

21st

Annual Report

2015 - 2016



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

**21st Annual General Meeting
FRIDAY 23RD SEPTEMBER, 2016**

At 11.00 A.M.

Shankar Towers, Powerpet, Eluru,
West Godavari District,
Andhra Pradesh - 534002

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AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

COMPANY BOARD

Ambica Krishna
Ambica Ramchandra Rao
Satyavathi Perla
Sreedharan Venkatesan
P Kishore Thandava
Narayanam Kameswara Rao
Ambica Hanuma Alapati
Mohit Khandelwal

Chairman & Managing Director
Executive Director
Women director
Independent director
Independent director
Independent director
CFO
Company Secretary

CORPORATE INFORMATION

Registered office	Shankar Towers, Power Pet, Eluru, West Godavari Dist, Andhra Pradesh – 534002
Admin office	Ambica Empire, 57, 100FT Road, Vada Palani, Chennai
Factory	SatramPadu, Eluru, Duggirala, Eluru, West Godavari dist, Andhra Pradesh
Corporate identification number(CIN)	L24248AP1995PLC020077
Statutory auditors	T S AJAI, B.COM. FCA Chartered Accountant 304, Minar Apartments, Deccan Towers, BasheerBagh Hyderabad – 500 029
Bankers	Corporation bank, Eluru branch, Eluru
Registrars & transfer agents	M/s. Venture capital and corporate investments private limited. 12-10-167, Bharat Nagar, hyderabad-500018
Listed at	National Stock Exchange of India Limited BSE Limited

BOARD COMMITTEES			
AUDIT COMMITTEE		STAKEHOLDERS RELATIONSHIP COMMITTEE	
P.V.Sreedharan	- Chairman	P.V.Sreedharan	- Chairman
P.Kishore Thandava	- Member	P.Kishore Thandava	- Member
N. Kameswara Rao	- Member	N. Kameswara Rao	- Member
REMUNERATION COMMITTEE		RISK MANAGEMENT COMMITTEE	
P.V.Sreedharan	- Chairman	P.V.Sreedharan	- Chairman
P.Kishore Thandava	- Member	P.Kishore Thandava	- Member
N.Kameswara Rao	- Member	N. Kameswara Rao	- Member



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 21st Annual General Meeting(AGM) of the members of the Company will be held on Friday 23rd September, 2016 at 11.00 AM at Registered Office of the Company at Shankar Towers, Power pet, Eluru, West Godavari District, Andhra Pradesh - 534002 to transact the following items of business:

ORDINARY BUSINESS:

1. To consider and adopt The audited financial statement of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon;
2. To appoint a director in place of Ambica Ramchandra Rao(DIN: 01678538), who retires by rotation and being eligible offers himself for re-appointment as a director in the company;

3. 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 Sections 139, 141 and 142 of the Companies Act, 2013, the appointment of T S AJAI, Chartered Accountant,, (Registration No. 025524), Hyderabad, who was appointed as the Statutory Auditors of the Company till the conclusion of 22nd Annual General Meeting, be and are hereby ratified and confirmed, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending 31st March, 2017.”

**for and on behalf of the Board
Ambica Agarbathies Aroma & Industries Limited**

Sd/-

AMBICA KRISHNA
Chairman and Managing Director

Place : Eluru
Date : 12.08.2016



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

NOTES TO MEMBERS:

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.
2. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. 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
4. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/ Company.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday 17th September, 2016 to Friday 23rd September, 2016 (both day inclusive)** for the purpose of 21st Annual General Meeting.
6. Members are requested to quote ledger folio/DP id/client id number in all their correspondence to avoid delay in communication.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the registered office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. up to the date of the meeting.
8. Members/Proxies are requested to bring duly filled in attendance slips sent herewith for attending the meeting.
9. Members who hold shares in physical form can nominate a person in respect of all the shares Held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility.

10. VOTING THROUGH ELECTRONIC MEANS

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide member's facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by

Central Depository Service (India) Limited (CDSL):

COMMENCEMENT OF E - VOTING: From **10.00 A.M. on, Tuesday 20th, September, 2016 to 5.00 P.M. on Thursday 22nd, September, 2016**



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

E-voting shall not be allowed beyond 5.00 P.M. on Thursday 22nd, September, 2016. During the e-voting period, shareholders of the Company, holding shares either in physical form, as on 16th September, 2016 may cast their vote electronically.

The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice.

Those members who have registered their e-mail IDs with the Company are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.

11. The Company has appointed **Mr. MB SUNEEL**, Practising Company Secretary, and Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner

**for and on behalf of the Board
Ambica Agarbathies Aroma & Industries Limited**

Sd/-

AMBICA KRISHNA
Chairman and Managing Director

Place : Eluru
Date : 12.08.2016



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

Information in respect of directors seeking appointment/re-appointment

Name of the Directors	Sri Ambica Ramachandra Rao
Date of first appointment	30.11.2011
Date of birth/age	04.02.1971
Expertise in specific functional areas	Purchase & marketing
Educational qualification	Under graduate
Chairman/member of the committees of board of Directors of the company	NIL
List of Directorships, Committee Chairmanship, Membership held in other companies as on date	Nil



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting herewith the 21st Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2016

1. FINANCIAL RESULTS: (₹.in millions)

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
Revenue from operations	1171.94	1163.25
Other Income	0.00	0.00
Total Income	1171.94	1163.25
Expenditure	1030.46	1015.79
Interest	89.67	92.37
Profit before depreciation and Income tax	51.81	55.10
Depreciation	32.44	35.75
Net profit before tax	19.37	19.35
Tax	6.66	5.00
Profit after tax	12.71	14.35

2. STATE OF COMPANY'S AFFAIR:

During the financial year under review the overall performance of the Company was good and the overall turnover of the Company was Rs. 1171.94 millions as compare to Rs 1163.25 millions and the Net profit 12.71 millions as compare to 14.35 millions.

3. DIVIDEND:

Your Directors do not recommend any Dividend for the Financial Year 2015-2016 as the profits are planned to be ploughed back into the business operations.

4. SUBSIDIARIES:

The Company during the year has acquired M/s Ambica Trendset Private Limited and thereby made it as wholly owned subsidiary. Ambica Trendset Private Limited is engaged in Hotel business having its registered office at Andhra Pradesh.

5. FIXED DEPOSITS:

The Company has neither accepted nor renewed any deposits falling within the provisions of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 from the its member and public during the Financial Year

6. MEETINGS

During the year under review, Six board meetings were held on 17.04.2015, 22.05.2015, 14.08.2015, 14.11.2015, 11.02.2016, 25.03.2016. The maximum time-gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013.

7. BOARD EVALUATION

The Board of Directors evaluated the annual performance of the Board as a whole, its committee's and the directors individually in accordance with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the following manner

- Structured evaluation forms, as recommended by the Nomination and Remuneration Committee, after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, for evaluation of the performance of the Board, its Committee's and each director were circulated to all the members of the Board along with the Agenda Papers.
- The members of the Board were requested to evaluate by filling the evaluation forms and the duly filled in evaluation forms were required to be sent to the Company Secretary in a sealed envelope or personally submitted to the Chairman at the concerned meeting.
- Based on the individual evaluation of the Directors, the Board initiated a detailed discussion at the concerned meeting on the performance of the Board / Committee/Individual Director, and formulated a final collective



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evaluation of the Board. The Board also provided an individual feedback to the concerned director on areas of improvement, if any.

A separate meeting of Independent Directors was held on 11, February 2016 to evaluate the performance evaluation of the Chairman, the Non Independent Directors, the Board and flow of information from management.

8. DIRECTORS:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Ambica Ramchandra Rao (DIN-01678538) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed Both under sub-section (6) of Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

For Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting of the Company; the particulars as required to be disclosed in accordance Regulations 17 to 27 and Para C, D & E of Schedule V Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

9. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013, and subject to disclosures in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, and to the best of their knowledge and information furnished, the Board of Directors states:

- (i) That in preparation of the Annual Accounts for the year ended 31st March, 2016, all the applicable Accounting Standards Prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.
- (ii) That the Directors have adopted such accounting policies, as selected in consultation with Statutory Auditors, and applied them consistently

and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended 31st March, 2016.

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Annual Accounts for the year ended 31st March, 2016, has been prepared on a going concern basis.
- (v) Those proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- (vi) That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

10. STATUTORY AUDITORS

The Statutory Auditors of the Company, M/s. T S AJAI Chartered Accountant, Hyderabad [Registration Number: 025524], were re-appointed by the members at the 19th Annual General Meeting held on 29th September, 2014 at 11.00 AM for a term of 3(Three) years till the conclusion of 22nd Annual General Meeting to be held in 2017. Members are requested to ratify the same at the ensuing Annual General Meeting of the company; in accordance with section 139 of the Companies Act 2013.

REPLY TO THE AUDITORS OBSERVAIONS

1. With regard to the improvement of the Internal Control system, the Company is in the process of improving the Internal control Systems
2. With regard to the statutory payments, the Company is in the process of reconcile of the data with the relevant authorities and will ensure the compliance
3. 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 claims from the shareholders and transfer the unclaimed or unpaid dividend if any



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11. INTERNAL AUDITORS:

The Board of Directors based on the recommendation of the Audit Committee has reappointed T.V.V. Satyanarayana Chartered Accountants, and Hyderabad, as the Internal Auditors on your Company. The Internal Auditors are submitting their Reports on quarterly basis pursuant to the provisions of section 138 and rule 13 of companies (Accounts) rules, 2014.

12. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of section 177 (9) and read with all other applicable provisions of the Companies Act, 2013 and the Companies (meetings of board and its powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 22 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Group. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company and the web link is <http://www.ambicaagarbathies.com/>

13. RISK MANAGEMENT

Pursuant to the requirement of Regulation 21 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee and formulated a policy on the Risk Management. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Risk Management Policy of the Company is posted on the website of the Company and the web link is <http://www.ambicaagarbathies.com/>

14. REMUNERATION POLICY

The Board of Directors, on recommendation of the Nomination and Remuneration Committee framed a Nomination and Remuneration policy for selection, appointment and remuneration of Directors, KMP and Senior Management and matters covered u/s 178(3) of the Companies Act 2013. The details of the same are provided in the Corporate Governance Report and website of the company.

15. MANAGEMENT DISCUSSION AND ANALYSIS:

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

16. CORPORATE GOVERNANCE:

Report on Corporate Governance including Auditor's Certificate on Compliance with Regulations 17 to 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 and Para C, D & E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the following manner is enclosed as "**Annexure – II**" to this report

17. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules framed there under, the Board of Directors, on recommendation of the Audit Committee, appointed M/s P S Rao and Associates, Practicing Company Secretaries to undertake the secretarial audit of the Company. The secretarial audit report issued by M/s P S Rao and Associates, Practicing Company Secretaries for the financial year ending 31st March, 2016 is given in the FORM NO: MR - 3 is herewith annexed as "**Annexure (III)**" attached hereto and forms part of this Report. There are no qualifications, reservations or adverse remarks made by the secretarial auditor and the observation made is self explanatory and requires no further explanation from the Board.

18. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained as per Regulation 23 SEBI (Listing Obligations & Disclosure Requirements) 2015 for the transactions which are of a foreseen and repetitive nature. The Company has developed a Policy on Related Party Transactions for the purpose of identification and monitoring of such transactions.