



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

BOARD OF DIRECTORS

SRI AMBICA KRISHNA	: Chairman and Managing Director
SRI AMBICA SUDARSAN	: Director
SRI AMBICA RAMCHANDRA RAO	: Director
SRI M. SURAYYA	: Director
SRI SURESH GARLAPATI	: Director
SRI P. KISHORE THANDAVA	: Director

STATUORY AUDITORS:

SRI T S AJAI, B.Com.,FCA
Chartered Accountant
304, Minar Aprtments,
Deccan Towers, Basheerbagh
HYDERABAD – 500 029.

BANKERS:

STATE BANK OF INDIA,
Leather International Branch, CHENNAI
Eluru Branch, ELURU.

REGISTERED OFFICE:

Shankar Towers
Powerpet, ELURU

ADMN OFFICE:

Ambica Empire
57, 100ft Road, Vadapalani
CHENNAI.

FACTORY:

- SATRAMPADU, ELURU.
- DUGGIRALA, ELURU

West Goddavari Dist.,
Andhra Pradesh.

REGISTRARS & TRANSFER AGENTS:

**M/s.Sathguru Management Consultants
Private Limited**
Plot No. 15, Hindi Nagar,
Hyderabad – 500 034

LISTING AT:

National Stock Exchange of India Limited
Bombay Stock Exchange Limited



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the members of the Company will be held on **THURSDAY 30TH SEPTEMBER, 2010 at 11.00 AM** at Registered Office of the Company at Shankar Towers, Powerpet, Eluru, West Godavari District, Andhra Pradesh to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the financial year ended on that date together, with the report of the Board of Directors and Auditors thereof.
2. To appoint a director in place of Sri P Kishore Thandava, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a director in place of Sri Ambica Ramchandra Rao who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint statutory auditors and to fix their remuneration by passing the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to Section 224(1) of the Companies Act, 1956, the retiring auditors Sri T. S. Ajai, Chartered Accountant be and is hereby re-appointed as the Statutory Auditors of the company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board”

SPECIAL BUSINESS:

5. RE-APPOINTMENT OF SRI AMBICA KRISHNA AS CHAIRMAN & MANAGING DIRECTOR

“RESOLVED THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 Sri Ambica Krishna be and is here by re-appointed as Chairman & Managing Director for a period of 5 years with effect from 1st April, 2010 at a remuneration of Rs. 75000/- Per Month as approved by the remuneration committee with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

6. RE-APPOINTMENT OF SRI AMBICA SUDARSAN AS WHOLE TIME DIRECTOR

“RESOLVED THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 Sri Ambica Sudarsan be and is here by re-appointed as Director Operational for a period of 5 years with effect from 1st April, 2010 at a remuneration of Rs. 50000/- Per Month as approved by the remuneration committee with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

7. RE- APPOINTMENT OF SRI AMBICA RAMACHANDRA RAO AS WHOLE TIME DIRECTOR

“ RESOLVED THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 s Sri Ambica Ramachandra Rao be and is here by re-appointed as Director-Works for a period of 5 years with effect from 1st April, 2010 at a remuneration of Rs. 50000/- Per Month as approved by the remuneration committee with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

Place : Hyderabad

Date : 27-08-2010

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy in order to be effective must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
- 2) The Register of Members and Share Transfer Books of the Company will remain closed from **MONDAY 27TH SEPTEMBER, 2010 TO THURSDAY 30TH SEPTEMBER, 2010**
- 3) Members are requested to quote ledger folio/dp id/client id number in all their correspondence to avoid delay in communication.
- 4) An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is attached for your reference.
- 5) Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same name.
- 6) Members/Proxies are requested to bring duly filed in attendance slips sent herewith for attending the meeting.

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

Place : Hyderabad

Date : 27-08-2010



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act)

Item No.5

The tenure of Sri Ambica Krishna as Chairman & Managing Director of the Company expired on 31st March, 2010 and hence taking into consideration several efforts put by him in furthering the interests of the Company, the Board of Directors at their meeting held on 19th March, 2010 re-appoint him as the Chairman & Managing Director of the Company w.e.f 01.04.2010 for a period of five years at remuneration as approved by the remuneration committee of the company.

As the reappointment of the Managerial Person is subject to the approval of the members in their meeting, the Board commends the above resolution for your approval

None of the Directors except Sri Ambica Krishna, Sri Ambica Sudarsan and Sri. Ambica Ramchandra Rao are interested in this resolution.

Item No. 6

The tenure of Sri Ambica Sudarsan as Director-Operations of the Company expired on 31st March, 2010 and hence taking into consideration the vast experience and invaluable contributions put by him and in the interest of the Company, the Board of Directors at their meeting held on 19th March, 2010 re-appoint him as Director-Operations of the Company w.e.f 01.04.2010 for a period of five years at remuneration as approved by the remuneration committee of the company.

As the reappointment of the Managerial Person is subject to the approval of the members, the Board commends the above resolution for your approval.

None of the Directors except Sri Ambica Krishna, Sri Ambica Sudarsan and Sri. Ambica Ramchandra Rao are interested in this resolution.

Item No.7

The tenure of Sri Ambica Ramchandra Rao as Director-Works of the Company expired on 31st March, 2010 and hence taking into consideration the vast experience and invaluable contributions put by him and in the interest of the Company, the Board of Directors at their meeting held on 19th March, 2010 re-appoint him as Director- Works of the Company w.e.f 01.04.2010 for a period of five years at remuneration as approved by the remuneration committee of the company.

As the reappointment of the Managerial Person is subject to the approval of the members, the Board commends the above resolution for your approval.

None of the Directors except Sri Ambica Krishna, Sri Ambica Sudarsan and Sri. Ambica Ramchandra Rao are interested in this resolution.

ADDITIONAL INFORMATION ON DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AND NEWLY APPOINTED DIRECTORS AT THE ANNUAL GENERAL MEETING IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

SRI AMBICA KRISHNA

Sri Ambica Krishna aged about 59 years, He is Chairman & Managing Director of the Company, He has overall 35 years of experience as an industrialist mainly his experience is in Aroma Industries, apart from that he has experience in Hotel Industries, Cinema Productions, Construction Business. He is a man with a vision who looks opportunities in every aspects



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

and it can be said that he has made the brand AMBICA a household name in the Southern India..

SRI AMBICA SUDARSAN

Ambica Sudarsan is a Commerce Graduate and having rich & varied experience of more than two decade in the business of this company. He is instrumental in introducing many new brands & contributed tremendously in establishing a strong dealer network. His vision & dedicated approach made the company to foray into construction activities& bagging some prestigious civil contracts.

SRI AMBICA RAMCHANDRA RAO

Ambica Ramachandrao is having vast experience in bringing out qualitative scented Agarbathies. Through his innovative & creative ideas & skills he has developed variety of products for the Agarbathies division of the company which are readily accepted in the market.

SRI P KISHORE THANDAVA

Sri P Kishore Thandava S/o of Sri P Bhaskar Rao Resident of 1-2-36, Kotteti Kotaiah Street, Vidyadharapuram Vijayawada-12. He has completed his Management Graduate from Pondichery University, with rich experience in the field of marketing of Agarbathies and allied products.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting herewith the 15th Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2010

FINANCIAL RESULTS: (Rs.in lakhs)

PARTICULARS	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
Sales	6382.22	6347.32
Other Income	193.55	174.20
Accretion/(Decretion)	(0.57)	1.59
Expenditure	(6087.47)	(6064.36)
Profit before depreciation and Income tax	487.73	458.75
Depreciation	(293.43)	(277.23)
Net profit before tax	194.30	181.34
Provision for taxation		
a. Current tax	73.69	56.10
b. Deferred tax	(12.60)	(42.39)
c. Fringe Benefit Tax	-	11.32
Profit after tax	133.26	156.50
Brought forward from previous year	826.96	670.46
Balance carried to balance sheet	960.22	826.96

DIVIDEND

Your Directors do not recommend any Dividend for the Financial Year 2009-2010 as the profits are planned to be ploughed back into the business operations.

OVERALL PERFORMANCE OF THE COMPANY:

During the year under review the performance of your Company has been satisfactory

The following are the particulars of each division:

a) AGARBATHIES DIVISION:

The performance of the Company during the financial year under review is satisfactory in spite of the slow recovery of the economic of the Country. The Research and Development of your Agarbathies division is continuously harping on introducing new products into the market. Most of the Existing brands of your Company continue to increase there share in the market and are penetrating in the new markets. Efforts will be on to introduce new products and improve market share of your Company's brands.

b) HOTEL DIVISION:

The Recession of the Hotel industries is continued in the Country from last year. During the financial year under review, with recession world over tourism, demand for hotels slowed down, there was a sharp upsurge in the average room rates and occupancies throughout the year. The hospitality market at Chennai has shown significant growth over the past few years.

c) CONSTRUCTIONS BUSINESS:

The performance of the company is progressing satisfactorily. The future outlook of the construction division continues to be bright and challenging. Currently most of the projects undertaken by the Company are under the final stages, Company is continuously putting efforts in bagging new infrastructure projects.

DIRECTORS:

During the Financial year under review Sri Ambica Krishna, Sri Ambica Sudarsan and Sri Ambica Ramchandra Rao were Re-appointed w.e.f 1st April, 2010 for a period of 5 years as

Sri Ambica Krishna	: Chairman & Managing Director
Sri Ambica Sudarsan	: Director Operational
Sri Ambica Ramchandra Rao	: Director Works



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Sri P Kishore Thandava and Sri Ambica Ramchandra Rao Directors of the Company retires at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

PERSONNEL:

None of the Employees of the Company is drawing remuneration exceeding limits prescribed U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors of your Company hereby confirm that:

- i. In preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departure, if any, there from;
- ii. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and of the profit and loss of the Company for that period;
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS:

Aspects of Management Discussion and Analysis are enclosed as **Annexure - I** to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information is given as hereunder:

A. Conservation of Energy – The present operation of the Company do not involve high energy consumption. However steps being taken to minimize energy consumption where ever possible

B – The Research and Development division of Agarbathies department continues to focus on introducing of new brands.

C. Technology Absorption - Not Applicable

D. Foreign Exchange Earnings & Outgo: (In Rs. Lakhs)

	2009-10	2008-09
Foreign Exchange earnings	Nil	40.09
Foreign Exchange outgo	Nil	Nil

CORPORATE GOVERNANCE:

Report on Corporate Governance including Auditor's Certificate on Compliance with the code of Corporate Governance under Clause 49 of the listing agreement is enclosed as **Annexure – II** to this report.



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AUDITORS:

The Statutory Auditor, Sri T S Ajai, Chartered Accountant, hold office till the conclusion of ensuing Annual General Meeting. The Company is in receipt of confirmation from the Statutory Auditor that in the event of his re-appointment as Statutory Auditor at the ensuing Annual General Meeting, such appointment will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

Reply to Auditors Qualification

1. With regard to the deposit of Amounts to statutory Authorities (Point No. 9 (a) of the Auditors Reports). Your Board would like to bring to your kind notice that the Company is under the process of depositing the same.
2. With regard to transferring of unpaid dividend to Investor Education Fund, Your board would like bring to your kind notice that the company is under the process of reconciliation of names of share holders and transfer the same.

SUBSIDIARY COMPANY

M/s Ambica Infra Ventures Private Limited, Subsidiary of the Company having its registered office at Hyderabad is yet to start its Commercial Productions.

A Statement pursuant to section 212 of the Companies Act, 1956. Along with the balance sheet and profit & Loss account of our subsidiary are attached to the annual report.

FIXED DEPOSITS:

Your company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 during the year.

CONVERSION OF SHARE WARRANT INTO EQUITY SHARES

As your aware that the Company in the Board Meeting held 31st July, 2008 has issued 28,00,000 Convertible Share Warrants on preferential basis, of Rs. 10/- each at a Premium of Rs. 8/- per Share for cash convertible into 28,00,000 Equity Shares of the Company .

During the Financial Year under review the Company has received the full payment against the Convertible Share warrants and in the board meeting held on 21st December, 2009 has converted Convertible Share Warrants into Equivalent number of Equity Shares and has received Final Approval from Bombay Stock Exchange Limited and National Stock Exchange of India Limited

ACKNOWLEDGEMENT:

Your Directors place on record, their appreciation for the co-operation and support from the Bankers, Financial Institutions, the stockiest and distributors, Supplier and Customers.

Your Directors would also like to place on record their sincere appreciation and gratitude to the Shareholders, Central and State Government agencies etc for their support and co-operation. Your Directors express their heartfelt gratitude to the employees for their exceptional commitment and loyalty to the Company.

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

Place : Hyderabad

Date : 27-08-2010



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Annexure – I

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ECONOMIC OVERVIEW:

AGARBATHIES DIVISION

The Agarbatti market is huge. Agarbatti is sold both in rural India as well as metros. Agarbatti market is driven by tradition and religion. More than half of world's agarbatti supply is exported by India. It's a cottage industry. Our company strategy for business growth has been to creatively and synergistically blend its proven core competencies in its established businesses to create multiple drivers of growth. The size of the incense sticks industry in India about Rs 2000 crores a year. Substantial part of this industry is controlled by non-corporate entities and cottage. The rate of growth is 20% on a year to year basis. The company on a continuous basis is assessing the social and economic impact of the industry and identifies the immediate priorities for Development.

HOTEL DIVISION

'Hotels in India' have supply of 110,000 rooms. According to the tourism ministry, 4.4 million tourists visited India last year and at current trend, demand will soar to 10 million in 2010 - to accommodate 350 million domestic travelers. 'Hotels in India' has a shortage of 150,000 rooms fueling hotel room rates across India. With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The World Travel and Tourism Council, India, data says, India ranks 18th in business travel and will be among the top 5 in this decade. Sources estimate, demand is going to exceed supply by at least 100% over the next 2 years. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage. With demand-supply disparity, 'Hotel India' room rates are most likely to rise 25% annually and occupancy to rise by 80%, over the next two years. 'Hotel Industry in India'

is eroding its competitiveness as a cost effective destination. However, the rating on the 'Indian Hotels' is bullish. 'India Hotel Industry' is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2012. MNC Hotel Industry giants are flocking India and forging Joint Ventures to earn their share of pie in the race. Government has approved 300 hotel projects, nearly half of which are in the luxury range. Sources said, the manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million by 2010.

CONSTRUCTION DIVISION

The construction sector is the second largest employer in India after agriculture. Currently, the construction industry in India, directly or indirectly, employs approximately 32.0 million workers and also accounts for 40.0% of gross investment and 60.0% of infrastructure costs. The construction sector accounts for a gross annual business volume of Rs.2,300 billion and accounts for 5.0% of India's GDP (India's total GDP is approximately \$1 trillion). Growth in the construction industry is expected to be led by growth in infrastructure and industrial construction investments, which are expected to grow at a faster rate than real estate construction investments. Consequently, the share of real estate construction investments in total construction investments is expected to fall. Nevertheless, real estate construction investments will continue to be the biggest component of total construction investments.

OVERVIEW OF OPERATIONS

AGARBATHIES DIVISION

There is no effect in the production and sales of the Company. During the Year, Most of the Existing products have helped the Company to sustain the Turnover compare to last year and minimal increase in the Turnover. Your Company has well knit distributor/ dealer network comprising of around more than 300 distributors/dealers,



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

spread over the India developed over a period 60 years for marketing its products. Company is also concentrating on the export of several brands of agarbathies specifically designed and developed by R&D department of the Company.

HOTEL DIVISION

The Overall performance of the Hotel Division has come down as compare to the Last financial Year due to the slow down of the economic of the Company.

Company is looking up for setting up of some more foods courts after identifying suitable places. Considering the strong growth in demand and the constraints in supply, prospects for the hospitality sector is expected to be bright over the coming years.

CONSTRUCTION DIVISION

The overall performance of the Company is satisfactory and has bagged good number of projects in the state of Andhra Pradesh presently the Company is executing the projects which are bagged in the previous years

FUTURE OUTLOOK

AGARBATHIES DIVISION

In view of good response for the products of the company, the company plans to launch more brands of the Agarbathies. Further Company believes there is huge potential for development for the growth for Aromatherapy and company's research & development department continuously making efforts to develop more products.

HOTEL DIVISION

The spurt in India's tourism industry growth has had a ripple effect on its hospitality sector. Rising income levels and spending power combined with the governments open sky policy have provided a major thrust. The industry is growing at a very rapid

pace and there is a demand for more rooms both in metros and smaller towns. It is estimated that India is likely to have around 40 international hotel brands by 2011.

India's booming hospitality industry has transformed into a veritable basket of the choicest of rooms, food and beverage, health and business facilities, travel packages and everything that you can think of. New global entrants are vying with existing local players to provide world-class services at prices suited to every pocket. An estimated 4.4 million tourists are expected to visit India with an annual average growth rate of 12% in the next few years. The domestic tourist market is also flourishing.

CONSTRUCTION DIVISION

Taking cue from the Government's ambitious projects lined up for the Eleventh Plan period, the demand for construction is expected to grow by at least 8-9%, and 2.5 million employment opportunities per annum are expected to be generated. Those looking for opportunities for accelerated learning and progress would be rewarded heavily.

There is a need for the full spectrum of employees from directly linked professionals like civil and mechanical engineers and architects to per-day wage construction workers and indirectly linked industrial workers such as steel and cement manufacturers to highway toll booth operators. It would be wise to join a leading Indian company or a multi-national with a local presence, even at the starting level, as there is significant scope for training and rapid upward movement through the ranks for talented individual