

24th

Annual Report

2018 - 2019



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**



24th ANNUAL GENERAL MEETING

MONDAY 30th, SEPTEMBER, 2019

at 11.00 A.M.

Shankar Towers, Power pet, Eluru,
West Godavari District, Andhra Pradesh - 534002

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AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

COMPANY BOARD

Ambica Krishna	CEO & President
Satyavathi Perla	Chairman & Executive Director
Ambica Ramachandra Rao	Executive Director
Ambica Siva Kumar Alapati	Executive Director
Sreedharan Venkatesan	Independent Director
P Kishore Thandava	Independent Director
Narayanam Kameswara Rao	Independent Director
Ambica Hanuma Alapati	CFO
Uma Gayathri	Company Secretary & Compliance Officer

CORPORATE INFORMATION

Registered office	Shankar Towers, Power Pet, Eluru, West Godavari Dist, Andhra Pradesh – 534002
Admin office	Ambica Empire, 57, 100 FT Road, Vadapalani, 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, LLP Chartered Accountants D.No.8-2-293/82/Jiii/573/M 1st Floor, Road No-82, Jublee 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

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



NOTICE

Notice is hereby given that the 24th Annual General Meeting (AGM) of the members of the Company will be held on Monday 30TH SEPTEMBER, 2019 AT 11.00 AM at Registered Office of the Company situated 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, 2019 the reports of the Board of Directors and Auditors thereon;
2. To appoint a director in place of Ambica Siva Kumar Alapati (DIN- 00392295), who retires by rotation and being eligible offers himself for re-appointment as a director in the company.

SPECIAL BUSINESS

3. APPOINTMENT OF AMBICA RAMACHANDRA RAO 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 Ramachandra Rao, who was appointed as Additional Director by the Board with effect from 11th February, 2019 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 Ambica Ramachandra Rao 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 RAMACHANDRA RAO AS WHOLETIME 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 be and is hereby accorded for the appointment of Sri Ambica Ramachandra Rao (DIN: 01678538) as Whole time Director of the Company for a period of 3 (three) years with effect from 11th February, 2019 with a remuneration of Rs 1,50,000/- 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 there to”.

“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 Sri Ambica Ramachandra Rao (DIN: 01678538) 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. APPOINTMENT OF SRI. VENKATESAN SREEDHARAN (DIN 03453379) AS NON-EXECUTIVE, INDEPENDENT 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 pursuant to the provisions of Sections 149,150, 152, 160 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri Venkatesan Sreedharan (DIN: 03453379), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years from the conclusion of this AGM till the conclusion of 29th AGM and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the Members be and is hereby accorded to the continuation of directorship of Sri. P. Sreedharan Venkatesan (DIN: 03453379) after he attains the age of 75 years, as a Non-Executive, Independent Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolutions.

6. APPOINTMENT OF SRI. P KISHORE THANDAVA (DIN:02398928) AS NON-EXECUTIVE, INDEPENDENT DIRECTOR OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of

Sections 149,150, 152, 160 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri. P Kishore Thandava (DIN : 02398928), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years from the conclusion of this AGM till the conclusion of 29th AGM and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolutions.

7. APPROVAL FOR RELATED PARTY TRANSACTIONS

To pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 188 and other applicable provisions if any, of the Companies Act, 2013, in terms of the Rule 15 of the Companies (Meetings of Board and its Powers) Rule 2014 and also Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such other Regulations, Guidelines and Laws (including any statutory modifications or re enactment thereof for the time being in force) and subject to all applicable approvals, permissions and such conditions as may be prescribed by any of the



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concerned authorities while granting such approvals, which may be agreed to by the Board of Directors of the Company, consent of the members be and is Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution for entering into transactions, contracts or arrangements on such terms and condition as the Board may think proper and beneficial for the Company with related party of the Company, during every financial year commencing from 1st October, 2019 up to the maximum amounts per financial year, as mentioned herein below for a period of 3 years with the following Party detailed below:"

Name of the related party	Nature of the contract	Monetary value per Financial Year
ACP INDUSTRIES LIMITED	PURCHASE & SALES OF DARBAR AGARBATHIES	Rs. 75 Crores
ACP INDUSTRIES LIMITED	PURCHASE & SALES OF RAW MATERIALS	Rs. 50 Crores
ACP INDUSTRIES LIMITED	RECEIVING & ISSUING OF LOAN & ADVANCES	Rs. 50 Crores

"RESOLVED FURTHER THAT all such transaction(s) entered by the Company with the aforesaid party during the year April 2018-September 2019 be and is hereby approved and ratified

"RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate and settle the terms and condition of related party transactions and all others matters incidental thereto and to give such direction as considered necessary including delegating all or any of the powers herein conferred to any committee of directors, executive chairman, managing director, whole time director(s), director(s) and/or any officers of the Company, and authorize them to sign and execute all agreements, application, contracts, deeds, and/or documents that may be required, on behalf of the Company and the Board hereby further authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental thereto without being required to seek any further consent or approval thereto, for the purpose of giving 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: 22.08.2019



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 Tuesday 24th September, 2019 to Monday 30th September, 2019 (both day inclusive) for the purpose of 24th 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 24th 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:

COMMENCEMENT OF E - VOTING: From 10.00 A.M. on, Friday 27th September, 2019 to 5.00 P.M. on Sunday 29th, September, 2019



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E-voting shall not be allowed beyond 5.00 P.M. on Sunday 29th, September, 2019. During the e-voting period, shareholders of the Company, holding shares either in physical form, as on Tuesday 24th September, 2019 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.

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: 22.08.2019



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

Item No 3:

Sri Ambica Ramachandra Rao has 2 decades of experience in production of agarbathies and related products has good experience in handling day to day operation of the factory, was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 11th February, 2019.

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 Ramachandra Rao 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 Ramachandra Rao 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 February, 2019, has appointed Sri Ambica Ramachandra Rao as Whole time Director of the Company for a period of three (3) years w.e.f. 11th February, 2019 subject to the approval of members. Further, Sri Ambica Ramachandra Rao 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 Ramachandra Rao as Whole time Director of the Company will expire by efflux of time on February 10, 2022. The Board authorised the Nomination and Remuneration Committee to approve the remuneration of 18,00,000 per annum (150,000 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 & Hotel Industries	
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 2018-19	Financial Year 2017-18
Total Income (Net of Taxes)	1,410,280,594	1,269,476,341
Profit/loss before tax	35,635,618	-173,563,578
Net Profit After Taxation	102,469,596	-178,218,589
Export performance and net foreign exchange collaborations	Not applicable	
Foreign investments or collaborations, if any	Not applicable	