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AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

BOARD OF DIRECTORS

SRI AMBICA KRISHNA
SRI AMBICA RAMCHANDRA RAO
SRI P. SREEDHARAN VENKATESAN
SRI P KISHORE THANDAVA

: Chairman and Managing Director
: Director
: Director
: Director

STATUORY AUDITORS:

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

BANKERS:

CORPORATION BANK
Eluru Branch, ELURU

REGISTERED OFFICE:

Shankar Towers
Powerpet, ELURU - 534 002.

ADMN OFFICE:

Ambica Empire
57, 100ft Road, Vadapalani
CHENNAI.

FACTORY:

- SATRAMPADU, ELURU.
- DUGGIRALA, ELURU

West Godavari Dist.,
Andhra Pradesh.

REGISTRARS & TRANSFER AGENTS:

**M/s. Venture Capital and Corporate
Investments Private Limited.**
12-10-167, Bharat Nagar
Hyderabad-500018

LISTING AT:

National Stock Exchange of India Limited
BSE Limited



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the members of the Company will be held on SATURDAY 29TH SEPTEMBER, 2012 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, 2012 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”

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

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) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from **TUESDAY 25TH SEPTEMBER, 2012 TO SATURDAY 29TH SEPTEMBER, 2012** (both day inclusive)
- 4) Members are requested to quote ledger folio/dp id/client id number in all their correspondence to avoid delay in communication.
- 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 : 17.08.2012



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 RAMCHANDRA RAO

Sri Ambica Ramachand Rao is an Executive Director of the company 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 is readily accepted in the market.

He has played a vital role in creating market for the scented segment of the agarbathies, his presence in the Board will enhance the sales of the Company

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 Pondicherry University, with rich experience in the field of marketing of Agarbathies and allied products.

He is member of the Committees of the company and holds 8000 equity shares in the Company.

He is neither a director nor member of any other committee or company



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting herewith the 17th Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2012

FINANCIAL RESULTS: (Rs.in lakhs)

PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Sales	8542.38	7189.97
Other Income	114.99	179.66
Stocks	26.95	2.21
Expenditure	(8165.22)	(6850.75)
Profit before depreciation and Income tax	519.10	521.09
Depreciation	(267.41)	(278.27)
Net profit before tax	251.69	242.82
Provision for taxation		
a. Current tax	73.29	83.94
b. Deferred tax	(9.92)	18.88
Profit after tax	188.31	139.99
Brought forward from previous year	868.90	728.93
Balance carried to balance sheet	1057.23	868.92

OVERALL PERFORMANCE OF THE COMPANY:

During the financial year under review the overall performance of the Company was satisfactory in spite of the economy slow down, inflation and many factors during the financial year under review the overall turnover of the Company was Rs 8542.38 Lakhs as compare to Rs 7189.97 Lakhs and the Net profit Rs 188.31 Lakhs as compare to Rs 139.99 Lakhs

When it comes to Segment wise performance of the Company the Turnover of the Agarbathies Division was Rs 7201.60 Lakhs as Compare to Rs 6101.99 Lakhs and the Net Profit was Rs

54.42 Lakhs as compared to Rs127.25 Lakhs. The Turnover of hotel division was Rs 1455.77 Lakhs as compared to Rs 1267.30 Lakhs and Net profit was Rs 197.27 Lakhs as compare to Rs 115.58 and in Construction Division many projects are in finishing stages and it has good future in coming years.

DIVIDEND

Your Directors do not recommend any Dividend for the Financial Year 2011-2012 as the profits are planned to be ploughed back into the business operations.

PERSONNEL:

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

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.

DIRECTORS:

During the financial year under review Sri Ambica Sudarsan and Sri Suresh Garlapati Directors of the Company has express their un- willingness to be reappointed at the 17th Annual General meeting.

Sri Ambica Ramachandra Rao and Sri P Kishore thandava Directors of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

- i. In preparation of annual accounts for the financial year ended 31st March, 2012 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 2012 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.

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.

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. **Research & Development** – 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)

	2011-12	2010-11
Foreign Exchange earnings	15.21	Nil
Foreign Exchange outgo	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS:

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

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.



ACKNOWLEDGEMENTS:

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 : 17.08.2012



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Annexure – I

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ECONOMIC OVERVIEW:

AGARBATHIES DIVISION

Religions and rituals have been an integral part of human life in India. We celebrate festivals, go for pilgrimage and worship our deities with the aspiration of receiving their blessings. In all these occasions, incense sticks commonly known as agarbathies serves as a link between god and devotee. It has been used in prayers, to pay homage to the Gods, purify the air, to uplift the spirits of an individual, induce self-awareness and to get rid of any kind of negative vibrations.

Agarbathies industries are one of the growing sectors where maximum exports were achieved in the recent years, thereby contributing to the economic growth. The production of Agarbathies in India is growing at a rate of 5-6% every year. In addition to economic development, agarbathi industry is also contributing to social welfare by making optimum use of waste products in its manufacturing process. Agarbathies industry is one of the labor intensive industries and hence generates lot of employment opportunities especially for weaker sections of the society. Agarbathies industry in India is also exploring itself in global market, thereby contributing to growth of foreign trade.

HOTEL DIVISION

The Hotel industry in India is going through an interesting phase. One of the major reasons for the increase in demand for hotel rooms in the country is the boom in the overall economy and high growth in sectors like information technology, telecom, retail and real estate. Hotel industry is also inextricably linked to the tourism industry and its growth has added fillip to the hotel industry. As India is ranked as fourth most preferred travel destination, the inbound tourist flow has been increasing and is expected to increase at a rate of more than 12 percent in the coming years

Such enormous growth in tourist sector has led to the significant increase in profits of hotel industries. Moreover, the government has stepped up various reforms to accelerate the industry growth with liberalization in the regulatory framework, investment friendly schemes, extensive support for creating a world class infrastructure, initiating better air and land connectivity, incentivizing regional set-up in tier III and IV cities, exploring the untapped geographical resources. With the allowance of 100% foreign investment in hotel industry under automatic route, the scenario of the industry looks rosy in the global market and it is expected to grow at 15-20% every year.

CONSTRUCTION DIVISION

The Indian construction industry has shown significant development over the years with eminent and efficient engineers at the helm. The construction sector is a major employment driver, being the second largest employer in the country, next only to agriculture. This is because of the chain of backward and forward linkages that the sector has with other sectors of the economy. The sector is labor intensive and, including indirect jobs, provides employment to more than 35 million people.

The construction industry has been witness to a strong growth wave powered by large spends on housing, road, ports, water supply and airport development. Indian construction industry consists of 200 firms and around 1,20,000 registered contractors. About 250 ancillary industries such as cement, steel, brick, timber and building material are dependent on the construction industry. A unit increase in expenditure in this sector has a multiplier effect and the capacity to generate income as high as five times. In India the construction industry contributes around 8% to GDP. The Government has now permitted 100 percent FDI in the construction development sector. The foreign involvement will not displace local investors but will help the sector grow and explore India on International front.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

OVERVIEW OF OPERATIONS

AGARBATHIES DIVISION

The company has witnessed a significant increase in sales in the financial year under review when compared to the last year. The profits of the company have increased nominal due to increase in finance cost and other expenses. The company has expertise professionals working as a team towards the growth of the organization. The company is consistently involved in innovating its products through upgrading the technology, customizing production process and creatively designing its products. With its rich experience and wide network of dynamic dealers, it is able to compete with others and meet the market standards. The Company has well knit distributor/ dealer network comprising of around 300 distributors/dealers, spread over the India developed over a period of years for marketing its products.

HOTEL DIVISION

In spite of recession effecting India badly, the company has done extremely well and shown appreciable increase in profits. Its unique ambience, unbeatable standards and excellent customer service has helped the company to create a special place in the market.

Ambica Empire has won the **JURY SPECIAL AWARD - PREMIUM BUSINESS HOTEL OF THE YEAR 2010-11, & EPICURUS - SOUTH HOSPITALITY AWARD FOR THE YEAR 2012.** With the growth in tourism, it is expected that hotel industry will grow at a fast rate in coming years.

CONSTRUCTION DIVISION

With the growing infrastructure sector, the construction division of our company is also witnessing significant growth. We are currently focusing on the ongoing projects in hand.

FUTURE OUTLOOK

AGARBATHIES DIVISION

The funds invested last year in research and development has given positive returns and thus company is planning to introduce more variety of products. Company's approach is very creative to develop and market its products, thereby generating huge sales which will continue in future. There is lot of scope in agarbathies industries as foreign countries are also attracted to it and hence the industry is expected to grow globally.

HOTEL DIVISION

The constant transformation has made the Indian hotel industry more functional and practical and has gained a level of acceptance world over. With the continued growth in India's GDP, improvement in the per capita income, and increased aspirational spending, the Indian hotel industry is expected to grow faster than most countries around the world.

For foreigners, the travel time has increased to three-five days for business travel and from five days to seven-10 days for leisure travel. The government of India has announced a scheme of granting tourist visa on arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore.

Around 29-35 mega tourism projects are being initiated across 22 states. The government is focusing on the PPP (Public private partnership) According to World Travel & Tourism Council, by 2020, travel and tourism investment is estimated to should reach US\$ 109.3 billion or 7.7 per cent of total investment. Hence, the company desires to expand and grow its business in other states as well in future.

CONSTRUCTION DIVISION

The construction industry is growing at a faster rate, thereby generating huge employment opportunities. The government has initiated innumerable initiatives to uplift the sector. The measures includes authorizing the Infrastructure finance companies to raise funds and to finance



the projects, liberalization of external commercial borrowings (ECB'S), increase in foreign institutional investor's limits and revision in the cap of various loans. Robust economic growth is driving the demand for commercial property. Such demand being accompanied by urbanization and growing household income is further increasing the scope of construction industries.

The construction industry generates employment opportunities at a large scale even in the period of economic slowdown. Commercial demand space from metro cities is expected to grow at CAGR (compound annual growth rate) of 7 % which in turn will lead to high growth rate in construction industry. Hence, the construction industry is expected to be prosperous in future.