

27th

Annual Report

2021 - 2022



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**



27TH ANNUAL GENERAL MEETING

TUESDAY, SEPTEMBER 27TH, 2022

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

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AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

BOARD OF DIRECTORS

Ambica Krishna Ambica Ramachandra Rao Satyavathi Perla Sreedharan Venkatesan B V Subrahmanyeswarao Chunduru Anjaneya Swamy	Chairman & Managing Director Whole time Director Whole time Director Independent Director Independent Director (w.e.f 13.08.2022) Independent Director
Ambica Hanuma Alapati Uma Gayathri	CFO Company Secretary & Compliance Officer

CORPORATE INFORMATION

Registered office	Shankar Towers, Power Pet, 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, 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

BOARD COMMITTEES

AUDIT COMMITTEE		REMUNERATION COMMITTEE	
P. V.Sreedharan	- Chairman	P. V.Sreedharan	- Chairman
B V Subrahmanyeswarao	- Member	B V Subrahmanyeswarao	- Member
Chunduru Anjaneya Swamy	- Member	Chunduru Anjaneya Swamy	- Member
STAKEHOLDERS RELATIONSHIP COMMITTEE			
P. V.Sreedharan	- Chairman		
B V Subrahmanyeswarao	- Member		
Chunduru Anjaneya Swamy	- Member		



NOTICE

Notice is hereby given that the 27th Annual General Meeting (**AGM**) of the members of the Company will be held on **Tuesday 27th September, 2022** 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 Statements of the Company for the Financial Year ended on March 31st 2022, together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. 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 B V SUBRAHMANYESWARAO 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 B V SUBRAHMANYESWARAO, who was appointed as Additional Director by the Board with effect from 13th August, 2022 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of SRI B V SUBRAHMANYESWARAO for the office of Director, be and is hereby appointed as a Director of the Company, who shall be not liable to retire by rotation.”

4. APPOINTMENT OF SRI B V SUBRAHMANYESWARAO (DIN-09701305) AS AN 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 section 149, 150 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("The 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) SRI B V SUBRAHMANYESWARAO (DIN -09701305) who was appointed as an Additional Director (Independent) of the Company by the Board of Directors as per Section 161(1) of the Act, at their meeting held on 13th August, 2022 and who holds office only upto the date of the ensuing Annual General Meeting, who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and the Company hereby approves the appointment of SRI B V SUBRAHMANYESWARAO as Non-Executive Independent Director for a term of 5 (Five) consecutive years with effect from 13th August, 2022, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act of proposing the candidature of 13th August, 2022 for the office of Director, be and is hereby appointed as a independent Director of the Company, whose office shall not be liable to retire by rotation.

5. TO APPROVE THE APPOINTMENT AND REMUNERATION OF SRI AMBICA KRISHNA AS CHAIRMAN AND MANAGING 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 Sri Ambica Krishna (DIN: 00391898) as Chairman and Managing Director of the Company for a period of 3 (three) years with effect from 13th February, 2023 who has attained the age of 70 years with a



remuneration of Rs 2,00,000/- 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 there to".

"RESOLVED FURTHER THAT consent of the Members of the Company be and is hereby accorded for ratifying and continuation of holding of office of Chairman & managing Director upon attaining the age of 70 (Seventy) years, on the existing terms and conditions duly approved in the 25th Annual General Meeting through a Special Resolution passed on 30th September, 2020.

"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 Krishna (DIN: 00391898) as Chairman And Managing 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 Chairman and Managing 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. APPROVE MATERIAL RELATED PARTY TRANSACTIONS

To consider and if thought fit to pass with or without modification(s) 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 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, 2022 up to the maximum amounts per annum as mentioned below for a period of 5 years with the following party details:

Name of the related party	Nature of the contract	Monetary value per Financial Year
ACP INDUSTRIES LIMITED	PURCHASE & SALES OF DARBAR AGARBATHIES	Rs. 100 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 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



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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**

Place: Eluru
Date : 01.09.2022

**Sd/-
Uma Gayathri**
Company Secretary and Compliance officer



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 Wednesday 21st September, 2022, to Tuesday 27th September, 2022 (both day inclusive) for the purpose of 27th 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

- a. 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 members facility to exercise their right to vote at the 27th 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):
- b. Commencement of e – voting: From 9.00 A.M. on Saturday 24th September, 2022 to 05.00 P.M on Monday, 26th September, 2022
- c. E-voting shall not be allowed beyond 05.00 P.M. on Monday, 26th September, 2022. During the e-voting period, shareholders of the Company, holding shares either in physical form may cast their vote electronically.
- d. The login ID and password for e-voting along with process, manner and instructions for e-voting is being attached at the end of the Annual Report.
- e. The Company has appointed Mr. Jineshwar Kumar Sankhala, (M/s. P S Rao & Associates), Practicing Company Secretary, Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.



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

Item No 3 & 4:

Sri B V Subrahmanyeswarao (DIN-09701305) was appointed as an Additional (Non-Executive Independent) Director of the Company by the Board at their Board Meeting held on 13th August, 2022. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri B V Subrahmanyeswarao as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to appointment of Sri B V Subrahmanyeswarao as an Independent Director for a term of five consecutive years with effect from 13th August, 2022, for the approval by the shareholders of the Company.

Except Sri B V Subrahmanyeswarao being an appointee and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 & 4 of the accompanying Notice of the AGM. Sri B V Subrahmanyeswarao is not related to any Director of the Company.

The Board of Directors recommends the resolution in relation to the appointment of Sri B V Subrahmanyeswarao as Non-Executive Independent Director of the Company as set out in Item No. 3 is by way of Ordinary Resolution and Item No. 4 is by way of Special Resolution.

Item No 5:

The Board of Directors of the Company in its meeting held on 1st September, 2022, has appointed Sri Ambica Krishna as Chairman and Managing Director of the Company for a period of three (3) years w.e.f. 13th February, 2023 subject to the approval of members, who has attained the age of 70 years.

Further, Sri Ambica Krishna 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 Krishna as Chairman and Managing Director of the Company will expire by efflux of time on February 12, 2026. The Board authorised the Nomination and Remuneration Committee to approve the remuneration of 24,00,000 per annum (2,00,000 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 2021-22 (Rs. in INR)	Financial Year 2020-21 (Rs. in INR)
Total Income (Net of Taxes)	11701.84	14776.95
Profit/loss before tax	59.97	-49.97
Net Profit After Taxation	240.10	273.57
Export performance and net foreign exchange collaborations	Not applicable	
Foreign investments or collaborations, if any	Not applicable	



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Information about the appointee	
Background details	More than 4 decades of experience in Production, Purchase and marketing.
Past remuneration	2,00,000 per month
Recognition or awards	None
Job profile and his suitability	Managing Director
Remuneration proposed	2,00,000 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	Existing Shareholder of the Company and Promoter.
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	In the coming financial year

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 Krishna 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 6:

As per the provisions of Section 188 (1) of the Companies Act, 2013 "Related Party Transactions" requires prior consent of the Board where transactions proposed to be entered into falls in the list of items referred therein and are within threshold limits prescribed under Rule 15 of the Companies (Meeting of Board and its Power) Rules, 2015. Proviso to Section 188 further provides that nothing contained in sub-section (1) of Section 188 applies where transactions are entered into by the company in the ordinary course of business other than transactions which are not on an arm's length basis. As per the provisions of the Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has come into operation with effect from October 1, 2014 has also prescribed seeking of shareholders' approval for material related party transactions.

The proposed transactions put up for approval are in ordinary course of business and at arm's length. Pursuant to the provisions, the following contracts / arrangements / transactions are material in nature and require the approval of the shareholders of the Company by a special resolution:

These transactions are in ordinary course of business at arm length and are of continuous in nature not for a specific period, whereas the agreement/arrangement is entered for 5 years. The respective transactions held between the aforesaid related parties are at arm's length basis and all factors relevant to the respective contracts have been considered and approved by the Audit Committee and the Board of Directors.