

5th
Annual Report
1999-2000



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**AMBICA AGARBATHIES &
AROMA INDUSTRIES LIMITED**



AMBICA AGARBATHIES & AROMA INDUSTRIES LIMITED

BOARD OF DIRECTORS

AMBICA KRISHNA

Chairman & Managing Director

A V AMBICA PRASAD

Director

AMBICA SUDARSAN

Director (w.e.f. 06-04-2000)

A. RAMANJANEYULU

Director (Upto 06-04-2000)

AUDITORS

T S Ajai, B. Com., FCA
304, Minar Apartments,
Deccan Towers, Basheerbagh,
HYDERABAD-29

BANKERS

UCO Bank
Powerpet,
ELURU.

The Vysya Bank Limited
Canal Road, Agraharam, ,
ELURU.

REGISTERED OFFICE

Shankar Towers,
Powerpet, ELURU

ADMN. OFFICE

Ambica Empire – Best Western
57, 100ft Road, Vadapalani,
CHENNAI.

SOFTWARE DEVELOPMENT CENTRE

Ambica Dat Com
5th Floor, Sapthagiri Towers,
Begumpet, Hyderabad

FACTORY

SATRAPPADU
DUGGIRALA
West Godavari Dist.,
Andhra Pradesh.

SHARE TRANSFER AGENTS:

IKON VISIONS (P) LTD
533, Sanali Heavens
Near Kamma Sangam,
Ameerpet, HYDERABAD.



AMBICA AGARBATHIES & AROMA INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the FIFTH ANNUAL GENERAL MEETING of the members of the company will be held on Friday, 3rd November, 2000 at 11.00 am at the Registered Office of the Company at Shankar Towers, Powerpet, Eluru to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2000 and the balance sheet as on that date, together with the Auditors report, and the report of the Board of Directors.
2. To declare Dividend :
3. To appoint a Director in place of Sri A.V. Ambica Prasad who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of section 257 of the Companies Act 1956, SRI AMBICA SUDARSAN, who was appointed as an Additional Director of the Company by the Board in its meeting held on 6th April, 2000 and who holds office as such upto the date of the ensuing general meeting and in respect whom the company has received notice in writing pursuant to section 190 of the Companies Act, 1956, from a member of the company proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

for and on behalf of the Board

AMBICA KRISHNA

Place: Eluru

Date : 04.10.2000

Chairman & Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies), who shall be eligible to attend and vote instead of himself and the proxy need not be a member of the company.
2. The proxies, in order to be valid shall be deposited at the registered office, at least 48 hours before the commencement of the meeting.
3. Members/Proxies should bring their attendance slip sent herewith duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books were kept closed from 27.9.2000 to 30.9.2000 (Both days inclusive)
5. The explanatory statement as per the provision of section 173(2) is annexed to this notice.

EXPLANATORY STATEMENT

Pursuant to section 173(2) of the companies Act, 1956.

Item No.5:

You may note that Mr Ambica Sudarshan has been associated with the group companies in various capacities and has come a long way in handling this line of business efficiently and effectively. Considering his experience and expertise, the Board of Directors appointed him as an additional Director of the company in its meeting held on 6th April, 2000, who holds office as such, till the date of this ensuing General Meeting. As per the Provisions of section 260 of the Companies Act, 1956, an additional director should vacate his office as on the date of the Annual General Meeting

Your company has received a notice, as per the provisions of section 190 of the Companies Act, 1956, proposing his candidature for the office of director. As per the provisions of section 257 of the Companies Act, 1956, and in pursuance of this notice, such an appointment needs the approval of the members in their General Meeting.

Hence the above Resolution is commended for your approval.

Sri Ambica Krishna and Sri Ambica Prasad are interested in the above resolution.



AMBICA AGARBATHIES & AROMA INDUSTRIES LIMITED

DIRECTORS' REPORT

TO
The Members

Your directors feel privileged to present this Fifth Annual Report along with the audited financial statements and the auditor's report thereon for the period ended 31st March, 2000

FINANCIAL RESULTS:

Particulars	31.3.2000 (Rs. In Lacs)	31.3.1999 (Rs. In Lacs)
Sales	2246.27	1,754.48
Other Income	67.84	29.72
Profit before Depreciation & Income Tax	395.88	151.85
Depreciation	41.31	20.82
Net Profit Before Tax	354.57	131.03
Provision for Taxation	40.00	4.00
Provision for Dividend & Dividend Tax	149.85	69.11
Transfer to General Reserve	164.50	55.00
Balance carried to Balance Sheet	0.22	2.92

DIVIDEND :

Your Directors are glad to recommend a pro-rata Dividend of 10% on the paid up Share Capital of the Company.

OPERATIONS

i. Agarbathies Division

The sales of Agarbathies has improved appreciably, thus recording an increase of 20.45% over the previous year's levels. This increase is mainly due to the purchase and sale of Ambica Durbar Bathies.

ii Hotel Division :

Your Directors feel glad to inform that the First Phase of the project Hotel Ambica Empire – Best Western has been completed inspite of inadequate financial resources with the company. It has commenced the business operations during the year. The occupancy rate in the hotel and

the sales recorded at the two Restaurants viz., Royal Palate and Samskruthi is also quite satisfactory. The quality of the goods delivered and the services rendered by this Division have fetched positive and encouraging response from the customers and the general public.

iii Windmill Project:

The Company's Wind Mill at Poolavady, Coimbatore District, Tamilnadu is working satisfactorily and the receipts from this Division amounted to Rs.11,23,103/- i.e., an increase of 14.91% over the previous year's levels.

iv Software

The policy of expansion and diversification has been the motto of your Company since its inception. In this regard your Directors have explored the area of Software Development and Information and Technology to be added to the Business Portfolio of your Company. During the year under review the company has opened the Software Division in the name of Ambica Dat Com which is located in the prime area of Begumpet, Hyderabad. Under this Division your Company has successfully launched its portal by name WWW.Visakha City Police. Com which was inaugurated by the Honorable Chief Minister of Andhra Pradesh Sri.N.Chandrababu Naidu.

OVERALL PERFORMANCE

The overall performance of the Company has been highly satisfactory. The total income received by the Company during the year under review has risen significantly. The performance has improved not only in terms of sales and total income, but also in terms of Net Profits and distributable income. The net Profit during the year under review was Rs.31456888/- when compared to the previous year's figure of Rs.12703053/-.

DIRECTORS :

Sri A.V. Ambica Prasad retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

You may note that Sri A. Ramanjaneyulu has resigned from the Board of Directors with effect from 6th April, 2000. The Board expresses its whole-hearted gratitude for the unmatched services rendered by him during his tenure as the Director of the Company.



AMBICA AGARBATHIES & AROMA INDUSTRIES LIMITED

Next, Mr. Ambica Sudarsan was co-opted as an additional Director on the Board with effect from 6-4-2000. As per the provisions of the Companies Act, 1956, such an appointment holds good only till the date of ensuing Annual General Meeting. However your Company has received a Notice from a member of the Company, signifying his intention to propose Mr. Sudarsan for the office of Director, who shall be liable to retire by rotation. In pursuance of this, the relevant resolution is proposed for your approval.

AUDITORS :

Sri T. S. Ajai, B.Com., F.C.A., Chartered Accountant, Hyderabad Auditor of your Company who retires at the conclusion of the ensuing Annual General Meeting, being eligible, offers himself for reappointment. The Board recommends the re-appointment.

AMALGAMATION:

Your Directors take pleasure to inform you that the Amalgamation of M/S Ambica Resorts & Industries Private Limited (ARIL) with your company has been approved with effect from 01-04-1998 by the respective High Courts of Chennai and Andhra Pradesh. Therefore the Accounts of ARIL have been consolidated with that of the company for the year ending 31-03-2000. The subsequent formalities with regard to the appointment of Auditors, the official Liquidator and the procedure of Liquidation are in the advanced stages of completion.

LISTING AT THE STOCK EXCHANGE, MUMBAI:

Your Directors wish to bring to your notice that, during the year under review, the securities of your company have been listed on one of the premier bourses of the country, which is none other than the Bombay Stock Exchange. In view of this, it is felt that the shares of your company will get national recognition and better liquidity. The company is regular in payment of the annual listing fees to all the concerned Stock Exchanges. None of the Stock Exchanges has suspended the trading of your company's shares during the year.

DEMATERIALISATION

Your Directors have taken every step to ensure that the shares of your company command better valuation and higher liquidity at the stock bourses. In this regards, consequent to the listing at BSE, your company has entered into a tripartite

agreement with Sathguru Management Consultants Pvt Ltd, (the DTA) and NSDL and CDS (I) Ltd, the depositories, to dematerialise the shares of your company. Consequently the shares can be traded simultaneously in the physical as well as electronic i.e. Demat form.

PARTICULARS OF EMPLOYEES :

There are no employees drawing remuneration exceeding the limits as specified under the Provisions of Section 217 (2-A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975.

OTHER INFORMATION :

Information in accordance with clause (e) of Sub-section (1) of Section 217 read with the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 and form part of the Directors report for the period ended 31st March, 2000 is given in the Annexure to this report.

Y2K COMPLIANCE:

The company has reviewed the hardware & Software used by it and has ensured that the same are Y2K compliant. The cost for the same was not material and has been included in the Administrative Expenditure. The company has also made necessary contingency plans.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to record their appreciation for the incessant support and co-operation extended by the bankers, the Financial Institutions, the stockists and distributors and the suppliers of the goods and services. The Directors also acknowledge the confidence reposed by the investors and share holders in the company. Your Directors record their whole-hearted gratitude to the various State and Central Government Authorities for their generous support and co-operation. Last but not least, your Directors appreciate and extend their gratitude to all the employees who have played an instrumental role in writing the success story of the Company.

for and on behalf of the Board

Place: Eluru

Date : 04.10.2000

AMBICA KRISHNA

Chairman & Managing Director



AMBICA AGARBATHIES & AROMA INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY :

1. Energy Conservation Measures taken: The present operations of the company do not involve high energy consumption. However steps being taken to minimise energy consumption.
2. Additional Investments end proposals, if any, being implemented for reduction of consumption of energy : -NIL-
3. Impact of the measures (1) and (2) above for reduction of energy consumption and consequent impact on the production of goods: -NIL-

4. Expenditure on R & D
 - a) Capital : NIL
 - b) Recurring : NIL
 - c) Total : NIL
 - d) Total R & D expenditure as a percentage of total turnover : NIL

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

1. Efforts, in brief, made towards technology absorption, adoption and innovation: -NIL-
2. Benefits derived as a result of the above efforts, eg. Product Improvement, cost reduction, product development, import Substitution, etc : -NIL-
3. Import Technology : -NIL-

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- i) Earnings : -NIL-
- ii) Outgo : -NIL-

FORM B:

(Disclosures of Particulars with respect to technology absorption to the extent applicable)

for and on behalf of the Board

A. RESEARCH & DEVELOPMENT (R & D) :

1. Specific areas in which R & D carried out by the Company: -NIL-
2. Benefits derived as a result of the above R & D: -NIL-
3. Future Plan of action: -NIL-

Place: Eluru
Date : 04.10.2000

AMBICA KRISHNA

Chairman & Managing Director



AMBICA AGARBATHIES & AROMA INDUSTRIES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the attached Balance Sheet of Ambica Agarbathies & Aroma Industries Limited as at 31st March, 2000 and the annexed Profit and Loss Account for the period ended on that date which are in agreement with the books of account.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks of the books and records of the company, as we considered appropriate and the information and explanations given to us during the course of our audit, we report that in our opinion:

1. The company is maintaining proper records showing full particulars including quantitative details and situation of all its fixed assets. The fixed assets of the company were physically verified by the Management during the year and no material discrepancies were noticed on such physical verification carried out during the year.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials of the company have been physically verified by the management during the year at reasonable intervals.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on the physical verification of stocks as compared to book records, which, in our opinion, were not material, have been properly dealt with in the books of account.
6. In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The company has not taken loans, secured or unsecured, from companies, firms or other parties listed in register maintained under section 301 of the Companies Act, 1956 or from the companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from the companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
9. The company has not given any loans or advances in the nature of loans.
10. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods.
11. There are no transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
12. Unserviceable or damaged stores, raw materials or finished goods, are determined and provision for the loss has been made in the accounts.
13. The company has not accepted any deposits within the provisions of Section 58A of the Companies Act, 1956.
14. The company is maintaining reasonable records for the sale and disposal of realisable scraps. There are no by-products resulting from the manufacturing process of the company.
15. The company has an internal audit system commensurate with the size and nature of its business.