

22nd

Annual Report

2016 - 2017



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

22nd Annual General Meeting

WEDNESDAY 27TH JUNE, 2018

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
Uma Gayatri

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

Satram Padu, Eluru, Duggirala, Eluru, West
Godavari dist, Andhra Pradesh

Corporate identification number(CIN)

L24248AP1995PLC020077

Statutory Auditors

M/S. RAMASAMY KOTESWARA RAO & CO.
Chartered Accountants
D.No.8-2-293/82/Jiii/573/M 1st Floor,
Road No-82, Jubilee
Hills Hyderabad – 500 096

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

P.V.Sreedharan	-	Chairman
P.Kishore Thandava	-	Member
N. Kameswara Rao	-	Member

REMUNERATION COMMITTEE

P.V.Sreedharan	-	Chairman
P.Kishore Thandava	-	Member
N.Kameswara Rao	-	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

P.V.Sreedharan	-	Chairman
P.Kishore Thandava	-	Member
N. Kameswara Rao	-	Member



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 22nd Annual General Meeting (AGM) of the members of the Company will be held on WEDNESDAY 27TH JUNE, 2018 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, 2017, the reports of the Board of Directors and Auditors thereon;
2. To appoint a director in place of Satyavathi perla (DIN 07141289), who retires by rotation and being eligible offers herself 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 139,141,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Ramasamy Koteswara Rao & Co LLP (FRN: 010396S). Chartered Accountants, Hyderabad be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting for a period of 5 years, subject to ratification by the members at every Annual General Meeting, 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 March 31, 2019.”

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

Sd/-

AMBICA KRISHNA

Chairman and Managing Director
(DIN 00391898)

Place : Eluru
Date : 11.05.2018



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 23rd June, 2018 to Wednesday 27th June, 2018** (both day inclusive) for the purpose of 22nd 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 22nd 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):**

It may be noted that this e-voting facility is optional. The e-voting facility will be available at the Company's Website during the following voting period:



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

COMMENCEMENT OF E - VOTING: From 10.00 A.M. on, Sunday 24th June, 2018 to 5.00 P.M. on Tuesday 26th, June, 2018

E-voting shall not be allowed beyond 5.00 P.M. on Tuesday 26th, June, 2018. During the e-voting period, shareholders of the Company, holding shares either in physical form, as on Wednesday 20th June, 2018 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. Anand Kumar Kasat, Practicing Company Secretary, 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
(DIN 00391898)

Place : Eluru

Date : 11.05.2018



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

Information in respect of directors seeking appointment/re-appointment

Name of the Directors	Smt Satyavathi Perla
<i>Date of first appointment</i>	<i>31/03/2015</i>
<i>Date of birth/age</i>	<i>05/07/1953</i>
<i>Expertise in specific functional areas</i>	<i>More than 3 decades of experience in handling Human resource</i>
<i>Educational qualification</i>	<i>Under Graduate</i>
Chairman/member of the committees of Board of Directors of the company	Nil
List of Directorships, Committee (excluding private limited), 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 22nd Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2017

1. FINANCIAL RESULTS: (₹.in millions)

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Revenue from operations	1214.84	1171.14
Other Income	0.00	0.00
Total Income	1214.84	1171.14
Expenditure	-1072.29	-1028.86
Interest	-85.05	-89.66
Profit before depreciation and Income tax	57.50	52.62
Depreciation	-34.85	-32.44
Net profit before tax	22.65	20.18
Tax	-7.25	-6.66
Profit after tax	15.40	13.52

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. 1214.84 millions as compare to Rs 1171.14 millions and the Net profit 15.39 millions as compare to 13.52 millions.

3. DIVIDEND:

Your Directors do not recommend any Dividend for the Financial Year 2016-2017 as the profits are planned to be ploughed back into the business operations.

4. SUBSIDIARIES:

During the financial year under review, the company has disposed the investment in M/s Ambica Trendset Private Limited a wholly owned subsidiary Company

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, seven board meetings were held on 28.05.2016, 12.08.2016, 06.10.2016, 14.11.2016, 03.01.2017, 14.02.2017, 08.03.2017 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

- i. 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.
- ii. 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.



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- iii. 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 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 14, February 2017 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, Smt. Satyavathi perla (DIN 07141289), retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself 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, 2017, 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, 2017.
- (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, 2017, 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

M/s T S Ajai & co Statutory Auditors of the company has tendered his resignation on 23rd January, 2018 and in the Board meeting held on 24th January 2018 the Board has appointed M/s. Ramasamy Koteswara Rao & Co (FRN: 010396S)



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chartered accountant as statutory Auditors to fill the casual vacancy, same was approved by the members in the Extra ordinary General Meeting held on 22nd February, 2018

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, the Statutory Auditor M/s. Ramasamy Koteswara Rao & Co (FRN: 010396S), Chartered Accountant, Hyderabad, be and is hereby appointed as Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting for a period of 5 years in accordance with the Act, subject to the ratification of shareholders at every Annual General Meeting.

The company has received letter from M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants under Section 139(1) of the Companies Act, 2013 and the Rules framed there under confirming their eligibility to the effect, that, their appointment, if made, would be within the prescribed limits under provisions of sections specified under the Act and that, they are not disqualified for such appointment within the meaning of the section of the said Act.

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.ambicaagarbathi.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