         |                     |             | 4150.66         |
| Financial liabilities                                 |                     |             | 11100.54        |                     |             | 10533.46        |

### II) FAIR VALUATION TECHNIQUES AND INPUTS USED - RECURRING ITEMS

(Rs. in Lakhs)

| Particulars                             | Fair Value            | Fair Value            |
|---|-----------------------|-----------------------|
|   | As at 31st March 2019 | As at 31st March 2018 |
| Financial assets measured at Fair value |                       |                       |
| Financial assets                        |                       |                       |
| Investments                             |                       |                       |
| i) Quoted Equity investments            | 33.35                 | 30.96                 |
| <b>Total financial assets</b>           | <b>33.35</b>          | <b>30.96</b>          |

### III) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short term and settlement on demand nature.

For all other financial assets and liabilities measured at amortised cost, the Company considers that their carrying amounts approximates their fair values.

### 30.5. AUDITORS' REMUNERATION

(Rs. in Lakhs)

| Particulars        | Year ended      | Year ended      |
|--------------------|-----------------|-----------------|
|                    | 31st March 2019 | 31st March 2018 |
| Paid as Audit Fees | 6.00            | 5.00            |
|                    | <b>6.00</b>     | <b>5.00</b>     |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 30.6. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(Rs. in Lakhs)

| Particulars  | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Amount spent through approved trusts and institutions  | 29.00                         | 6.50                          |
| Amount spent directly                                  | 114.55                        | 129.82                        |
| <b>Total</b>   | <b>143.55</b>                 | <b>136.32</b>                 |
| Amount required to be spent as per Sec. 135 of the Act | 140.43                        | 129.86                        |
| Amount spent during the year on :-                     |                               |                               |
| Construction / acquisition of an asset                 | 57.97                         | 102.80                        |
| On purposes other than above                           | 85.58                         | 33.52                         |
| <b>Total</b>   | <b>143.55</b>                 | <b>136.32</b>                 |

CSR Expenses relating to gross amount required to be spent for the year and the actual amount spent by the Company during the year is furnished as Annexure to the Board of Directors' Report.

### 30.7. EARNING PER SHARE

(Rs. in Lakhs)

| Particulars   | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|---|-------------------------------|-------------------------------|
| Earnings used in the calculation of Basic and diluted earnings per share  | 6318.30                       | 6106.77                       |
| Weighted Average Number of Equity Shares used for the purpose of calculating basic and diluted earnings per share | 5725000                       | 5725000                       |
| Nominal Value per Equity Share [in Rs.]   | 10                            | 10                            |
| Basic & Diluted Earnings Per Share [in Rs]  | 110.36                        | 106.67                        |

### 30.8. RELATED PARTY TRANSACTIONS

#### Related party Relationships

#### Key Management personnel

Sri. P.V. Chandran Chairman and Managing Director

Wholly Owned Subsidiary Nil

Other Related parties Nil

#### Related to Key Management personnel

#### Nature of relationship

Mrs. Vidya Jyothish Pillai Daughter of Sri. P.V. Chandran

Mrs. Bhavya Chandran Daughter of Sri. P.V. Chandran

### KEY MANAGEMENT PERSONNEL COMPENSATION

(Rs. in Lakhs)

| Particulars                            | Year ended<br>31st March 2019 | Year ended<br>31st March 2018 |
|--|-------------------------------|-------------------------------|
| Short term employee benefits           | 24.00                         | 24.00                         |
| Post employment benefits               | 0.00                          | 0.00                          |
| <b>Total compensation</b>              | <b>24.00</b>                  | <b>24.00</b>                  |
| <b>Other related parties</b>           |                               |                               |
| <b>Director's Sitting Fees paid to</b> |                               |                               |
| Mrs. Vidya Jyothish Pillai             | 2.00                          | 1.50                          |
| Mrs. Bhavya Chandran                   | 1.00                          | 0.75                          |

Note : Related party relationships are as identified by the Management

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 30.9 EMPLOYEE DEFINED BENEFIT AND CONTRIBUTION PLANS

(Rs. in Lakhs)

| Particulars  | As at 31st<br>March 2019 | As at 31st<br>March 2018 |
|--|--------------------------|--------------------------|
| <b>Present Value of obligations</b>                    |                          |                          |
| Obligations at the beginning of the year*              | 86.38                    | 24.10                    |
| Interest Cost  | 6.74                     | 5.92                     |
| Current Service Cost                                   | 8.86                     | 9.16                     |
| Past service Cost                                      | 0.00                     | 53.25                    |
| Benefit paid   | -11.42                   | -7.51                    |
| Actuarial (Gain) / Loss on obligations                 | 8.6                      | 1.46                     |
| Obligations at the end of the year (A)                 | 99.16                    | 86.38                    |
| <b>Fair value of Plan assets</b>                       |                          |                          |
| Fair value of Plan assets, beginning of the year       | 97.03                    | 27.44                    |
| Expected return on plan assets                         | 7.43                     | 5.50                     |
| Contributions  | 17.82                    | 71.59                    |
| Benefit paid   | -11.42                   | -7.50                    |
| Actuarial (Gain) / Loss on Plan Assets                 | 0.00                     | 0.00                     |
| Fair value of Plan assets, end of the year (B)         | 110.86                   | 97.03                    |
| Funded Status (B-A)                                    | 11.70                    | 10.65                    |
| <b>Expenses to be recognized for the current year</b>  |                          |                          |
| Current Service Cost                                   | 8.86                     | 9.16                     |
| Interest Cost  | 6.74                     | 5.92                     |
| Expected return on plan assets                         | -7.43                    | -5.50                    |
| Net Actuarial (Gain) / Loss recognized in the year     | 8.6                      | 1.46                     |
| Expense to be recognized in other comprehensive income | 16.77                    | 11.04                    |
| <b>Actuarial Assumption</b>                            |                          |                          |
| Discount Rate  | 8.00%                    | 8.00%                    |
| Salary Escalaration                                    | 5.00%                    | 5.00%                    |

### 30.10 . SEGMENT INFORMATION

(Rs. in Lakhs)

| Particulars                                      | Textiles   |            | Windmills  |            | Total      |            |
|--|------------|------------|------------|------------|------------|------------|
|  | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Gross Segment Revenue                            | 65559.97   | 58446.68   | 2703.76    | 3235.16    | 68263.73   | 61681.84   |
| Less: Intersegment Revenue                       | 0.00       | 0.00       | 0.00       | 0.00       | 2703.76    | 3235.16    |
| Total Revenue                                    | 65559.97   | 58446.68   | 2703.76    | 3235.16    | 65559.97   | 58446.68   |
| Segment Result                                   | 7935.99    | 6351.36    | 1549.28    | 1980.35    | 9485.27    | 8331.71    |
| Less: Finance Cost                               |            |            |            |            | 942.42     | 492.86     |
| Add: Unallocable Other Income net of Expenditure |            |            |            |            | 139.82     | 123.13     |
| Profit before Tax                                |            |            |            |            | 8682.67    | 7961.98    |
| Less : Tax Expense                               |            |            |            |            | 2364.37    | 1855.21    |
| Profit for the Year                              |            |            |            |            | 6318.30    | 6106.77    |
| <b>Segment Assets</b>                            | 58279.18   | 52775.60   | 2990.85    | 3625.73    | 61270.03   | 56401.33   |
| Unallocated Assets                               |            |            |            |            | 54.26      | 54.26      |
| Total Assets                                     |            |            |            |            | 61324.29   | 56455.59   |
| <b>Segment Liabilities</b>                       | 1842.79    | 7280.44    | 410.13     | 410.13     | 2252.92    | 7690.57    |
| Unallocated Liabilities                          |            |            |            |            | 11609.34   | 5884.93    |
| Total Liabilities                                |            |            |            |            | 13862.26   | 13575.50   |
| Other information                                |            |            |            |            |            |            |
| <b>Capital Expenditure</b>                       | 3013.63    | 3450.16    | 0.00       | 0.00       | 3013.63    | 3450.16    |
| Unallocated Capital Expenditure                  |            |            |            |            |            |            |
| Depreciation                                     | 2120.95    | 1984.81    | 763.81     | 902.79     | 2884.76    | 2887.60    |
| Unallocated Depreciation                         | -          | -          | -          | -          | -          | -          |
| Non - Cash Expenses other than depreciation      | -          | -          | -          | -          | -          | -          |

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### GEOGRAPHICAL SEGEMENT

(Rs. in Lakhs)

| Particulars                                    | Europe    | Asia       | North America | India      | Total      |
|--|-----------|------------|---------------|------------|------------|
| Sale of Goods                                  | 2612.36   | 37901.47   | 3989.37       | 19946.89   | 64450.09   |
| (Figures in Brackets relates to Previous Year) | (2377.80) | (28561.15) | (1789.93)     | (24228.94) | (56957.82) |

### Information about major customers Contributing 10 % or more to the Company's revenue

The sale revenue of textiles segment includes sale to three customers amounting to Rs. 25139 Lakhs (Previous year one customer amounting to Rs. 7596 Lakhs) contributing more than 10% of the company's sale revenue in each case.

### 30.11. APPROVAL OF FINANCIAL STATEMENTS

The Financial statements were approved for issue by the Board of Directors on 28.05.2019

### 30.12. FINANCIAL RISK MANAGEMENT OBJECTIVES.

The Company prima facie is exposed to financial risks which is inclusive of Market risk, Interest rate risk, Price risk, Credit risk and Liquidity risk.

**Market Risk :** The substantial operations of the Company are into exports and imports and are subject to Foreign Currency Fluctuation risk. The Company enters into Foreign Currency forward contracts based on underlying to mitigate such fluctuation risks. Further the Company is also having natural hedge on account of exports exceeding imports.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:-

(Rs. in Lakhs)

| Particulars        |      | Amount in foreign currency |                   | Equivalent INR |                |
|--------------------|------|----------------------------|-------------------|----------------|----------------|
|                    |      | 31.03.2019                 | 31.03.2018        | 31.03.2019     | 31.03.2018     |
| <b>Liabilities</b> |      |                            |                   |                |                |
| PCFC               | USD  | 9693559.10                 | 1155338.00        | 6785.49        | 751.43         |
| Acceptances        | USD  | 0.00                       | 8247950.91        | 0.00           | 5364.47        |
| Advances Received  | USD  | 53053.86                   | 298966.90         | 37.14          | 194.45         |
| Sundry creditors   | USD  | 138530.93                  | 3236.23           | 96.97          | 2.10           |
| Libor Interest     | USD  | 3471.84                    | 0.00              | 2.43           | 0.00           |
|                    |      | <b>9888615.73</b>          | <b>9705492.04</b> | <b>6922.03</b> | <b>6312.45</b> |
| Advances Received  | Euro | 38539.00                   | 0.00              | 29.89          | 0.00           |
|                    |      | 38539.00                   | 0.00              | 29.89          | 0.00           |
| <b>Assets</b>      |      |                            |                   |                |                |
| Sundry Debtors     | USD  | 613695.65                  | 1001160.00        | 429.59         | 651.15         |
| Debit Note         | USD  | 44160.93                   | 54907.60          | 31             | 36             |
| EEFC               | USD  | 40672.44                   | 233795.53         | 28.47          | 152.06         |
|                    |      | 698529.02                  | 1289863.13        | 488.97         | 838.92         |
| Sundry Debtors     | Euro | 65942.37                   | 0.00              | 51             | 0              |
| EEFC               | Euro | 162249.85                  | 0.00              | 125.83         | 0.00           |
|                    |      | 228192.22                  | 0.00              | 176.97         | 0.00           |
| Net Exposure       | USD  | -9190086.71                | -8415628.91       | -6433.06       | -5473.53       |
| Net Exposure       | Euro | 189653.22                  | 0.00              | 147.08         | 0.00           |

The earnings in Foreign Currency out of exports would easily cover the above net exposure. Further the Forward cover would protect the fluctuations

# AMBIKA COTTON MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

| <u>Foreign Currency sensitivity analysis (USD)</u>  |         | ( Rs.Lakhs ) |
|---|---------|--------------|
| Impact on profit : 5% increase in currency rate     | -321.65 | -273.50      |
| Impact on profit : 5% decrease in currency rate     | 321.65  | 273.50       |
| <u>Foreign Currency sensitivity analysis (Euro)</u> |         |              |
| Impact on profit : 5% increase in currency rate     | 7.36    | 0.00         |
| Impact on profit : 5% decrease in currency rate     | -7.36   | 0.00         |

**Interest Rate Risk :** The Company's working capital borrowings are short term in nature and hence any fluctuation in market interest rates would not impact the profitability of the Company in terms of debt servicing and liquidating of such borrowings.

**Price Risk :** The price risk arises on account of holding marketable financial assets. The company's equity investments forms insignificant portion and hence any price fluctuation would not have any impact over the financial position of the company.

**Credit Risk :** Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk in trade receivables is managed by selling goods to specific orders and reputed customers. Exports are made against irrevocable letter of credits. Domestic sales are largely against advance payments. However certain exceptions are made in specific cases. There are no other financial assets carrying credit risk.

**Liquidity Risk :** Liquidity risk refers to the risk that the company cannot meet its financial obligations. The Company carries substantial current assets to pay off short term obligations arising from working capital bank borrowings, trade payables and other related liabilities.

**Capital Management :** The company manages its capital to ensure that it will continue to operate as a going concern while maximising the return to stakeholders. The core focus is to safeguard and maintain the company's financial stability and independence. The fund requirements of the company are generally met through internal accruals. The working capital borrowings are meant for augmenting current assets. Substantial capital assets and current assets are built and maintained.

### 30.13

Previous years' figures have been regrouped / reclassified, wherever necessary, to conform with the current period presentation.

As per our report of even date attached

For and on behalf of the Board

For Srikishen & Co  
Chartered Accountants  
Firm Reg.No. 004009S

Sd/-  
(P.V. Chandran)  
Chairman and Managing Director  
(DIN : 00628479)

Sd/-  
(Dr. K. Venkatachalam)  
Director  
(DIN : 01062171)

Sd/-  
(K.Murali Mohan)  
Membership No.14328  
Proprietor

Sd/-  
(E.M. Nagasivam)  
Director  
(DIN : 07894618)

Date : 28/05/2019  
Place : Coimbatore

Sd/-  
(Radheshyam Padia)  
Company Secretary

Sd/-  
(M. Vijayakumar)  
Chief Financial Officer