

**23rd**  

---

**Annual Report**  

---

**2017 - 2018**



**AMBICA AGARBATHIES  
AROMA & INDUSTRIES LIMITED**



**AMBICA AGARBATHIES  
AROMA & INDUSTRIES LIMITED**

**23rd Annual General Meeting**  
**WEDNESDAY 26TH SEPTEMBER, 2018**  
**At 11.00 A.M. at**  
R/o Shankar Towers, Powerpet, Eluru,  
West Godavari District,  
Andhra Pradesh - 534002

<b>Index</b>	<b>Page</b>
1. Notice	03
2. Director's Report	12
3. Corporate Governance	22
4. Auditor's Report	48
5. Balance Sheet	55
6. Statement of Profit & Loss	56
7. Cash Flow Statement	57
8. Notes to Financial Statements	58
9. E-voting Process	83
10. Attendance Slip	85
11. Proxy form	87



## **AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED**

### **COMPANY BOARD**

Ambica Krishna  
Ambica Siva Kumar Alapati  
Satyavathi Perla  
Sreedharan Venkatesan  
P Kishore Thandava  
Narayanam Kameswara Rao  
Ambica Hanuma Alapati  
Uma Gayathri

CEO & President  
Whole Time Director  
Women Director (WTD)  
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**

LIC Housing Finance Limited

#### **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

<b>BOARD COMMITTEES</b>					
<b>AUDIT COMMITTEE</b>			<b>REMUNERATION COMMITTEE</b>		
P.V.Sreedharan	-	Chairman	P.V.Sreedharan	-	Chairman
P.Kishore Thandava	-	Member	P.Kishore Thandava	-	Member
N. Kameswara Rao	-	Member	N.Kameswara Rao	-	Member
<b>STAKEHOLDERS RELATIONSHIP COMMITTEE</b>					
P.V.Sreedharan	-	Chairman			
P.Kishore Thandava	-	Member			
N. Kameswara Rao	-	Member			



## AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

### NOTICE

Notice is hereby given that the 23rd Annual General Meeting (AGM) of the members of the Company will be held on WEDNESDAY 26TH SEPTEMBER, 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, 2018, 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.

#### SPECIAL BUSINESS

##### 3. APPOINTMENT OF SRI AMBICA SIVA KUMAR ALAPATI AS DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 161 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and all other applicable provisions, if any, of the Act Sri Ambica Siva Kumar Alapati, who was appointed as Additional Director by the Board with effect from 11th June, 2018 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act along with the deposit of requisite amount proposing the candidature of Sri Ambica Siva Kumar Alapati for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

##### 4. TO APPROVE THE APPOINTMENT AND REMUNERATION OF SRI AMBICA SIVA KUMAR ALAPATI AS WHOLE TIME DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in pursuance of the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Schedule V to the said Act and subject to such other approvals, consents as may be required, the consent of the Members of the Company be and is hereby accorded for the appointment of Ambica Siva Kumar Alapati (DIN: 00392295) as Whole time Director of the Company for a period of 3 (three) years with effect from 11th June, 2018 with a remuneration of Rs 1,00,000/- per month with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms & conditions of the said appointment and / or the remuneration, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto".

**"RESOLVED FURTHER THAT** in pursuance of the provisions of Section 197(3) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules framed there under Ambica Siva Kumar Alapati (DIN: 00392295) as Whole time Director, may be paid the above mentioned remuneration as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office as Whole time Director, in accordance with the provisions of Schedule V to the Companies Act, 2013".

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to the above stated resolutions".

##### 5. TO APPROVE THE APPOINTMENT AND REMUNERATION OF SMT. SATYAVATHI PERLA AS WHOLE TIME DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:



## **AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED**

**“RESOLVED THAT** in pursuance of the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Schedule V to the said Act and subject to such other approvals, consents as may be required, the consent of the Members of the Company be and is hereby accorded for the appointment of Smt. Satyavathi Perla (DIN: 07141289) as Whole time Director of the Company for a period of 3 (three) years with effect from 11th June, 2018 with a remuneration of Rs 100,000/- per month with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms & conditions of the said appointment and / or the remuneration, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto”.

**“RESOLVED FURTHER THAT** in pursuance of the provisions of Section 197(3) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules framed there under Smt. Satyavathi Perla (DIN: 07141289) as Whole time Director, may be paid the above mentioned remuneration as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office as Whole time Director, in accordance with the provisions of Schedule V to the Companies Act, 2013”.

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to the above stated resolutions”.

### **6. INCREASE IN THE BORROWING POWERS OF THE COMPANY**

“To consider and if thought fit to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION**”:

**“RESOLVED THAT** pursuant to the provisions of section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or any amendments or any substitution or reenactment thereof, if any, for the time being in force, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (“the Board”) to borrow, from time to time as they may think fit, any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount of moneys so borrowed shall not, at any time exceed the limit of Rs.200 Crore (Rupees Two Hundred Crores).”

**“RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required in order to effect to this resolution.”

**For and on behalf of the Board  
Ambica Agarbathies Aroma & Industries Limited  
Sd/-**

**Uma Gayathri**  
Company Secretary and Compliance officer.

Place : Eluru  
Date : 13.08.2018



## **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. A Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. 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.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 20th September, 2018 to Wednesday 26th September, 2018 (both day inclusive) for the purpose of 23rd Annual General Meeting.
7. Members are requested to quote ledger folio/DP id/client id number in all their correspondence to avoid delay in communication.
8. 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.
9. Members/Proxies are requested to bring duly filled in attendance slips sent herewith for attending the meeting.
10. 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.

### **11. 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 23rd 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 link 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 23rd September, 2018 to 5.00 P.M. on Tuesday 25th, September, 2018

E-voting shall not be allowed beyond 5.00 P.M. on Tuesday 25th, September, 2018. During the e-voting period, shareholders of the Company, holding shares either in physical form, as on Wednesday 19th September, 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.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / STA.
13. The Company has appointed **Mr. Jineshwar Kumar Sankhala**, 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/-  
**Uma Gayathri**  
Company Secretary and Compliance officer.

Place : Eluru  
Date : 13.08.2018



## AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No 3:

In order to Broad base the Board, Sri Ambica Siva Kumar Alapati was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 11th June, 2018, with immediate effect.

The Company has received a notice in writing along with the deposit as required under Section 160 of the Companies Act, 2013 from one of its shareholders proposing the candidature of Sri Ambica Siva Kumar Alapati for the office of the Director of the Company whose office shall be determinable by retirement of Directors by rotation.

Pursuant to the provisions of Section 160 of the Companies Act, 2013 any such proposal needs to be approved by the members in their General Meeting. Hence, the Board recommends the resolution for your consideration and approval.

Sri Ambica Siva Kumar Alapati shall be deemed to be interested / concerned in the aforesaid resolution.

Except as aforesaid, none of the Directors, Key Managerial Personnel and their relatives is interested in this resolution except to the extent of their shareholding in the Company.

#### Item No 4 :

The Board of Directors of the Company in its meeting held on 11th June, 2018, has appointed Sri Ambica Siva Kumar Alapati as Whole time Director of the Company for a period of three (3) years w.e.f. 11th June, 2018 subject to the approval of members. Further, Sri Ambica Siva Kumar Alapati was re-designated as Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013

The present term of Sri Ambica Siva Kumar Alapati as Whole time Director of the Company will expire by efflux of time on June 10, 2021. The Board authorised the Nomination and Remuneration Committee to approve the remuneration of 12,00,000 per annum (100,000 per month) and such other revision in remuneration from time to time within the limit as approved by the Board in accordance with the provisions of Schedule V to the Companies Act, 2013.

The following additional detailed information as per Section – II of Schedule V is as follows:

General Information		
Nature of Industry	Agarbathies Division	
Date or expected date of commencement of commercial production	Existing Unit	
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
Financial performance based on given indicators	Financial Year 2017-18	Financial Year 2016 -17
Total Income(Net of Taxes)	1,269,476,341	1,214,836,003
Profit/loss before tax	-173,563,578	22,646,355
Net Profit After Taxation	-178,218,589	15,398,446
Export performance and net foreign exchange collaborations	Not applicable	
Foreign investments or collaborations, if any	Not applicable	





## AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Information about the appointee	
Background details	More than 1 decades of experience in Manufacturing of Agarbathies
Past remuneration	Rs 1,00,000/- Per month as COO of the Company
Recognition or awards	None
Job profile and his suitability	Management & Director
Remuneration proposed	100,000 per month
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Minimal
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Not applicable

Other Information	
Reasons of loss or inadequate profits	The loss is due to change in the accounting System, The company has implemented IND AS
Steps taken or proposed to be taken for improvement	Measures already taken to improve the performance
Expected increase in productivity and profits in measurable terms	Like in the year 2016-17 and 2017-18

Pursuant to the provisions of section 196, 197 read with Schedule V to the Companies Act, 2013 the company needs to obtain the consent of its members by way of special resolution.

Hence, the Board recommends the resolution for your consideration and approval.

Sri. Ambica siva kumar alapati shall be deemed to be interested / concerned in the aforesaid resolution.

Except as aforesaid, none of the Directors, Key Managerial Personnel and their relatives is interested in this resolution except to the extent of their shareholding in the Company

Item No-5 :

The Board of Directors of the Company in its meeting held on 11th June, 2018, has appointed Satyavathi Perla as Whole time Director of the Company for a period of three (3) years w.e.f. 11th June, 2018 subject to the approval of members. Further, Satyavathi Perla was re-designated as Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013

The present term of Satyavathi Perla as Whole time Director of the Company will expire by efflux of time on June 10, 2021. The Board authorised the Nomination and Remuneration Committee to approve the remuneration of 12,00,000 per annum (1,00,000 per month) and such other revision in remuneration from



## AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

time to time within the limit as approved by the Board in accordance with the provisions of Schedule V to the Companies Act, 2013.

The following additional detailed information as per Section – II of Schedule V is as follows:

General Information	
Nature of Industry	Agarbathies Division
Date or expected date of commencement of commercial production	Existing Unit
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators	Financial Year 2017-18      Financial Year 2016 -17
Total Income(Net of Taxes)	1,269,476,341      1,214,836,003
Profit/loss before tax	-173,563,578      22,646,355
Net Profit After Taxation	-178,218,589      15,398,446
Export performance and net foreign exchange collaborations	Not applicable
Foreign investments or collaborations, if any	Not applicable

Information about the appointee	
Background details	More than 3 decades of experience in handling Human resource
Past remuneration	Not applicable
Recognition or awards	None
Job profile and his suitability	Management & Director
Remuneration proposed	100,000 per month
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Minimal
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Not applicable

### Other Information

Reasons of loss or inadequate profits	The loss is due to change in the accounting System, The company has implemented IND AS
Steps taken or proposed to be taken for improvement	Measures already taken to improve the performance
Expected increase in productivity and profits in measurable terms	Like in the year 2016-17 and 2017-18