

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

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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

| BOARD COMMITTEES | | | | | |
|-------------------------------------|---|----------|------------------------|---|----------|
| AUDIT COMMITTEE | | | REMUNERATION 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 |
| 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 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 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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.

Satyavathi Perla 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 : Increase in the Borrowing Powers of the Company

The Board of Director are glad to inform you that the Company is proposed to expand its scale of business operations of the Company in this regard the Company may need additional funds in the form of working capital assistance and term loans or any other form of credit facilities.

Pursuant to the provisions of the Section 180 (1) (c) of the Companies Act, 2013 the Board of Directors cannot, except with the consent of the Company in a general meeting by means of a special resolution, borrow moneys 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), are in excess of the aggregate of the paid up capital of the Company and its free reserves (i.e., reserves not set apart for any specific purpose).

The proposed borrowings of the Company, if necessary, be secured by way of charge / mortgage / hypothecation on the Company's assets in favor of the security holders or any other lender(s). As the documents to be executed between the security holders / trustees for the holders of the said securities and the Company may contain the power to take over the management of the Company in certain events, it is necessary to pass a special resolution under section 180 (1) (a) of the Companies Act, 2013 for creation of charges / mortgages / hypothecations for an amount not exceeding the borrowing limit of Rs.200 Crores.

Hence the approval of the Members is sought by way of a special resolution for the aforesaid limits. The Resolutions proposed under item no. 6 are in the interest of the Company and the Board recommends the Resolutions for acceptance by the Members.



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

Information in respect of directors seeking appointment/re-appointment

| Name of the Directors | Smt Satyavathi Perla | Ambica Siva Kumar Alapati |
|--|--|---|
| <i>Date of first appointment</i> | 31/03/2015 | 11/06/2018 |
| <i>Date of birth/age</i> | 05/07/1953 | 13/06/1985 |
| <i>Expertise in specific functional areas</i> | More than 3 decades of experience in handling Human resource | More than 1 decades of experience in Manufacturing of Agarbathies |
| <i>Educational qualification</i> | Under Graduate | Graduate |
| Chairman/member of the committees OF board of Directors of the company | Nil | Nil |
| List of Directorships (excluding private limited), Committee Chairmanship, Membership held in other companies as on date | Nil | Nil |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting herewith the 23rd Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2018

1. FINANCIAL RESULTS: (Amount in ₹)

| PARTICULARS | YEAR ENDED 31.03.2018 | YEAR ENDED 31.03.2017 |
|--|--------------------------|--------------------------|
| Revenue from operations | 125,35,75,154 | 1,192,218,811 |
| Other Income | 1,59,01,187 | 22,617,193 |
| Total Income | 1,269,476,341 | 1,214,836,003 |
| Expensess | 1,443,039,919 | 1,192,189,648 |
| Profit before depreciation and Income tax | -12,32,73,662 | 1227042861 |
| Depreciation | 50,289,916 | 34,853,213 |
| Net profit before tax | -173,563,578 | 22,646,355 |
| Tax | 4,655,011 | 7,247,909 |
| Profit after tax | -178,218,589 | 15,398,446 |

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. 125,35,75,154 as compare to Rs 1,192,218,811 Previous year and the Net loss -178,218,589 as compare to Rs. 15,398,446 profit in Previous year.

3. DIVIDEND:

Your Directors do not recommend any Dividend for the Financial Year 2017-2018 as the profits are planned to be ploughed back into the business operations.

4. SUBSIDIARIES:

During the year Company did not have any subsidiary or joint venture or associate 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, Five board meetings were held on 15.06.2017, 17.08.2017, 14.11.2017, 24.01.2018, 08.03.2018, 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



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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 08th, March 2018 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. Satya Perla (DIN– 07141289) retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment

Sri. Ambica Siva Kumar Alapati was appointed as a Whole Time Director of the Company in the meeting of the Board of Directors held on 11th June 2018 for a period of 3 years subject to the approval of the members in the General meeting, the proposed resolution for his appointment is placed before the Members in the ensuing Annual General meeting.

Smt. Satyavathi Perla was appointed as a Whole Time Director of the Company in the meeting of the Board of Directors held on 11th June 2018 for a period of 3 years subject to the approval of the members in the General meeting, the proposed resolution for her appointment is placed before the Members in the ensuing Annual General meeting.

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 of

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para C, D & E of Schedule V Companies Act-2013.

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, 2018, 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, 2018.
- (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, 2018, 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 Shareholders in their meeting held on 27th June, 2018 approved the appointment of M/s. Ramasamy Koteswara Rao & Co (FRN: 010396S), Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company, to hold office till the conclusion of 27th Annual General Meeting.

11. INTERNAL AUDITORS:

The Board of Directors based on the recommendation of the Audit Committee has reappointed T.V.V. Satyanarayana Chartered Accountants, 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.ambicaagarbathi.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](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 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, 2018 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.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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.

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 in Form AOC-2 is herewith annexed as **"Annexure IV"** to this report.

19. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **"Annexure V"** to this report.

20. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 (12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company is herewith annexed as **"Annexure VI"**

In terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company does not have any employee who is employed throughout the financial year and in receipt of remuneration of Rs 1,02,50,000 per annum, or employees who are employed for part of the year and in receipt of ₹ Rs 8,50,000 per month.

21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not provided any loan to any person or body corporate or given any guarantee or provided security in connection with such loan or made any investment in the securities of any body corporate pursuant to Section 186 of the Companies Act, 2013. The Company has given advance against salary to some employees in terms of the applicable policies of the Company.

22. CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of section 135 (1) and read with all other applicable provisions of the Companies Act, 2013 and the Companies (Corporate social responsibility policy) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force).

Not Applicable to the Company

23. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and Outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014

A. Conservation of Energy: The present operation of the Company does not involve high energy consumption. However steps being taken to minimize energy consumption where ever possible

B. Research & Development: The Research and Development division of Agarbathies department continues to focus on introducing



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

of new brands.

C. Technology Absorption: Not Applicable

D. Foreign Exchange Earnings & Outgo
(In Rs. Lakhs)

| | 2017-18 | 2016-17 |
|---------------------------|---------|---------|
| Foreign Exchange earnings | Nil | Nil |
| Foreign Exchange outgo | Nil | Nil |

25. POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE:

Your Company strongly supports the rights of all its employees to work in an environment free from all forms of harassment. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under. The policy aims to provide protection to Employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where Employees feel secure. The Company has also constituted an Internal Committee,

known as Anti Sexual Harassment Committee to address the concerns and complaints of sexual harassment and to recommend appropriate action. The Company has not received any complaint on sexual harassment during the year

26. ACKNOWLEDGEMENTS:

Your Directors place on record, their appreciation for the co-operation and support from the Bankers, Financial Institutions, the stockiest and distributors, Supplier and Customers.

Your Directors would also like to place on record their sincere appreciation and gratitude to the Shareholders, Central and State Government agencies etc for their support and co-operation. Your Directors express their heartfelt gratitude to the employees for their exceptional commitment and loyalty to the Company.

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

Sd/-

AMBICA KRISHNA
CEO & PRESIDENT

Sd/-

SRI AMBICA SIVA KUMAR ALAPATI
Wholetime Director

Sd/-

SATYAVATHI PERLA
Wholetime Director

Place : Eluru

Date : 13.08.2018



MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Ambica Agarbathies Aroma & Industries Limited manufactures and sells incense sticks in India. Operate hotels in Chennai and Vishakapatnam, It also involves in the film production and distribution activities; engages in wind power generation, the company was founded in 1946 and is based in Eluru, India.

2. OPPORTUNITIES AND THREATS:

AS PER SEGMENT WISE

Agarbathies Division

Agarbathies are used by all communities in India, Sri Lanka, Burma and by Indians residing abroad. As on today about 90 foreign countries are using our Agarbathies. Agarbathies industry is one of the labour intensive cottage types of traditional industries in India Karnataka state leads in this industry. The main centers of manufacture are Mysore and Bangalore. As on today about 150 units exist in Andhra Pradesh. Owing to the low level of technology involved in this industry, this can be taken to rural areas without much difficulty, thus implementing the rural industrialization policy of the government of India to a greater extent

Hotel Divisions

Hotel and hospitality industries are the biggest employment generators in the country. Towards helping its growth, the government should confer infrastructure status to the hotel industries, several taxation issues also need to be rationalized the demand for travel and tourism in India is expected to grow by 8.2% between 2010 and 2019 according to the tourism satellite accounting (TSA) research. The tourism sector is expected to be the second largest employer in the world where India is expected to be place third position in the world. Capital investment in India's travel and tourism sector is expected to grow at 8.8 % between 2010 and 2019 the report forecasts India to get more capital investment in the travel and tourism sector and is projected to become the fifth fastest growing business travel destination from 2010 through 2020

Construction Division

The Indian economy has witnessed considerable progress in the past few decades. Most of the infrastructure development sectors moved forward, but not to the required extent of increasing growth rate up to the tune of 8 to 10 per cent. The Union Government has underlined the requirements of the construction industry. With the present emphasis on creating physical infrastructure, massive investment is planned in this sector. The Planning Commission has estimated that investment requirement in infrastructure to the tune of about 14,500 billion or US\$320 billion during the 11th Five Year Plan period. This is a requirement of an immense magnitude. Budgetary sources cannot raise this much resources. Public Private Partnerships (PPP) approach is best suited for finding the



resources. Better construction management is required for optimizing resources and maximizing productivity and efficiency.

3. SEGMENT –WISE /PRODUCT –WISE:

We have three segments which are continuingly operating through this industry which are as follows

- 1. AGARBATHIES DIVISION**
- 2. HOTEL DIVISION**
- 3. CONSTRUCTION DIVISION**

Detailed info regarding those segments which are stated above, are given below

1. AGARBATHIES DIVISION

The Company is manufacturing varieties of incense sticks, which counts more than 80% of the revenue in overall turnover of the Company, some of the majors products are

Durbar Bathi

We offer Durbar Bathi in various fragrances to suit the different demands of the clients. We are well reckoned as one of the prominent Incense Sticks Manufacturers and Suppliers based in India. Our Durbar Bathi is comprised of natural base materials keeping in mind the national and international quality standards.

| | |
|-----------------------|----------|
| Sample Availability | : Yes |
| Supplier Product Code | : AMB-01 |

Fruit (Natural Bathies)

We offer Fruit (Natural Bathies) in various fragrances to suit the different demands of the clients. We are well reckoned as one of the prominent Incense Sticks Manufacturers and Suppliers based in India. Our Fruit (Natural Bathies) are comprised of natural base materials keeping in mind the national and international quality standards.

| | |
|-----------------------|----------|
| Sample Availability | : Yes |
| Supplier Product Code | : AMB-02 |

Sun Moon (Incense Sticks) :

We offer Sun Moon (Incense Sticks) in various fragrances to suit the different demands of the clients. We are well reckoned as one of the prominent Incense Sticks Manufacturers and Suppliers based in India. Our Sun Moon (Incense Sticks) is comprised of natural base materials keeping in mind the national and international quality standards.

| | |
|-----------------------|----------|
| Sample Availability | : Yes |
| Supplier Product Code | : AMB-02 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Amrutham (Herbal Bathies)

We offer Amrutham (Herbal Bathies) in various fragrances to suit the different demands of the clients. We are well reckoned as one of the prominent Incense Sticks Manufacturers and Suppliers based in India. Our Amrutham (Herbal Bathies) are comprised of natural base materials keeping in mind the national and international quality standards.

| | |
|-----------------------|----------|
| Sample Availability | : Yes |
| Supplier Product Code | : AMB-05 |

Athjisaya Dhoop

We offer Athjisaya Dhoop in various fragrances to suit the different demands of the clients. We are well reckoned as one of the prominent Incense Sticks Manufacturers and Suppliers based in India. Our Athjisaya Dhoop is comprised of natural base materials keeping in mind the national and international quality standards.

| | |
|-----------------------|----------|
| Sample Availability | : Yes |
| Supplier Product Code | : AMB-06 |

2. HOTEL DIVISION:

The performance of the Hotel division of the Company is satisfactory in this fiscal as compared to the last fiscal, the economy of the country is witnessing uptrend and more tourist and visitors are expected in this fiscal wherein we are expecting good business in coming years

3. CONSTRUCTION DIVISION

As the economy of the Country is witnessing uptrend lots of new projects are sanctioned and expected more new projects in coming time, where as we in the process of bidding for new projects and focusing on the ongoing projects in the hand.

4. INDUSTRY OUT LOOK AGARBATHIES DIVISION

The burning of incense in religious and social functions has been practiced in India since early times. Dhup an aromatic powder or paste is burnt in Indian homes as a fragrant fumigant and is reputed to possess insecticidal and antiseptic properties. Agarbathies also known, as Udubattis similar to joss sticks are a development of Dhup. Agarbathies are obtainable in different colors and with different perfumes. The burning time; of an agarbatti varies from 15 minutes to 3 hours according to quality and size. Agarbatti is also obtainable in other forms such as dashang (stickly paste or powder) deep (cones and Dhup, tablets etc.).



HOTEL DIVISION

The hotel industry in India is going through an interesting phase. One of the major reasons for the increase in demand for hotel rooms in the country is the boom in the overall economy and high growth in sectors like information technology, telecom, retail and real estate. Rising stock market and new business opportunities are also attracting hordes of foreign investors and international corporate travelers to look for business opportunities in the country the hospitality industry of India is expected to grow at a rate of 8.8% from 2007-19, placing India the second-fastest growing tourism market in the world. Progress like massive investment in hotel infrastructure and open sky policies which are made by the government are all aimed at propelling growth in the hospitality sector.

CONSTRUCTION DIVISION

The development in Indian construction industry feature is almost equal to the construction industry development in other countries. It is founded by the government and gradually it was taken over by the enterprises. After self-government requirement for industrial and infrastructural developments in India, they established the stone of construction, architectural and engineering services.

5. RISKS AND CONCERNS:

Indians have well understood the importance of staying one step ahead of developments in the world economic environment. The industry is now preparing itself to take share of opportunities expected to arise out of the market freed from quota restrictions and other trade barriers. Industry operators are increasingly moving towards modernization and expansion as encouraged by the so-designated film production and distribution activities wind power generation; hotels ,construction activities by Government.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These systems are designed to ensure that all the assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized recorded and reported.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

When it comes to Segment wise performance of the Company the Turnover of the Agarbathies Division was Rs 9052.86 Lakhs as Compare to Rs 9326.76 Lakhs, the Turnover of hotel division was Rs 2036.43 Lakhs as compared to Rs 2241.01 Lakhs and the Turnover of Windmill was 26.63 Lakhs as compared to 52.96 Lakhs and the Turnover of Construction Division 595.52 as compared to many projects are in finishing stages last year .



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

8. HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

The Company recognises that people play a critical role in achieving its goals. As on 31st March, 2018, Company had a team of talented and experienced employees, providing a wide range of Financial Services. The focus for the year was to build platforms and to put in place scalable processes that would meet the needs of our Company's growth agenda. As a growing Company there are many opportunities available to employees to contribute and grow, ensuring that motivation is high. Our Company prides itself on its ability to attract and retain talents at all levels.

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

Sd/-

AMBICA KRISHNA
CEO & PRESIDENT

Sd/-

SRI AMBICA SIVA KUMAR ALAPATI
Wholetime Director

Sd/-

SATYAVATHI PERLA
Wholetime Director

Place : Hyderabad

Date: 13.08.2018



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

Annexure – II

The following are the details furnished in the form as required under the SEBI (Listing Obligations & Disclosure Requirements) 2015.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your company also believes in taking into confidence all the stakeholders viz Shareholders, Employees, Creditors, Customers etc. Your company is committed to take the torch of Corporate Governance forward, so that every stakeholder of the company synchronizes and synergies their efforts in their growth along with the growth of their company.

BOARD OF DIRECTORS:

The Board of Directors comprises of six Directors, having rich experience and specialized skills in their respective fields, out of which 2 Executive Directors, 1 Non-Executive Woman Director and 3 Independent Directors which is more than 50% of the total strength of the Board.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships along with Committee positions held by them in other Companies.

During the financial year 2017-2018, 5 (five) Board Meetings were held on the following dates: 15.06.2017, 17.08.2017, 14.11.2017, 24.01.2018 and 08.03.2018. The maximum time-gap between any two consecutive meetings did not exceed four months. The composition of the Board of Directors, their directorship details and the attendance of each Member at the meetings were as follows:

| Directors | Category on | Attendance at AGM held Meeting 27.06.2018 | Attendance in Board | | Other Boards I have considered only limited companies | | |
|-----------------------------|---|--|------------------------|--------------|---|-----------------------|---------------------|
| | | | He Id | Atte nded | Direct orship Chairman ship | Comm ittee ship | Committee member |
| Sri Ambica Krishna | Chairman & Managing Director | Yes | 5 | 5 | 1 | Nil | Nil |
| Sri Ambica Ramachandra Rao | Executive Director | Yes | 5 | 5 | Nil | Nil | Nil |
| Smt Satyavathi Perla | Non-Executive Director | Yes | 5 | 5 | Nil | Nil | Nil |
| Sri P V Sreedharan | Non-Executive & Independent Director | Yes | 5 | 5 | Nil | 3 | Nil |
| Sri P Kishore Thandava | Non-Executive & Independent Director | Yes | 5 | 5 | Nil | Nil | 3 |
| Sri Narayanam Kameswara Rao | Non-Executive & Independent Director | Yes | 5 | 5 | Nil | Nil | 3 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

COMMITTEES OF THE BOARD:

Currently, there are four Board Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk management committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board, Committee are convened by the Chairman of the respective Committees.

The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below

AUDIT COMMITTEE:

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors in accordance with the Regulation 18 of SEBI Listing Obligations & Disclosure Requirements) 2015 read with Section 177 of the Companies Act, 2013.

The Committee is empowered with the powers as prescribed under Regulation 18 of SEBI Listing Obligations & Disclosure Requirements) 2015 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

Audit Committee of your company consists of following Directors:

| | | |
|----|-------------------------|----------|
| 1. | P V Sreedharan | Chairman |
| 2. | P. Kishore Thandava | Member |
| 3. | Narayanam Kameswara Rao | Member |

Audit Committee meetings were held on 15.06.2017, 17.08.2017, 14.11.2017, 24.01.2018 and 08.03.2018 attendance of each Member of Committee is as follows.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

| S. No. | Name of the Member | Designation | No of Meetings held during the Year | No of Meetings attended |
|--------|------------------------|-------------|-------------------------------------|-------------------------|
| 1 | P V Sreedharan | Chairman | 5 | 5 |
| 2 | P Kishore Thandava | Member | 5 | 5 |
| 3 | Ambica Ramachandra Rao | Member | 5 | 5 |

The terms of reference are:

The terms of reference are:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

- iii. Examination of the financial statement and the auditor's report thereon;
- iv. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - changes, if any, in accounting policies and practices and reasons for the same
 - major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings.
 - compliance with listing and other legal requirements relating to financial statements
 - disclosure of any related party transactions
 - review of draft Auditors Report, in particular qualifications / remarks / observations made by the
 - Management Discussion and Analysis of financial conditions and results of operations
- v. Approval or any subsequent modification of transactions of the company with related parties;
- vi. Scrutiny of inter-corporate loans and investments;
- vii. Valuation of undertakings or assets of the company, wherever it is necessary;
- viii. Evaluation of internal financial controls and risk management systems;
- ix. Monitoring the end use of funds raised through public offers and related matters.
- x. The Committee is authorized to investigate into matters referred /delegated to it by the Board of Directors and for this purpose, has full access to information / records of the Company including seeking external professional support, if necessary.
- xi. Reviewing the Compliance of the Listing Agreement and Various other legal requirement concerning financial statements and related party transactions.

NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provisions of section 178 of the Companies Act 2013, read along with Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) 2015, the Board has considered and approved the change in the nomenclature of the existing Remuneration Committees the "Nomination and Remuneration Committee".

4.1 Composition-name of members and Chairperson

The Nomination and Remuneration Committee constitutes the following three Non-Executive & Independent Directors.

| | | |
|----|-------------------------|----------|
| 1. | P V Sreedharan | Chairman |
| 2. | P. Kishore Thandava | Member |
| 3. | Narayanam Kameswara Rao | Member |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Remuneration Committee meetings were held on 15.06.2017, 17.08.2017, 14.11.2017, 24.01.2018 and 08.03.2018 attendance of each Member of Committee is as follows.

| Sl. No. | Name of the Member | Designation | No. of Meetings held during the year | No. of meetings attended |
|---------|------------------------|-------------|--------------------------------------|--------------------------|
| 1 | P. V. Sreedharan | Chairman | 5 | 5 |
| 3 | P Kishore Thandava | Member | 5 | 5 |
| 3 | Ambica Ramachandra rao | Member | 5 | 5 |

Brief Description Of Terms Of Reference

The Remuneration Committee is vested with the power to decide and pay to the executive and non-executive directors of the Company. This power is exercisable on behalf of the Board of Directors and the Shareholders.

The terms of reference of the Remuneration Committee are as follows:

- The Remuneration Committee recommends to the board the compensation terms of the executive directors / non-executive directors
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent and reward merit. Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

Details of the Directors' Remuneration:

| Director | Designation | Remuneration for Financial Year 2017-18 (in ₹) | |
|----------------------------|------------------------------|--|-----------|
| | | Salary & Perks | Total |
| Sri Ambica Krishna | Chairman & Managing Director | 24,00,000 | 24,00,000 |
| Sri Ambica Ramachandra Rao | Executive Director | 12,00,000 | 12,00,000 |

No sitting fees is paid to the Independent Directors of the Company



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

STAKEHOLDER RELATION SHIP COMMITTEE:

The terms of reference of the Investor Grievance & Share Transfer Committee are as follows:
To supervise and ensure:

Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;

- (i) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- (ii) Issue of duplicate / split / consolidated share certificates;
- (iii) Allotment and listing of shares;
- (iv) Review of cases for refusal of transfer / transmission of shares and debentures;
- (v) Reference to statutory and regulatory authorities regarding investor grievances;
- (vi) And to otherwise ensure proper and timely attendance and Redressal of investor queries and grievances.

Composition of Shareholder and Investor Grievance Committee is as follows :

| | | |
|----|-------------------------|----------|
| 1. | P. V. Sreedharan | Chairman |
| 2. | P. Kishore Thandava | Member |
| 3. | Narayanam Kameswara Rao | Member |

The committee specifically looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors. It resolves within the reasonable time, various complaints received from the investors.

(a) Name and designation of Compliance Officer Uma Gayathri

Company secretary & Compliance officer

(b) Details of Investor complaints received and redressed during the year:

| Nature of Complaints | Year 2017-18 | | |
|----------------------|--------------|----------|---------|
| | Received | Resolved | Pending |
| Total Complaints | 3 | 3 | NIL |

MEETING OF INDEPENDENT DIRECTORS:

During the year under review, the Independent Directors met on 08, March. 2018, inter alia, to discuss:

1. Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.



All the Independent Directors were present at the Meeting

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

A structured questionnaire was prepared 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.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

VIGIL MECHANISM POLICY

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies as may be prescribed to establish a vigil mechanism, called Whistle Blower Policy (as per Regulation 22 of SEBI (LODR) 2015) for the Directors and employees to report genuine concerns in such manner as may be prescribed. The Company has adopted a Code of Conduct for Directors and Senior Management Executives ("the Code"), which lays down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of the Code, or howsoever insignificant perceived as such would be a matter of serious concern for the Company. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

Under these circumstances, AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED, being a Listed Company has established a Vigil Mechanism and formulated a Policy for the same, pursuant to the review and recommendation by the Audit Committee.

RISK MANAGEMENT COMMITTEE

The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. The Risk Management Committee (RM Committee) constitution meets with the requirements of Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) 2015 and requirements of the Companies Act, 2013

Role and Responsibilities of the Committee includes the following:

- i. Framing of Risk Management Plan and Policy
- ii. Overseeing implementation of Risk Management Plan and Policy
- iii. Monitoring of Risk Management Plan and Policy
- iv. Validating the process of risk management
- v. Validating the procedure for Risk Minimization



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

- vi. Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes Continually obtaining reasonable assurance from management that all known and emerging risks have
- vii. been identified and mitigated or managed
- viii. Performing such other functions as may be necessary or appropriate for the performance of its oversight function

Composition of Risk Management Committee is as follows.

| | | |
|----|-------------------------|----------|
| 1. | P. V. Sreedharan | Chairman |
| 2. | P. Kishore Thandava | Member |
| 3. | Narayanam Kameswara Rao | Member |

General Body Meetings:

- ◆ Location, day, date and time where the last three AGMs held and special resolution passed thereat as follows:

| Year | Day, Date & Time | Location | Special Resolution |
|---------|---|-----------------------------------|--|
| 2016-17 | Wednesday , 27th June, 2018 at 11.00 AM | Shankar Towers Powerpet, ELURU | --- |
| 2015-16 | Friday 23rd, September, 2016 at 11.00A.M. | Shankar Towers Powerpet, ELURU | --- |
| 2014-15 | Tuesday 29th, September, 2015 at 11.00A.M. | Shankar Towers Powerpet, ELURU | Alteration of Article s of Association |

DISCLOSURES:

Disclosures on Materially Significant Related Party Transactions:

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

Details of Non-Compliance and Penalties:

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any, Securities Stock Exchanges and Exchange Board of India or any Statutory Authority relating to the capital markets.

The company has belatedly complied some of the provision of Clauses of listing Agreement



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

MEANS OF COMMUNICATION:

Quarterly results:

Quarterly Results and Annual Results of the Company are normally published in English daily and Regional daily. As per Regulation 47 of SEBI (Listing Obligations & Disclosure requirements) 2015, Management Discussion and Analysis report is a part of the Annual Report.

9. General Shareholder Information:

| | | |
|----------------------------|---|--|
| Date, time and Venue | : | Wednesday 26th September, 2018 at 11.00 AM Registered Office of the Company at Shankar Towers, Power pet, Eluru, West Godavari District, Andhra Pradesh |
| Financial year | : | 1st April, 2017 to 31st March, 2018 |
| Book Closure | : | Thursday 20th September, 2018 to Wednesday 26th September, 2018 (both day inclusive) |
| Dividend Payment Date | : | Not Applicable |
| Listing on Stock Exchanges | : | 1) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400001. 2) National Stock Exchange of India Limited. 'EXCHANGE PLAZA' 5th Floor, Plot#C/1, G-Block, Bandra-Kurla Complex, Bandra (E), MUMBAI - 400051. |

Stock Code:

| | | |
|---------------------------------------|---|-------------------|
| Name of the Stock Exchange | : | Code/Symbol |
| BSE Limited | | 532335 / AMBICAGR |
| National Stock Exchange of India Ltd. | | AMBICAAGAR |

• Market Price Data: During the last Financial Year 2017-2018

The script of the company in NSE & BSE was suspended for belated compliance under clause 41 of listing agreement / LODR Regulations



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Registrar and Transfer Agents:

M/s. Venture Capital and Corporate Investments Private Limited.

12-10-167, Bharat Nagar

Hyderabad-500018

SHARE TRANSFER SYSTEM:

The Board of Director has delegated the power of share transfer to Registrar and Share Transfer Agents for processing of Share transfers to M/s Venture Capital and Corporate Investments Private Limited.



AMBICA AGARBATHIES **AROMA & INDUSTRIES LIMITED**

Shareholding pattern as on 31st March 2018:

| Sl. No. | Category | No. of Shares Held | % of Shareholding |
|-------------|--|---|---|
| A 1. | INDIAN PROMOTERS & PROMOTER GROUP Individuals/Hindu Undivided Family Central Government /State Governments Bodies Corporate Financial Institutions/Banks | 8247779 | 48.02 |
| | Sub Total of A1 | 8247779 | 48.02 |
| A2. | FOREIGN Individuals (Non-Residents) Individuals (Foreign Individuals) Bodies Corporate Institutions Any Other (Specify) | | |
| | Sub Total of A2 | Nil | Nil |
| | TOTAL OF A1 +A2 | 8247779 | 48.02 |
| B1. | Public Shareholdings Institutions Mutual Funds and UTI Banks/Financial Institutions Central Government/State Government Venture Capital Funds Insurance Companies Foreign Institution Investor Foreign Venture Capital Investors Any Other (Specify) | 1100 | 0.00 |
| | Sub Total B1 | 1100 | 0.00 |
| B2. | Non Institutions Bodies Corporate Individuals Individuals share holders holdings nominal share capital upto Rs. 2 Lakhs Individual Shareholding holding nominal share capital in excess of Rs. 2 Lakhs Any Other (Specify) NRIs/OCBs Foreign Collaborators Clearing Members | 21,80,541 33,12,212 32,78,767 29,381 1,27,460 | 12.69 19.28 19.09 0.17 0.74 |
| | Sub Total B2 | 8928521 | 51.98 |
| | TOTAL OF PUBLIC SHAREHOLDING (B1+B2) | 8929621 | 51.98 |
| C | Shares held by Custodian and against which Depository Receipts have been issued | Nil | Nil |
| | TOTAL A+B+C | 17177400 | 100.00 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Distribution of Shareholding as on 31st March, 2018

| Sl. No. | Category From Rs - To Rs | Total Holders | % of Total Holders | Total Holding in Rupees | % of Total Capital |
|---------|-----------------------------|------------------|-----------------------|----------------------------|-----------------------|
| 1 | Upto - 5000 | 3659 | 73.25 | 7414900 | 4.32 |
| 2 | 5001 - 10000 | 659 | 13.18 | 5772390 | 3.36 |
| 3 | 10001 - 20000 | 306 | 6.12 | 4937670 | 2.87 |
| 4 | 20001 - 30000 | 101 | 2.02 | 2638620 | 1.54 |
| 5 | 30001 - 40000 | 44 | 0.88 | 1588230 | 0.92 |
| 6 | 40001 - 50000 | 46 | 0.92 | 2191490 | 1.28 |
| 7 | 50001 - 100000 | 86 | 1.72 | 6418950 | 3.74 |
| 8 | 100001 and above | 95 | 1.90 | 140811750 | 81.98 |
| | Total | 4996 | 100.00 | 171774000 | 100.00 |

Dematerialization of shares and liquidity:

The Shares of the Company are under compulsory Demat trading. The Company has already entered into necessary agreements with NSDL and CDSL for Demat facility.

83% of total equity share capital of the Company is held in dematerialization form with NSDL and CDSL as on 31st March, 2018.

CEO & CFO Certifications

The CEO& CFO of the Company gave annual certificates on financial reporting and internal controls to the Board in terms of **Part B Schedule II of SEBI (Listing Obligations & Disclosure Requirements) 2015**

• Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity : Nil

Plant Location :

SATRAMPADU, ELURU.

DUGGIRALA, ELURU, West Godavari Dist, Andhra Pradesh

Address for correspondence:

Sri Ambica Krishna

Ambica Agarbathies Aroma & Industries Limited

Shankar Towers

Power pet, ELURU-534002

REGISTRAR&TRANSFER AGENT

Both physical and demat:

M/s. Venture Capital and Corporate Investments Private Limited

12-10-167, Bharat Nagar

Hyderabad-500018



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DECLARATION OF THE MANAGING DIRECTOR/CEO ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS:

Ambica Agarbathies Aroma & Industries Limited has adopted a Code of Business Conduct and Ethics ("the Code") which applied to all employees and Director of the Company. Under code, it is responsibility of all employees and Directors to familiarize themselves with the Code and Comply with its standards.

I hereby certify that the Board Members and Senior Management Personnel of Ambica Agarbathies Aroma & Industries Limited have affirmed compliance with the Code for the Financial Year 2017-18.

Sd/-

Ambica Krishna
CEO & PRESIDENT



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER
(CEO&CFO) CERTIFICATE:**

I, Sri A. Hanuma, Chief Financial officer of Ambica Agarbathies Aroma & Industries Ltd, to the best of our knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes on accounts as well as the Cash Flow Statement for the year ended 31.03.2018.
2. To the best of our knowledge and belief:
 - a) These statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading.
 - b) The financial statements and other financial information included in this report present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws and regulations.
3. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
5.
 - a) There has not been any significant change in internal control over financial reporting during the year under reference;
 - b) There has not been any significant changes in accounting policies during the year under reference; and
 - c) We are not aware of any instances during the year of significant fraud, with involvement there in of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Eluru
Date: 13.08.2018

Sd/-
AMBICA HANUMA
Chief Financial Officer



SECRETARIAL AUDIT REPORT

For the financial year ended 31st march, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M/s Ambica Agarbathies Aroma & Industries Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED (hereinafter called the company) having its registered office at Shakar Towers Prowepet Eluru-534002. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under, as applicable
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (not applicable during the audit period)
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable during the audit period)
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (not applicable during the audit period)
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable during the audit period)



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable during the audit period) and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (not applicable during the audit period) and
- i) The SEBI (Listing Obligations & Disclosure Requirements) 2015, entered into by the Company with Stock Exchange; As Applicable.

Other specifically applicable laws to the Company:

- ✧ Food Safety and Standards Act, -

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

We further report that

- ✧ The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ✧ Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- ✧ All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that

- ✧ There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- ✧ There were no such specific events/actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs.

For P S Rao & Associates,
Company Secretaries

Place: Hyderabad
Date: 13.08.2018

Sd/-
Jineshwar Kumar Sankhala
Company Secretary
M No : 21697
C P No: 18365



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

ANNEXURE – V

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|--|---|
| 1. | CIN | L24248AP1995PLC020077 |
| 2. | Registration Date | 21/04/1995 |
| 3. | Name of the Company | AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED |
| 4. | Category/Sub-category of the Company | Company Limited By Shares/Indian Nongovernment Company |
| 5. | Address of the Registered office & contact details | Shankar Towers, Power pet, Eluru, West Godavari Dist, Andhra Pradesh, India. |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. Venture Capital and Corporate Investments Private Limited 12-10-167, Bharat Nagar, Hyderabad-500018 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | AMBICA AGARBATHIES | 24248 | 77.48% |
| 2 | HOTEL | 5510 | 17.43% |
| 3 | CONSTRUCTION | 4510 | 5.09% |

*Since the Construction Company has new projects which are at the Finishing Stage and The overall performance and turnover should be addressed in the forth coming Years.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES : NIL

| S. No | Name and Address of The Company | CIN/GLN | Holding/ Subsidiary / Associate | % of shares held | Applicable Section |
|-------|---------------------------------|---------|---------------------------------|------------------|--------------------|
| | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April-2017] | | | | No. of Shares held at the end of the year [As on 31-March-2018] | | | | % Change during the year |
|---|--|---------------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 7367349 | 880430 | 8247779 | 48.02 | 8247939 | 0 | 8247939 | 48.02 | 0.00 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| d) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Total shareholding of Promoter (A) | 7367349 | 880430 | 8247779 | 48.02 | 8247939 | 0 | 8247939 | 48.02 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| i) FIs | 1100 | 0 | 1100 | 0.01 | 1100 | 0 | 1100 | 0.01 | 0.01 |
| Sub-total (B)(1):- | 1100 | 0 | 1100 | 0.01 | 1100 | 0 | 1100 | 0.01 | 0.01 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 291151 | 1900000 | 2191151 | 13.14 | 280541 | 1900000 | 2180541 | 12.69 | 0 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 2 lakh | 3087032 | 199039 | 3286071 | 19.13 | 3110864 | 201348 | 3312212 | 19.28 | 0.15 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| | | | | | | | | | |
|--|-----------------|----------------|-----------------|--------------|-----------------|----------------|-----------------|--------------|-------------|
| ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh | 2378767 | 900000 | 3278767 | 19.09 | 2378767 | 900000 | 3278767 | 19.09 | 0 |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 40581 | 0 | 40581 | 0.24 | 29381 | 0 | 29381 | 0.17 | (0.07) |
| Clearing Members | 131951 | 0 | 131951 | 0.77 | 127460 | 0 | 127460 | 0.74 | (0.03) |
| Sub-total (B)(2):- | 5929482 | 2999039 | 8928521 | 51.98 | 5928113 | 3001348 | 8929461 | 51.98 | 0.01 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 5931682 | 2999039 | 8929621 | 51.98 | 5928113 | 3001348 | 8929461 | 51.98 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 13297931 | 3879469 | 17177400 | 100 | 14166052 | 3001348 | 17177400 | 100 | 0.00 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

B) Shareholding of Promoter:

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|----|--------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | AGNVSA Ramchandra Rao | 14,64,950 | 8.53 | 0.00 | 14,64,950 | 8.53 | 0.00 | 0.00 |
| 2 | P V V P Krishna Rao | 13,91,701 | 8.10 | 0.00 | 13,91,701 | 8.10 | 0.00 | 0.00 |
| 3 | Alapati Ramanjaneyulu | 12,38,700 | 7.21 | 0.00 | 12,38,700 | 7.21 | 0.00 | 0.00 |
| 4 | Rajeshwar Rao Alapati | 12,11,213 | 7.05 | 0.00 | 12,11,213 | 7.05 | 0.00 | 0.00 |
| 5 | A Madhavi Perla | 5,11,450 | 2.98 | 0.00 | 5,11,450 | 2.98 | 0.00 | 0.00 |
| 6 | A Santoshi | 4,40,200 | 2.56 | 0.00 | 4,40,200 | 2.56 | 0.00 | 0.00 |
| 7 | A V Prasad | 4,15,213 | 2.42 | 0.00 | 4,15,213 | 2.42 | 0.00 | 0.00 |
| 8 | P T N V A R Sudarsan | 3,55,403 | 2.07 | 0.00 | 3,55,403 | 2.07 | 0.00 | 0.00 |
| 9 | Alapati Ambica Sivakumar | 2,18,325 | 1.27 | 0.00 | 2,18,325 | 1.27 | 0.00 | 0.00 |
| 10 | Alapati Ambica Hanuma | 2,18,325 | 1.27 | 0.00 | 2,18,325 | 1.27 | 0.00 | 0.00 |
| 11 | Satyavati Perla | 1,39,959 | 0.81 | 0.00 | 1,39,959 | 0.81 | 0.00 | 0.00 |
| 12 | Alapati Lalitha Kumari | 1,39,950 | 0.81 | 0.00 | 1,39,950 | 0.81 | 0.00 | 0.00 |
| 13 | Alapati Rama Lakshmi | 1,39,950 | 0.81 | 0.00 | 1,39,950 | 0.81 | 0.00 | 0.00 |
| 14 | Satyamala Alapati | 1,39,700 | 0.81 | 0.00 | 1,39,700 | 0.81 | 0.00 | 0.00 |
| 15 | Satyamala Alapati | 1,11,450 | 0.65 | 0.00 | 1,11,450 | 0.65 | 0.00 | 0.00 |
| 16 | A P J Suneetha | 1,11,450 | 0.65 | 0.00 | 1,11,450 | 0.65 | 0.00 | 0.00 |
| | Total | 82,47,939 | 48.02 | 0.00 | 82,47,939 | 48.02 | 0.00 | 0.00 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

C) Change In Promoters' Shareholding (please specify, if there is no change)

| SN | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|-----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company` | No. of shares | % of total shares of the company |
| | At the beginning of the year | 82,47,939 | 48.02 | 82,47,939 | 48.02 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the s reason for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NO CHANGE MADE DURING THE YEAR | | | |
| | At the end of the year | 82,47,939 | 48.02 | 82,47,939 | 48.02 |

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | Name | Shareholding | | Date | Increase/ decrease In share holding | Reason | Cumulative Shareholding during the year (01-04-17 to 31-03-18) | |
|----|----------------------------------|--|----------------------------------|-----------|-------------------------------------|------------------------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-16)/end of the year (31-03-2017) | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | Trinethra Infra Ventures Limited | 1900000 | 11.06 | 1/4/2017 | 0 | Nil Movement During the year | | |
| | | | | | | | | |
| | | 1900000 | 11.06 | 31/3/2018 | 0 | | 1900000 | 11.06 |
| 2 | Puvvada Bhaskar Rao | 900000 | 5.24 | 1/4/2017 | 0 | Nil movement During the year | | |
| | | | | | | | | |
| | | 900000 | 5.24 | 31/3/2018 | 0 | | 900000 | 5.24 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| | | | | | | | | |
|-----|-------------------------------------|--------|------|-----------|--------|---------------------------------------|--------|------|
| 3 | Palla anuradha | 172188 | 1.00 | 01/4/2017 | 0 | Nil Movement During the Year | | |
| | | 172188 | 1.00 | 31/3/2018 | 0 | | 172188 | 1.00 |
| 4 | Neha Investment Pvt. Ltd. | 0 | 0 | 01/4/2017 | 0 | Purchase | 165537 | 1.00 |
| | | 0 | 0 | 31/3/2018 | 0 | | 165537 | 1.00 |
| 5 | Venkata Sailesh Kumar Lingamallu | 144890 | 0.84 | 01/4/2017 | 0 | Nil Movement During the Year | | |
| | | 144890 | 0.84 | 31/3/2018 | 0 | | 144890 | 0.84 |
| 6 | Manishaben s. Bhanderi* | 0 | 0.00 | 01/4/2017 | | Purchase | | |
| | | 128732 | 0.75 | | 128732 | | 128732 | 0.75 |
| | | 128732 | 0.75 | 31/3/2018 | | | | |
| 7 | Dheeraj Kumar Lohia | 121443 | 0.71 | 01/4/2017 | 0 | Nil Movement During the Year | 121443 | 0.71 |
| | | 121443 | 0.71 | 31/3/2018 | 0 | | 121443 | 0.71 |
| 8. | ANS Pvt Limited | 113014 | 0.66 | 01/4/2017 | 0 | Nil Movement During the Year | 113014 | 0.66 |
| | | 113014 | 0.66 | 31/3/2018 | 0 | | 113014 | 0.66 |
| 9. | Divakar Atluri | 111659 | 0.65 | 01/4/2017 | 0 | Nil Movement During the Year | 111659 | 0.65 |
| | | 111659 | 0.65 | 31/3/2018 | 0 | | 111659 | 0.65 |
| 10. | Grandhi Sri Venkata Amarendra | 102960 | 0.60 | 01/4/2016 | 0 | Nil Movement During the Year | 102960 | 0.60 |
| | | 102960 | 0.60 | 31/3/2018 | | | 102960 | 0.60 |
| | | | | | | | | |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

E) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|---|--------------------------|---|-----------------------------------|
| | | No. of shares | % of total shares of the | No. of shares | % of total company of the company |
| 1 | AMBICA KRISHNA | 13,91,701 | 8.10 | 13,91,701 | 8.10 |
| 2 | AMBICA RAMACHANDRA RAO | 14,64,950 | 8.53 | 14,64,950 | 8.53 |
| 3 | P V SREEDHARAN | Nil | Nil | Nil | Nil |
| 4 | P KISHORE THANDAVA | 8,000 | 0.04 | 8000 | 0.04 |
| 5 | SATYAVATHI PERLA | 1,39,989 | 0.81 | 1,39,989 | 0.81 |
| 6 | NARAYANAM KAMESWARA RAO | Nil | Nil | Nil | Nil |

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but no due for payment.

| | Secured Loans | Unsecured Loans | Deposits | Total Indebtedness |
|---|---------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 556766903 | 9506559 | 0 | 566273462 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 556766903 | 9506559 | 0 | 566273462 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 168467250 | 53461048 | 0 | 221928298 |
| * Reduction | | | 0 | |
| Net Change | 168467250 | 53461048 | 0 | 221928298 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 725234153 | 62967607 | | 788201760 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 725234153 | 62967607 | | 788201760 |



AMBICA AGARBATHIES **AROMA & INDUSTRIES LIMITED**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| SN. | Particulars of Remuneration | Name of MD/WTD | | Total Amount |
|---------------------------------|---|----------------|------------------------|----------------|
| | | Ambica krishna | Ambica Rama Chandrarao | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 24,00,000 | 12,00,000 | 36,00,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | | | |
| 2 | Stock Option | | | |
| 3 | Sweat Equity | | | |
| 4 | Commission - as % of profit - others, specify... | | | |
| 5 | Others, please specify | | | |
| Total (A) | | 2400000 | 1200000 | 3600000 |
| Ceiling as per the Act,* | | | | - |

B. Remuneration to other Directors: NIL

| SN. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-----|--|-------------------|--|--|-----|--------------|
| 1 | Independent Directors | | | | | |
| | Fee for attending board committee meetings | | | | | |
| | Commission | | | | | |
| | Others, please specify | | | | | |
| | Total (1) | | | | | |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending board committee meetings | | | | NIL | |
| | Commission | | | | | |
| | Others, please specify | | | | | |
| | Total (2) | | | | | |
| | Total (B)=(1+2) | | | | | |
| | Total Managerial Remuneration | | | | | |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD: NIL

| SN. | Particulars of Remuneration | Key Managerial Personnel | | | |
|-----|---|--------------------------|----------|-----------|-----------|
| | | CEO | CS | CFO | Total |
| 1 | Gross salary | | 1,80,000 | 12,00,000 | 13,80,000 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | | |
| 2 | Stock Option | | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission | | | | |
| | - as % of profit | | | | |
| | Others specify... | | | | |
| 5 | Others, please specify | | | | |
| | Total | | 1,80,000 | 12,00,000 | 13,80,000 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

'Annexure VI'

Information pursuant to Section 197 of the Act

Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- A. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year 2016-17 and Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017-18:**

| Name of the Director/Key Managerial Personnel | Remuneration of Director KMP for the financial year 2017-18 | % increase in Remuneration in the financial year 2017-18 | Ratio of the remuneration to the median remuneration of the employees |
|---|---|--|---|
| Ambica Krishna | 24,00,000 | Nil | 17.52 |
| Ambica Ramachandra Rao | 12,00,000 | Nil | 8.76 |
| Ambica Hanuma | 12,00,000 | Nil | 8.76 |
| Uma Gayathri | 1,80,000 | Nil | 1.31 |

Note: The median remuneration of employees of the Company during the financial year was Rs.135000

- B. The percentage increase in the median remuneration of employees in the financial year: 6.12%**
C. The number of permanent employees on the rolls of company: 380
D. The explanation on the relationship between average increase in remuneration and company performance:

The average increase in the employee remuneration effected during the year 2017-18 is based on the individual performance and Company's performance during the previous financial year 2016-17. The other factors considered for revision in remuneration is based on market survey, functional expertise, industry standards etc

- E. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average increase in the salaries of employees other than the managerial personnel in 2016-17 was 79.83%. The Percentage increase in the managerial remuneration for the same financial year was Nil

- F. Affirmation that the remuneration is as per the remuneration policy of the company.**

It is hereby affirmed that the remuneration paid to the Directors and Key Managerial Personnel are as per the Nomination and Remuneration Policy of the Company.

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

Sd/-

AMBICA KRISHNA
CEO & PRESIDENT

Sd/-

SRI AMBICA SIVA KUMAR ALAPATI
Wholetime Director

Sd/-

SATYAVATHI PERLA
Wholetime Director

Place: Eluru
Date: 13/08/2018



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To,
The Members
Ambica Agarbathies Aroma & Industries Limited
ELURU

We have examined the compliance of conditions of Corporate Governance by Ambica Agarbathies Aroma & Industries Limited for the financial year ended 31st March, 2018 as stipulated in LODR Regulations of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations

We state that in respect of investor grievances received during the year ended 31st March, 2017 no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ramasamy Koteswara Rao & Co LLP
Chartered Accountants
Firm Registration Number: 010396S/S200084

(C V Koteswara Rao)
Partner
Membership No.028353

Place: Hyderabad
Date: 13.08.2018



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AMBICA AGARBATHIES AROMA AND INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Ambica Agarbathies Aroma & Industries Limited ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including other comprehensive income, Cash Flow Statement and Statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. (herein after referred as financial statements)

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including Other comprehensive income, cash flows and the statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian accounting Standards) Rules, 2015. As amended This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have

taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including Other comprehensive income, its Cash Flows and the statement of changes in equity for the year ended on that date.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Indian accounting standards) Rules, 2015.
 - e) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, there are two directors disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. As per the information furnished to us the amounts of Rs.6,23,674 lying with the company in unpaid dividend account which have remained unclaimed or unpaid for a period of 7 years or more have not been transferred to the Investor Education and Protection Fund by the Company

For Ramasamy Koteswara Rao & Co LLP

Chartered Accountants

Firm Registration Number: 010396S/S200084

(C V Koteswara Rao)

Partner

Membership No.028353

Place: Hyderabad

Date: 11-06-2018



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Annexure to the Auditors' Report

Annexure-A to the Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "Ambica Agarbathies Aroma & Industries Limited" for the year ended March 31, 2018)

i. On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the year in accordance with a phased program of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.

(c) As informed by management, the title deeds of immovable properties are held in the name of the company.

ii. The Company has conducted physical verification of the inventory at regular intervals and no material discrepancies were noticed during such verification.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under

section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

iv. The company does not have granted any loans nor made investments hence provisions of Sections 185 and 186 of Companies Act 2013. are not applicable

v. The Company does not have accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

vi. The maintenance of cost records under section 148(1) of the Companies Act, 2013, is not applicable for any of the activities or services provided by the company

vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company does not have been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable are as follows



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| SI No. | Particulars | Nature of Due | Relevant Year Assessment | Amount |
|--------|--------------------------|---------------|--------------------------|-----------|
| 1 | The Income Tax Act, 1961 | Income Tax | 2003-04 to 2012-13 | 80,79,609 |

- (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, value added tax and goods and services tax except income tax outstanding on account of any dispute.

| Name of the Statute | Nature of dues | Demand | Assessment Year | Forum Where Dispute is Pending |
|----------------------|-----------------------------|-----------|-----------------|--------------------------------|
| Income Tax act, 1961 | Assessment made u/s. 143(3) | 64,90,950 | 2013-14 | CIT(A), Chennai, Tamil Nadu. |
| Income Tax act, 1961 | Assessment made u/s. 154 | 31,44,550 | 2015-16 | CIT(A), Chennai, Tamil Nadu. |

- viii. The Company has not defaulted in any repayment of loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. The Company does not have made a preferential allotment of equity shares and fully convertible debentures during the year. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Ramasamy Koteswara Rao & Co LLP

Chartered Accountants

Firm Registration Number: 010396S/S200084

(C V Koteswara Rao)

Partner

Membership No.028353

Place : Hyderabad

Date : 11-06-2018



“Annexure B” to the Independent Auditor’s Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Ambica Agarbathies Aroma & Industries Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ramasamy Koteswara Rao & Co LLP

Chartered Accountants

Firm Registration Number: 010396S/S200084

(C V Koteswara Rao)

Partner

Membership No.028353

Place : Hyderabad

Date : 11-06-2018



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH , 2018

(Amount in Rs.)

| Particulars | Note No | As at 31.3.2018 ₹ | As at 31.3.2017 ₹ | As at 01.4.2016 ₹ |
|------------------------------------|---------|-------------------------|-------------------------|-------------------------|
| Assets | | | | |
| Non current assets | | | | |
| Property, plant and equipment | 2 | 1,31,81,31,079 | 38,91,57,802 | 31,65,10,094 |
| Capital Work in progress | | - | - | 9,74,50,891 |
| Investments Property | 2 | - | 6,30,80,990 | 6,41,51,522 |
| Intangible assets | 2 | 1,93,989 | 2,15,293 | 2,05,291 |
| Financial assets | | | | |
| Investments | 3 | 5,68,06,782 | 5,27,20,912 | 1,00,000 |
| Other non current financial assets | 4 | 16,28,09,589 | 15,07,62,718 | 14,50,33,728 |
| Other non-current assets | 5 | 8,76,02,316 | 9,43,36,698 | - |
| | | 1,62,55,43,755 | 75,02,74,413 | 62,34,51,526 |
| Current assets | | | | |
| Inventories | 6 | 1,94,29,110 | 19,17,78,291 | 21,40,59,880 |
| Financial assets | | | | |
| Investments | | - | - | - |
| Trade receivables | 7 | 12,44,08,679 | 8,48,08,958 | 6,79,33,895 |
| Cash and cash equivalents | 8 | 6,99,44,621 | 1,06,27,589 | 45,78,201 |
| Other current financial assets | 9 | 16,47,25,179 | 9,90,13,757 | 18,83,60,170 |
| Other current assets | 10 | 1,28,85,750 | 36,55,347 | 67,95,263 |
| | | 39,13,93,339 | 38,98,83,942 | 48,17,27,409 |
| TOTAL | | 2,01,69,37,094 | 1,14,01,58,356 | 1,10,51,78,936 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Equity share capital | 11 | 17,17,74,000 | 17,12,94,623 | 17,12,94,623 |
| Other equity | | 68,03,51,494 | 20,14,09,378 | 18,54,03,350 |
| | | 85,21,25,494 | 37,27,04,001 | 35,66,97,973 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | 12 | 68,11,49,292 | 9,54,06,068 | 10,26,74,640 |
| Other financial liabilities | 13 | 53,57,000 | 3,21,03,776 | 6,13,00,716 |
| Deferred tax liabilities (net) | | 32,50,34,867 | 4,55,43,894 | 4,60,93,176 |
| | | 1,01,15,41,159 | 17,30,53,738 | 21,00,68,532 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | 12 | 8,40,64,646 | 48,17,36,477 | 46,34,35,182 |
| Trade Payables | 14 | 3,83,76,860 | 7,53,06,926 | 3,46,85,513 |
| Other financial liabilities | 15 | 34,21,300 | 10,42,772 | 1,15,71,974 |
| Provisions | 16 | 4,15,872 | 1,26,44,232 | 1,43,70,372 |
| Other current liabilities | 17 | 2,69,91,763 | 2,36,70,210 | 1,43,49,391 |
| | | 15,32,70,441 | 59,44,00,617 | 53,84,12,432 |
| TOTAL | | 2,01,69,37,094 | 1,14,01,58,356 | 1,10,51,78,936 |

As per our Report of even date

For Ramasamy Koteswara Rao & Co LLP
Chartered Accountants
Firm Regn No.010396S/S200084

(C V Koteswara Rao)
Partner
Membership No-028353
Place : Hyderabad
Date : 11-06-2018

For Ambica Agarbathies Aroma & Industries Ltd.

Sd/-
AMBICA KRISHNA
CEO and President

Sd/-
AMBICA SIVA KUMAR ALAPATI
Executive Director

Sd/-
UMA GAYATHRI
Company Secretary

Sd/-
SATYAVATHI PERLA
Executive Director

Sd/-
AMBICA HANUMA
(CFO)



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2018

(Amount in Rs.)

| Particulars | Note No | For the Year Ended 31.3.2018 ₹ | For the year Ended 31.3.2017 ₹ |
|---|------------|--------------------------------------|--------------------------------------|
| I. Revenue from operations | 18 | 125,35,75,154 | 1,19,22,18,811 |
| II Other income | 19 | 1,59,01,187 | 2,26,17,193 |
| III. TOTAL REVENUE | | 1,26,94,76,341 | 1,21,48,36,003 |
| IV. Expenses: | | | |
| (a) Cost of materials consumed | 20 | 37,52,28,349 | 12,20,95,896 |
| (b) Purchase of Stock in Trade | | 73,31,21,757 | 54,23,29,516 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade " | 21 | 7,25,439 | 4,98,45,589 |
| (d) Employee benefits expense | 22 | 4,38,75,755 | 3,90,96,728 |
| (e) Finance costs | 23 | 8,47,75,657 | 8,50,52,329 |
| (f) Depreciation and amortisation expense | 2 | 5,02,89,916 | 3,48,53,213 |
| (g) Other expenses | 24 | 15,50,23,046 | 31,89,16,377 |
| TOTAL EXPENSES | | 1,44,30,39,919 | 1,19,21,89,648 |
| V. PROFIT BEFORE TAX (III-IV) | | -17,35,63,578 | 2,26,46,355 |
| VI. Tax expense: | | | |
| (i) Current tax | | - | 61,38,298 |
| (ii) MAT Credit entitlement | | - | 33,10,179 |
| (iii) Prior Period Taxes | | - | -22,91,285 |
| (iv) Deferred tax | | 46,55,011 | 90,717 |
| TOTAL TAX EXPENSES | | 46,55,011 | 72,47,909 |
| VII PROFIT (LOSS) FOR THE PERIOD (V-VI) | | -17,82,18,589 | 1,53,98,446 |
| VIII OTHER COMPREHENSIVE(LOSS)/ INCOME | | | |
| (a) Net Changes in the fair value of Fixed Assets | | 91,16,73,666 | - |
| (b) Income Tax on items that will not be reclassified subsequently to statement of profit and loss | | -28,17,07,163 | - |
| TOTAL OTHER COMPREHENSIVE(LOSS)/ INCOME | | 62,99,66,503 | - |
| IX TOTAL OTHER COMPREHENSIVE INCOME | | 45,17,47,914 | 1,53,98,446 |
| VIII. Earnings per equity share : Basic and diluted | | -10.38 | 0.90 |

The accompanying notes are an integral part of these financial statements 1-29

As per our Report of even date

For Ramasamy Koteswara Rao & Co LLP
Chartered Accountants
Firm Regn No.010396S/S200084

(C V Koteswara Rao)
Partner
Membership No-028353

Place : Hyderabad
Date : 11.06.2018

For Ambica Agarbathies Aroma & Industries Ltd.

Sd/-
AMBICA KRISHNA
CEO and President

Sd/-
SATYAVATHI PERLA
Executive Director

Sd/-
AMBICA SIVA KUMAR ALAPATI
Executive Director

Sd/-
AMBICA HANUMA
(CFO)

Sd/-
UMA GAYATHRI
Company Secretary



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018 (Amount in Rs.)

| Particulars | For the Year Ended 31.3.2018 ₹ | For the year Ended 31.3.2017 ₹ |
|--|--------------------------------------|--------------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net profit before taxation | (17,35,63,578) | 2,26,46,355 |
| Adjusted for : | | |
| Interest Paid | 8,47,75,657 | 7,06,10,113 |
| Interest Income | (10,03,746) | (28,64,166) |
| Profit on Sale of Assets | - | (1,42,133) |
| Depreciation | 5,02,89,916 | 3,48,53,213 |
| Operating profits before working capital changes | (3,95,01,751) | 12,51,03,382 |
| Changes in current assets and liabilities | | |
| Inventories | 17,23,49,181 | 2,22,81,589 |
| Trade Receivables | (3,95,99,721) | (1,30,53,392) |
| Other Current assets | (7,49,41,825) | 10,48,67,331 |
| Borrowings | (39,76,71,831) | 59,56,028 |
| Trade Payables | (3,69,30,065) | 4,06,21,414 |
| Other Financial Liabilities and other current liabilities | (2,29,52,985) | (7,80,799) |
| Cash generated from operations | (43,92,48,997) | 28,49,95,553 |
| Income tax paid | - | (1,02,58,345) |
| Cash used(-)/(+)generated from operating activities (a) | (43,92,48,997) | 27,47,37,208 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets and change in capital wip | (29,25,911) | (97,00,367) |
| Proceeds from disposal of Fixed Assets | - | 8,53,000 |
| Interest Income | 10,03,746 | 28,64,166 |
| Cash used(-)/(+)generated in investing activities (b) | (19,22,165) | (59,83,201) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Changes in Share Capital | (4,79,377) | - |
| Changes in Investments | - | (14,99,00,000) |
| Changes in Borrowings | 58,57,43,224 | (72,68,572) |
| Changes in Other Non Current Assets | - | (3,49,25,930) |
| Interest paid | (8,47,75,657) | (7,06,10,113) |
| Cash used(-)/+(generated) in financing activities (c) | 50,04,88,190 | (26,27,04,615) |
| Net increase(+)/decrease (-) in cash and cash equivalents (a+b+c) | 5,93,17,027 | 60,49,392 |
| Cash and cash equivalents at the beginning of the year | 1,06,27,594 | 45,78,202 |
| Cash and cash equivalents at the end of the year | 6,99,44,621 | 1,06,27,594 |
| Reconciliation of cash and cash equivalents | | |
| Balances with banks | 6,77,93,715 | 89,08,051 |
| Cash-in-hand | 21,50,906 | 17,19,543 |
| Cash and Cash Equivalent as per Cash Flow Statement | 6,99,44,621 | 1,06,27,594 |

As per our Report of even date

For Ramasamy Koteswara Rao & Co LLP
Chartered Accountants
Firm Regn No.010396S/S200084

(C V Koteswara Rao)
Partner
Membership No-028353

Place : Hyderabad
Date: 11-06-2018

For Ambica Agarbathies Aroma & Industries Ltd.

Sd/-
AMBICA KRISHNA
CEO and President

Sd/-
SATYAVATHI PERLA
Executive Director

Sd/-
AMBICA SIVA KUMAR ALAPATI
Executive Director

Sd/-
AMBICA HANUMA
(CFO)

Sd/-
UMA GAYATHRI
Company Secretary



Notes forming part of the Financial Statements

Corporate information

Ambica Agarbathies & Aroma Industries Limited manufactures and sells incense sticks in India. The company owns a farm land with resort club house and health center. It also involves in the film production and distribution activities; engages in wind power generation; and operates hotels. The company was founded in 1946 and is based in Eluru, India. The Company was incorporated on 21st April, 1995 and listed on BSE.

The Financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on 12th June, 2018.

1 Significant Accounting Policies

1.1 Basis of preparation of financial statements

These standalone financial statements have been prepared in accordance Indian Accounting Standards (Ind As) according to the notification issued by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ('the act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from April 1, 2017.

"Previous periods have been restated to Ind AS and In accordance with Ind AS 101-First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards For the year ended March 31, 2017, the Company had earlier prepared and presented its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 (Indian GAAP).

Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given in Note 21."

1.2 Use of Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial Statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

1.3 Revenue recognition

"Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection.



Revenue from hotel sales (food and beverages) is recognized upon rendering of service to customers.

Interest Income is recognised on an accrual basis.

1.4 Property, plant and equipment & Capital work-in-progress

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Capital work-in-progress comprises the cost of the fixed assets that are not yet ready for their intended use at the balance sheet date.

1.5 Depreciation and Goodwill

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The useful lives of assets are periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets. Assets costing Rs. 5,000/-and below are depreciated over a period of one year

1.6 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment if any. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

The estimated useful lives of intangible asset is as follows:

| Type of Asset | Useful life |
|------------------|-------------|
| Intangible Asset | 10 Years |

1.7 Foreign Currency Transactions

"The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account."



1.8 Taxes on Income

Income tax comprises current income tax and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) **Current income tax:** Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.
- b) **Deferred tax:** Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.9 Earning Per Share (EPS)

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per share is the weighted average shares used in outstanding during the period.

1.10 Investments

Long term unquoted investments are carried at amortised cost.

1.11 Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount from non financial assets may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

1.12 Provisions and Contingent Liabilities

A Provision is recognized if, as a result of past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the present obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a



present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity of another entity.

Initial Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Subsequent Measurement

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved both by collection of contractual cash flows on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding and selling financial assets.

Financial assets at fair value through Profit and Loss

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss Account (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.



De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

"Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management."

1.14 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

1.15 First-time adoption of Indian Accounting Standard (Ind AS)

These standalone financial statements of the company for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101-First time adoption of Indian Accounting Standards, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the standalone financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the standalone Balance Sheet and Statement of Profit and Loss, is set out in notes.

Reconciliations :

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Total Equity as at April 1, 2016 and March 31, 2017 given in note no. 28
2. Total comprehensive income for the year ended March 31, 2017 given in note no. 29



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

1.16 List of Transactions with key management personal during the year: Amount (Rs.)

| Particulars | Nature of Relation | Nature Of Transactions | 2017-18 | 2016-17 |
|--------------------|--------------------|-------------------------|-----------|-----------|
| Ambica Krishna | Director | Managerial Remuneration | 24,00,000 | 24,00,000 |
| A Ramachandra Rao | Director | Managerial Remuneration | 12,00,000 | 12,00,000 |
| A B N V R A Hanuma | CFO | Remuneration | 12,00,000 | 12,00,000 |
| A Siva Kumar | COO | Remuneration | 12,00,000 | 12,00,000 |

List of Transactions with Related parties during the year:

| Particulars | Nature of Relation | Nature Of Transactions | Transaction during the FY 2017-18" |
|------------------------|---|------------------------|------------------------------------|
| ACP Industries Limited | Enterprises Over which directors or his relatives has Significant Influence | Purchases | 18,49,21,778 |
| | | Sales | 9,80,28,624 |
| Elite Agro Trading | Enterprises Over which directors or his relatives has Significant Influence | Sales | 22,27,48,774 |
| Om Trading | Enterprises Over which directors or his relatives has Significant Influence | Purchases | 21,16,84,036 |
| | | Sales | 2,49,84,000 |

Related party Balances as at 31-03-18

| Particulars | Nature of Relation | Nature Of Transactions | Outstanding for the FY 2017-18" |
|------------------------|---|--------------------------|---------------------------------|
| ACP Industries Limited | Enterprises Over which directors or his relatives has Significant Influence | Caution Deposit | 12,00,00,000 |
| | | Investments at cost | 15,00,00,000 |
| | | Other Loans and Advances | 9,59,42,525 |
| Elite Agro Trading | Enterprises Over which directors or his relatives has Significant Influence | Trade Receivable | 2,37,31,815 |



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

1.17 EARNINGS PER SHARE

| Sl . No | Particulars | For the Year Ended 31.03.18 | For the Year Ended 31.03.17 |
|---------|---------------------------------------|--------------------------------|--------------------------------|
| 1 | Profit after Tax | (17,82,18,589) | 1,53,98,446 |
| 2 | Weighted average no. of Equity Shares | 1,71,77,400 | 1,71,77,400 |
| 3 | Face value per Share | 10.00 | 10.00 |
| 4 | Basic earning per Share | (10.38) | 0.90 |
| 5 | Diluted earning per Share | (10.38) | 0.90 |

1.18 Contingent Liabilities

| Particulars | Amount in Rs. |
|---|---------------|
| Dispute under Income Tax Act, 1961 of sec 143 (3) before CIT(A) Chennai For AY 2013-14 | 64,90,950 |
| Dispute under Income Tax Act, 1961 of sec 154 before CIT(A) Chennai For AY 2015-16 | 31,44,550 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 2 . Property, plant and equipment and Intangible assets

| | Land | Buildings | Lease hold Buildings | Plant and equipments | Furniture and fixtures | Computer | Vehicles | Total (Property, plant and equipment) | Intangible Assets Software | Investment Property |
|-----------------------------|------------------|---------------------|----------------------|----------------------|------------------------|--------------------|--------------------|---------------------------------------|----------------------------|---------------------|
| Deemed Cost | | | | | | | | | | |
| As at April 01, 2016 | 57,83,899 | 12,42,65,652 | - | 26,70,57,880 | 18,06,45,310 | 1,20,78,404 | 7,84,75,522 | 66,83,06,667 | 12,85,000 | 6,76,28,327 |
| Additions | | | 9,74,41,772 | 16,35,302 | 22,97,147 | 6,84,636 | 50,51,782 | 10,71,10,639 | 31,500 | |
| Disposals | | 4,13,163 | | 10,02,397 | 15,00,617 | 3,17,005 | 21,93,061 | 54,26,243 | - | - |
| As at March 31, 2017 | 57,83,899 | 12,38,52,489 | 9,74,41,772 | 26,76,90,786 | 18,14,41,839 | 1,24,46,035 | 8,13,34,243 | 76,99,91,063 | 13,16,500 | 6,76,28,327 |
| Additions | - | - | - | 9,31,014 | 5,65,282 | 2,08,085 | 12,21,530 | 29,25,911 | - | - |
| Revaluation | 80,08,50,361 | 11,08,23,305 | - | - | - | - | - | 91,16,73,666 | - | - |
| Reclassification | - | - | 6,76,28,327 | - | - | - | - | 6,76,28,327 | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | 80,66,34,260 | 23,46,75,794 | 16,50,70,099 | 26,86,21,800 | 18,20,07,121 | 1,26,54,120 | 8,25,55,773 | 1,75,22,18,967 | 13,16,500 | - |
| Depreciation | | | | | | | | | | |
| As at April 01, 2016 | - | 2,99,00,755 | - | 14,80,62,980 | 12,12,31,156 | 1,18,28,129 | 4,07,73,553 | 35,17,96,573 | 10,79,709 | 34,76,805 |
| Charge for the year | | 21,40,352 | 12,681 | 1,33,48,902 | 1,01,32,412 | 5,39,185 | 75,87,651 | 3,37,61,183 | 21,498 | 10,70,532 |
| Disposals | | 4,13,163 | | 10,02,397 | 15,00,617 | 3,17,005 | 14,91,313 | 47,24,495 | - | - |
| As at March 31, 2017 | - | 3,16,27,944 | 12,681 | 16,04,09,485 | 12,98,62,951 | 1,20,50,309 | 4,68,69,891 | 38,08,33,261 | 11,01,207 | 45,47,337 |
| Reclassification/(Excess) | | - | 45,47,337 | -75,33,352 | - | - | - | -29,86,015 | - | -45,47,337 |
| Charge for the year | | | 10,14,775 | 2,80,12,326 | 96,67,986 | 29,63,154 | 86,10,371 | 5,02,68,612 | 21,304 | - |
| Disposals | | - | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | - | 3,16,27,944 | -35,19,881 | 19,59,55,163 | 13,95,30,937 | 1,50,13,463 | 5,54,80,262 | 43,40,87,888 | 11,22,511 | - |
| Net block | | | | | | | | | | |
| As at March 31, 2018 | 80,66,34,260 | 20,30,47,850 | 16,85,89,980 | 7,26,66,637 | 4,24,76,184 | -23,59,343 | 2,70,75,511 | 1,31,81,31,079 | 1,93,989 | - |
| As at March 31, 2017 | 57,83,899 | 9,22,24,545 | 9,74,29,091 | 10,72,81,301 | 5,15,78,888 | 3,95,726 | 3,44,64,352 | 38,91,57,802 | 2,15,293 | 6,30,80,990 |
| As at March 31, 2016 | 57,83,899.00 | 9,43,64,897.00 | - | 11,89,94,900.32 | 5,94,14,153.68 | 2,50,275.47 | 3,77,01,968.95 | 31,65,10,094.42 | 2,05,291.00 | 6,41,51,522.00 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and intangible assets has been carried forward at the amount as determined under the previous GAAP. Information regarding gross block of assets, accumulated depreciation and amortisation has been disclosed by the Company separately as follows :

| | Land | Buildings | Lease hold Buildings | Plant and equipments | Furniture and fixtures | Computer | Vehicles | Total (Property, plant and equipment) | Intangible Assets Software | Investment Property |
|---|------------------|--------------------|----------------------|----------------------|------------------------|-----------------|--------------------|---------------------------------------|----------------------------|---------------------|
| As at April 01, 2016 | | | | | | | | | | |
| Gross block | 57,83,899 | 12,42,65,652 | | 26,70,57,880 | 18,06,45,310 | 1,20,78,404 | 7,84,75,522 | 66,83,06,667 | 12,85,000 | 6,76,28,327 |
| Accumulated depreciation and amortisation | | 2,99,00,755 | | 14,80,62,980 | 12,12,31,156 | 1,18,28,129 | 4,07,73,553 | 35,52,73,378 | 10,79,709 | 34,76,805 |
| Net Block | 57,83,899 | 9,43,64,897 | - | 11,89,94,900 | 5,94,14,154 | 2,50,275 | 3,77,01,969 | 31,30,33,289 | 2,05,291 | 6,41,51,522 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 3

Non-Current Investments

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|---|-------------------------------|-------------------------|-------------------------|
| Financial Assets: Investments - non-current | | | |
| Investment carried at fair value through profit or loss | | | |
| " Preference Shares in ACP Industries Ltd (3750000 Shares of Rs. 40/- each face value of Rs.10/-) " | 5,68,06,782 | 5,27,20,912 | - |
| Investment carried at cost | | | |
| Investment in equity instruments | | | |
| " Ambica Trendset Pvt Ltd (10000 Equity shares of Rs. 10 each) " | - | - | 1,00,000 |
| Total | 5,68,06,782 | 5,27,20,912 | 1,00,000 |

Note 4

Other Non current Financial Assets

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|------------------------------------|-------------------------------|-------------------------|-------------------------|
| Other loans and advances | | - | |
| Security Deposits (Valued at Cost) | 2,74,73,153 | 1,76,62,718 | 2,50,33,728 |
| Loans to Others | 22,36,435 | - | - |
| Trade Deposits (Valued at Cost) | 12,00,00,000 | 12,00,00,000 | 12,00,00,000 |
| Capital Advances | 1,31,00,000 | 1,31,00,000 | - |
| Total | 16,28,09,589 | 15,07,62,718 | 14,50,33,728 |

Note 5

Other Non current Assets

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|--|-------------------------------|-------------------------|-------------------------|
| Interest receivable on preference shares | 8,76,02,316 | 9,43,36,698 | |
| Total | 8,76,02,316 | 9,43,36,698 | |

Note 6

Inventories

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|-------------------|-------------------------------|-------------------------|-------------------------|
| Inventories | | - | |
| Raw Materials | 1,42,75,532 | 18,37,79,017 | 15,61,15,017 |
| Packing Materials | 40,78,410 | 61,98,467 | 62,98,467 |
| Finished Goods | 10,75,168 | 18,00,807 | 5,16,46,396 |
| Total | 1,94,29,110 | 19,17,78,291 | 21,40,59,880 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 7

Trade Receivables

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|-----------------------------------|-------------------------------|-------------------------|-------------------------|
| Unsecured, considered good | | | |
| Others | 12,71,91,818 | 8,75,92,097 | 7,45,38,705 |
| Less: Allowances for receivables | -27,83,138 | -27,83,138 | -66,04,810 |
| Total | 12,44,08,679 | 8,48,08,958 | 6,79,33,895 |

Note 8

Cash and cash equivalents

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|---------------------|-------------------------------|-------------------------|-------------------------|
| Balances with Banks | 6,77,93,715 | 89,08,051 | 29,95,327 |
| Cash on hand | 21,50,906 | 17,19,538 | 15,82,874 |
| Total | 6,99,44,621 | 1,06,27,589 | 45,78,201 |

Note 9

Other Current Financial Assets

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|----------------------|-------------------------------|-------------------------|-------------------------|
| Deposits with others | 30,60,823 | 51,57,873 | - |
| Staff Advances | 8,40,271 | 5,25,515 | - |
| Prepaid Expenses | 58,41,426 | 14,10,064 | 14,97,464 |
| Rent Receivables | 18,93,203 | 4,17,692 | - |
| Other Advances | 15,30,89,456 | 9,15,02,613 | 18,68,62,707 |
| Total | 16,47,25,179 | 9,90,13,757 | 18,83,60,171 |

Note 10

Other current assets

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|----------------------------|-------------------------------|-------------------------|-------------------------|
| With Statutory Authorities | 75,20,487 | 36,55,347 | 67,95,263 |
| GST Receivable | 53,65,263 | - | - |
| | 1,28,85,750 | 36,55,347 | 67,95,263 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 11 Equity

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As At April 01, 2016 | |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| | In Number | Amount (Rs.) | In Number | Amount (Rs.) | In Number | Amount (Rs.) |
| Authorised Equity Shares of Rs.10/- each | 2,10,00,000 | 21,00,00,000 | 2,10,00,000 | 21,00,00,000 | 2,10,00,000 | 21,00,00,000 |
| Issued Equity Shares of Rs.10/- each fully paid | 1,71,77,400 | 17,17,74,000 | 1,71,77,400 | 17,17,74,000 | 1,71,77,400 | 17,17,74,000 |
| Subscribed & Paid up Equity Shares of Rs.10/- each fully paid | 1,71,77,400 | 17,17,74,000 | 1,71,77,400 | 17,17,74,000 | 1,71,77,400 | 17,17,74,000 |
| Less: Calls in Arrears | | - | | - | | - |
| By Directors | | - | | 4,79,377 | | 4,79,377 |
| By Others | | - | | | | |
| Total | 1,71,77,400 | 17,17,74,000 | 1,71,77,400 | 17,12,94,623 | 1,71,77,400 | 17,12,94,623 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Reconciliation of number of shares outstanding for the period

| Particulars | March 31, 2018 | | March 31, 2017 | | As At April 01, 2016 | |
|---|----------------|--------------|----------------|--------------|----------------------|--------------|
| | Number | INR | Number | INR | Number | INR |
| Equity Shares | | | | | | |
| Shares outstanding at the beginning of the year | 1,71,77,400 | 17,17,74,000 | 1,71,77,400 | 17,12,94,623 | 1,71,77,400 | 17,12,94,623 |
| Shares Issued during the year | - | - | - | - | - | - |
| Shares bought back during the year | - | - | - | - | - | - |
| Shares outstanding at the end of the year | 1,71,77,400 | 17,17,74,000 | 1,71,77,400 | 17,12,94,623 | 1,71,77,400 | 17,12,94,623 |

Particulars of Share Holders Holding more than 5% shares during the period

| Name of Shareholder | As at 31 March 2018 | | As at 31 March 2017 | | As At April 01, 2016 | |
|----------------------------------|---------------------|---------------|---------------------|--------------|----------------------|---------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Trinethra Infra Ventures Limited | 19,00,000 | 11.06% | 19,00,000 | 11.06% | 19,00,000 | 11.06% |
| Agnvsa Ramchandra Rao | 14,64,950 | 8.53% | 14,64,950 | 8.53% | 14,64,950 | 8.53% |
| P V P Krishna Rao | 13,91,701 | 8.10% | 13,91,701 | 8.10% | 13,91,701 | 8.10% |
| Alapati Ramanjaneyulu | 12,38,700 | 7.21% | 12,38,700 | 7.21% | 12,38,700 | 7.21% |
| Rajeshwar Rao Alapati | 12,11,213 | 7.05% | 12,11,213 | 7.05% | 12,11,213 | 7.05% |
| Puwada Bhaskar Rao | 9,00,000 | 5.24% | 9,00,000 | 5.24% | 9,00,000 | 5.24% |
| Total | 81,06,564 | 47.19% | 81,06,564 | 47% | 81,06,564 | 47.19% |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 12 Borrowings

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|--|-------------------------------|-------------------------|-------------------------|
| Non current | | | |
| Secured Loans | | | |
| Term Loan from Indian Overseas Bank | | 7,99,06,348 | 8,22,89,125 |
| Vehicle Loans Taken from Banks and Financial Institutions | 91,69,507 | 1,68,62,243 | 1,93,93,772 |
| LIC Housing Finance Limited | 63,20,00,000 | | |
| Less: Current Maturities of Long Term Debts from Bank and Financials Institution | -2,29,87,822 | -1,08,69,082 | -85,14,816 |
| Unsecured Loans | | | |
| Loans from Directors and Relatives | 6,25,10,807 | 95,06,559 | 95,06,559 |
| From Others | 4,56,800 | - | - |
| | 68,11,49,292 | 9,54,06,068 | 10,26,74,640 |
| Current | | | |
| Secured: | | | |
| (a) Loan repayable on demand : | - | | |
| Working Capital Loan - CC | 6,10,76,824 | 47,08,67,394 | 45,49,20,366 |
| | - | | |
| Current Maturities of Long Term Debts from Bank and Financials Institution | 2,29,87,822 | 1,08,69,082 | 85,14,816 |
| | 8,40,64,646 | 48,17,36,477 | 46,34,35,182 |
| Total | 76,52,13,938 | 57,71,42,544 | 56,61,09,822 |

Note 13 Other Financial Liabilities - Non Current

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|----------------|-------------------------------|-------------------------|-------------------------|
| Trade Deposits | 53,57,000 | 3,21,03,776 | 3,21,03,776 |
| Other Payable | - | - | 2,91,96,940 |
| Total | 53,57,000 | 3,21,03,776 | 6,13,00,716 |

Note 14 Financial liabilities - Trade payables

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|-----------------|-------------------------------|-------------------------|-------------------------|
| Trade Payable | | | |
| Related parties | - | - | - |
| Others | 3,83,76,860 | 7,53,06,926 | 3,46,85,513 |
| Total | 3,83,76,860 | 7,53,06,926 | 3,46,85,513 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 15

Financial liabilities - others

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|----------------------------|-------------------------------|-------------------------|-------------------------|
| Secured: | | | |
| Salaries Payable | 34,21,300 | 10,42,772 | 15,80,974 |
| LC Bills payable on demand | - | - | 99,91,000 |
| Total | 34,21,300 | 10,42,772 | 1,15,71,974 |

Note 16

Provisions- Current

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|----------------------------|-------------------------------|-------------------------|-------------------------|
| Provision for Dividend Tax | 4,15,872 | 4,15,872 | - |
| Provision for Income Tax | - | 1,21,80,915 | 1,43,70,372 |
| Provision for ESI/ PF | - | 47,446 | - |
| Total | 4,15,872 | 1,26,44,232 | 1,43,70,372 |

Note 17

Other Current Liabilities

| Particulars | As At March March 31, 2018 | As At March 31, 2017 | As At April 01, 2016 |
|-----------------------------|-------------------------------|-------------------------|-------------------------|
| TDS Payable | 20,16,971 | 6,36,762 | 26,14,152 |
| Unpaid Dividend | 6,23,674 | 6,23,674 | 6,23,674 |
| Duties and Taxes | 61,91,652 | 42,59,507 | 24,05,336 |
| Deposites from Distributers | - | - | 37,032 |
| Advances form coustmers | 1,37,38,047 | 1,23,81,000 | - |
| Other Payables | 44,21,421 | 57,69,268 | 86,69,197 |
| Total | 2,69,91,763 | 2,36,70,210 | 1,43,49,391 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 18

Revenue from operations

| Particulars | For the Year Ended 31-03-2018 | For the Year Ended 31-03-2017 |
|---|----------------------------------|----------------------------------|
| Revenue from Sales of Products | 1,09,52,51,878 | 1,04,38,55,000 |
| Revenue from Sales of Services (Hotel Division) | 13,12,02,618 | 11,04,30,442 |
| Other Operating revenues | 2,71,20,659 | 3,79,33,369 |
| Total | 1,25,35,75,154 | 1,19,22,18,811 |

Note 19

Other income

| Particulars | For the Year Ended 31-03-2018 | For the Year Ended 31-03-2017 |
|------------------------------------|----------------------------------|----------------------------------|
| Interest | 10,03,746 | 28,64,166 |
| Other Non Operating Income | 1,48,97,441 | 1,96,10,894 |
| Profit on Sale of Fixed Assets/CWP | - | 1,42,133 |
| Total | 1,59,01,187 | 2,26,17,193 |

Note 20

Cost of Material Consumed

| Particulars | For the Year Ended 31-03-2018 | For the Year Ended 31-03-2017 |
|----------------------------------|----------------------------------|----------------------------------|
| Opening Stock | | |
| Raw Material | 18,06,25,274 | 15,26,25,274 |
| Packing Materials | 61,98,467 | 62,98,467 |
| | 18,68,23,741 | 15,89,23,741 |
| Add: Purchases | | |
| Raw Materials | 17,17,76,967 | 11,00,67,517 |
| Packing Materials | 3,05,80,831 | 3,99,28,379 |
| | 20,23,57,798 | 14,99,95,896 |
| Less: Closing Stock | | |
| Raw Materials | 98,74,780 | 18,06,25,274 |
| Packing Materials | 40,78,410 | 61,98,467 |
| | 1,39,53,190 | 18,68,23,741 |
| Cost of Material Consumed | | |
| Raw Materials | 34,25,27,461 | 8,20,67,517 |
| Packing Materials | 3,27,00,888 | 4,00,28,379 |
| | 37,52,28,349 | 12,20,95,896 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note 22

Employee Benefits Expense

| Particulars | For the Year Ended 31-03-2018 | For the Year Ended 31-03-2017 |
|---------------------------|----------------------------------|----------------------------------|
| Salaries and wages | 3,69,69,905 | 3,04,03,136 |
| Remuneration to Directors | 36,00,000 | 36,00,000 |
| Bonus | - | 14,04,609 |
| PF/ESI | 14,11,455 | 3,28,321 |
| Staff welfare expenses | 18,94,395 | 33,60,662 |
| Total | 4,38,75,755 | 3,90,96,728 |

Note 23

Finance costs

| Particulars | For the Year Ended 31-03-2018 | For the Year Ended 31-03-2017 |
|---------------------------------|----------------------------------|----------------------------------|
| Interest on Term Loans & Others | 8,18,96,259 | 8,10,84,861 |
| Other Borrowing Cost | 28,79,398 | - |
| Bank Charges | - | 39,67,468 |
| Total | 8,47,75,657 | 8,50,52,329 |

Note 24

Other expenses

| Particulars | For the Year Ended 31-03-2018 | For the Year Ended 31-03-2017 |
|------------------------------------|----------------------------------|----------------------------------|
| Administrative Expenses | 36,04,247 | 2,03,34,917 |
| Advertisement Charges | 1,16,55,922 | 1,75,85,285 |
| Factory Expenses | 18,200 | 17,250 |
| Agarbathi Making & Packing Charges | 1,63,21,717 | 1,10,20,546 |
| Freight and Dispatch Exp | 1,58,99,864 | 1,21,57,338 |
| Incentive on Sales | 28,10,994 | 12,23,19,008 |
| Power & Fuel Charges | 76,77,040 | 44,88,160 |
| Rates & Taxes | 26,28,205 | 3,36,33,710 |
| Rents | 14,57,158 | 11,41,320 |
| Repairs & Maintenance | 47,04,869 | 44,49,811 |
| Vehicle Maintenance | 48,65,801 | 81,00,344 |
| Audit Fee | 7,12,500 | 7,53,750 |
| Bad Debts | 4,824 | 38,21,671 |
| Books and Periodicals | 10,000 | 47,914 |
| Internal Audit Fee | 1,80,000 | 1,80,000 |
| Legal Expenses | 6,92,972 | 2,96,000 |
| Listing Fee | 3,52,599 | 9,29,337 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| | | |
|------------------------------------|--------------------|---------------------|
| Sales Promotion Expenses | 63,24,693 | 17,94,233 |
| Interest on tds | 92,481 | 2,565 |
| Miscellaneous Expenditure | 11,602 | 3,53,321 |
| Bank Charges | 13,25,216 | - |
| Pooja Expenses | 21,560 | - |
| Discount on sales | 1,14,878 | - |
| Commission | 19,69,951 | - |
| Donations | 4,65,956 | - |
| Insurance | 20,13,783 | - |
| Loan Processing Charges | 24,000 | - |
| Travelling | 54,64,305 | - |
| Sub Total (A) | 9,14,25,337 | 24,34,26,479 |
| Hotel Division | | - |
| Rates & Taxes | 10,31,424 | 1,96,94,020 |
| Conveyance | 2,08,546 | 2,04,748 |
| Insurance | 2,87,908 | 3,96,787 |
| Pooja Expenses | 4,34,299 | 1,59,756 |
| Post & Telegraphs | 78,094 | 57,160 |
| Printing & Stationary | 10,05,672 | 5,50,943 |
| Professional Charges | 2,93,068 | 1,72,751 |
| Rents | 34,86,325 | - |
| Subscription | 4,83,878 | 4,56,866 |
| Telephone & Fax Charges | 8,58,322 | 7,54,741 |
| Travelling Expenses | 3,65,147 | 50,570 |
| Incidental Charges | 7,90,842 | 18,69,896 |
| Donation | 31,000 | 5,000 |
| Computer Maintenance | 3,57,794 | 3,36,737 |
| Fees & Charges | 20,318 | 30,818 |
| Miscellaneous Expenses | 3,40,090 | 12,031 |
| Commission & Charges | 59,06,383 | 8,24,631 |
| Freight & Cartage | 36,042 | 65,680 |
| Hospitality Expenses | 3,71,108 | 2,17,06,506 |
| License Fee | 26,52,235 | 11,15,224 |
| Newspaper | 2,77,501 | 66,483 |
| Communication Charges | 5,36,537 | 1,46,105 |
| Electricity Charges | 1,19,91,903 | 1,07,24,620 |
| Power & Fuels | 79,68,290 | 45,16,044 |
| House Keeping Expenses | 34,22,718 | 22,56,304 |
| Kitchen Expenses | 30,52,972 | 6,68,702 |
| Repairs & Maintenance | 82,64,772 | 45,79,363 |
| Transport Charges | 3,93,757 | 3,72,796 |
| Uniform & Linen | 2,62,276 | 4,29,419 |
| Food Festival Expenses | - | 6,220 |
| Hiring Machinery Equipment Charges | 76,354 | 73,223 |
| Esi Account | - | 1,27,198 |
| Provident Fund | - | 6,63,630 |
| Advertisement Charges | 9,01,054 | 4,72,104 |
| Allowance | - | 1,29,870 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| | | |
|------------------------|---------------------|---------------------|
| Discount Allowed | 6,70,955 | 23,972 |
| Sales Promotion | 14,95,035 | 2,25,613 |
| Interest & Penalties | 1,15,587 | 79,375 |
| Vehicle Expenses | 20,24,190 | 14,63,992 |
| Administrative Expense | 1,16,303 | - |
| Bank Charges | 2,54,319 | - |
| Bonus | 8,59,798 | - |
| Laundry | 16,44,891 | - |
| Internal Audit Fee | 2,30,000 | - |
| Sub Total (B) | 6,35,97,709 | 7,54,89,898 |
| Total (A+B) | 15,50,23,046 | 31,89,16,377 |

Note 25

Reconciliation of equity as previously reported under Previous GAAP (I GAAP) to Ind AS as at 1st April, 2016

| | IGAAP | Effect of transition to Ind AS | Ind AS |
|--|-----------------------|---------------------------------------|-----------------------|
| Assets | | | |
| Non current assets | | | |
| a) Property, Plant and Equipment | 38,06,61,615 | (6,41,51,522) | 31,65,10,093 |
| b) Capital Work in Progress | 9,74,50,891 | - | 9,74,50,891 |
| c) Investment Property | - | 6,41,51,522 | 6,41,51,522 |
| d) Intangible assets | 2,05,291 | - | 2,05,291 |
| e) Financial Assets | | | |
| (i) Investments | 1,00,000 | - | 1,00,000 |
| (ii) Other non current financials assets | 14,50,33,728 | - | 14,50,33,728 |
| Current assets | | | |
| a) Inventories | 21,40,59,880 | - | 21,40,59,880 |
| b) Financial Assets | - | - | - |
| i) Investments | - | - | - |
| ii) Trade Receivables | 7,45,38,705 | (66,04,810) | 6,79,33,895 |
| iii) Loans | - | - | - |
| iv) Cash and cash equivalents | 45,78,202 | - | 45,78,202 |
| v) Other current financials assets | 18,83,60,171 | - | 18,83,60,171 |
| c) Other current assets | 67,95,263 | - | 67,95,263 |
| Total Assets | 1,11,17,83,746 | (66,04,810) | 1,10,51,78,936 |
| Equity and liabilities | | | |
| Equity | | | |
| a) Share Capital | 17,12,94,623 | | 17,12,94,623 |
| b) Other Equity | 18,99,67,273 | (45,63,923) | 18,54,03,350 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| | | | |
|-------------------------------------|-----------------------|--------------------|-----------------------|
| Liabilities | | | |
| Non - current liabilities: | | | |
| (a) Financial Liabilities | | | - |
| a) Borrowings | 10,26,74,640 | - | 10,26,74,640 |
| b) Other Financial Liabilities | 6,13,00,716 | - | 6,13,00,716 |
| c) Deferred tax Liabilities (Net) | 4,81,34,062 | (20,40,886) | 4,60,93,176 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| a) Borrowings | 46,34,35,182 | - | 46,34,35,182 |
| b) Trade payables | 3,46,85,513 | - | 3,46,85,513 |
| c) Other financial liabilities | 1,15,71,974 | | 1,15,71,974 |
| c) Provisions | 1,43,70,372 | - | 1,43,70,372 |
| d) Other Current Liabilities | 1,43,49,391 | - | 1,43,49,391 |
| Total Equity and Liabilities | 1,11,17,83,746 | (66,04,810) | 1,10,51,78,936 |

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Note No. 26

Reconciliation of equity as previously reported under Previous GAAP

(I GAAP) to Ind AS as at 31st March, 2017:

| | Reclass Previous GAAP* | Effect of transition to Ind AS | Ind AS |
|---|---------------------------|-----------------------------------|-----------------------|
| Assets | | | |
| Non current assets | | | |
| a) Property, Plant and Equipment | 38,91,57,802 | - | 38,91,57,802 |
| b) Capital Work in Progress | - | - | |
| c) Investment Property | 6,30,80,990 | - | 6,30,80,990 |
| d) Intangible assets | 2,15,293 | - | 2,15,293 |
| e) Financial Assets | - | - | - |
| (i) Investments | 15,00,00,000 | (9,72,79,088) | 5,27,20,912 |
| (ii) Other non current financial assets | 15,07,62,718 | - | 15,07,62,718 |
| e) Other Non current assets | - | 9,43,36,698 | 9,43,36,698 |
| Current assets | | | |
| a) Inventories | 19,17,78,291 | - | 19,17,78,291 |
| b) Financial Assets | | | |
| i) Investments | | | |
| ii) Trade Receivables | 8,75,92,097 | (27,83,138) | 8,48,08,959 |
| iii) Cash and cash equivalents | 1,06,27,589 | - | 1,06,27,589 |
| iv) Other current financial assets | 8,75,44,453 | 1,14,69,303 | 9,90,13,756 |
| c) Other current assets | 36,55,347 | - | 36,55,347 |
| Total Assets | 1,13,44,14,581 | 57,43,774 | 1,14,01,58,355 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| | | | |
|-------------------------------------|-----------------------|------------------|-----------------------|
| Equity and liabilities | | | |
| Equity | | | |
| a) Share Capital | 17,12,94,623 | - | 17,12,94,623 |
| b) Other Equity | 20,53,65,723 | (39,56,341) | 20,14,09,377 |
| Liabilities | | | |
| Non - current liabilities: | | | |
| (a) Financial Liabilities | | | |
| a) Borrowings | 9,54,06,068 | - | 9,54,06,068 |
| b) Other Financial Liabilities | 3,21,03,776 | - | 3,21,03,776 |
| c) Deferred tax Liabilities (Net) | 4,82,24,778 | (26,80,885) | 4,55,43,893 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| a) Borrowings | 47,08,67,394 | 1,08,69,083 | 48,17,36,477 |
| b) Trade payables | 7,53,06,929 | - | 7,53,06,929 |
| c) Other financial liabilities | - | 10,42,772 | 10,42,772 |
| c) Provisions | 1,26,44,232 | - | 1,26,44,232 |
| d) Other Current Liabilities | 2,32,01,064 | 4,69,145 | 2,36,70,209 |
| Total Equity and Liabilities | 1,13,44,14,587 | 57,43,774 | 1,14,01,58,356 |

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Note No. 27

Reconciliation of Statement of Profit and Loss as previously reported under Previous GAAP (IGAAP) to Ind AS for the year ended March 31, 2017"

| | Reclass Previous GAAP* | Effect of transition to Ind AS | Ind AS |
|--|---------------------------|-----------------------------------|-----------------------|
| Revenue | | | |
| Revenue from operations | 1,19,22,18,811 | - | 1,19,22,18,811 |
| Other income | 2,26,17,193 | - | 2,26,17,193 |
| Total Revenue (i) | 1,21,48,36,003 | - | 1,21,48,36,003 |
| Expenses | | | |
| Cost of materials consumed | 12,20,95,896 | - | 12,20,95,896 |
| Purchases of Stock-in-Trade | 54,23,29,516 | - | 54,23,29,516 |
| Changes in inventories of raw material & work-in-progress | 4,98,45,589 | - | 4,98,45,589 |
| Employee benefit expenses | 3,90,96,728 | - | 3,90,96,728 |
| Finance costs | 8,50,52,329 | - | 8,50,52,329 |
| Depreciation and amortization expense | 3,48,53,213 | - | 3,48,53,213 |
| Other expenses | 31,89,16,377 | - | 31,89,16,377 |
| Total expenses (ii) | 1,19,21,89,648 | - | 1,19,21,89,648 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

| | | | |
|---|--------------------|----------|--------------------|
| Profit before exceptional and extraordinary items and tax (i-ii) | 2,26,46,355 | - | 2,26,46,355 |
| Exceptional items | - | | - |
| Profit before tax | 2,26,46,355 | - | 2,26,46,355 |
| Tax expense: | | | |
| Current Tax | 61,38,298 | | 61,38,298 |
| Less: MAT credit entitlement | 33,10,179 | - | 33,10,179 |
| Prior Period Taxes | (22,91,285) | | (22,91,285) |
| Deferred Tax | 90,717 | | 90,717 |
| Total tax expense | 72,47,909 | - | 72,47,909 |
| Net profit after tax | 1,53,98,446 | - | 1,53,98,446 |
| Other Comprehensive Income | | | |
| A Items that will not be reclassified to profit or loss | - | - | - |
| B Items that will be reclassified to profit or loss | | | |
| Remeasurement of Investments | - | - | - |
| "Income Tax on items that will not be reclassified subsequently to statement of profit and loss " | - | - | - |
| Total other comprehensive income/(expense) | - | - | - |
| "Total Comprehensive Income for the Year (Comprising Profit (Loss) and Other Comprehensive Income for the Year)" | 1,53,98,446 | - | 1,53,98,446 |

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Note No. 28

Reconciliation of total equity as at March 31, 2017 and April 1, 2016

| | March 31, 2017 | April 1, 2016 |
|--|-----------------------|----------------------|
| Total Equity (shareholder's fund) as per previous GAAP | 37,66,60,346 | 36,12,61,896 |
| Adjustments | | |
| Provision For Doubtful Receivables | (66,04,810) | (66,04,810) |
| Tax effect of above adjustment | 26,48,469 | 20,40,886 |
| Other Adjustment | - | |
| Total adjustments | (39,56,341) | (45,63,924) |
| Total equity as per Ind AS | 37,27,04,005 | 35,66,97,972 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Note No. 29

Reconciliation of total comprehensive income for the year ended March 31, 2017

| | | |
|---|--|--------------------|
| Profit after tax as per previous GAAP | | 1,53,98,446 |
| Adjustments | | |
| Fair valuation of equity investment - FVOCI | | - |
| Tax effect of above adjustment | | - |
| Other Adjustment | | - |
| Profit after tax as per Ind AS | | 1,53,98,446 |
| Other comprehensive income | | - |
| Total comprehensive income as per Ind AS | | 1,53,98,446 |

As per our Report of even date

For Ramasamy Koteswara Rao & Co LLP

Chartered Accountants

Firm Regn No.010396S/S200084

(C V Koteswara Rao)

Partner

Membership No-028353

Place : Hyderabad

Date : 11-06-2018

For Ambica Agarbathies Aroma & Industries Ltd.

Sd/-

AMBICA KRISHNA

CEO and President

Sd/-

AMBICA SIVA KUMAR ALAPATI

Executive Director

Sd/-

UMA GAYATHRI

Company Secretary

Sd/-

SATYAVATHI PERLA

Executive Director

Sd/-

AMBICA HANUMA

(CFO)



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Statement of Changes in Equity

A. Equity

| Particulars | Number | in Rs. |
|---|--------------------|---------------------|
| Balance as on 1 April 2016 | 1,71,77,400 | 17,12,94,623 |
| Changes in equity share capital during the year | - | - |
| Balance as on 31 March 2017 | 1,71,77,400 | 17,12,94,623 |
| Changes in equity share capital during the year | - | 4,79,377 |
| Equity Balance as on 31 March 2018 | 1,71,77,400 | 17,17,74,000 |



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

B. Other Equity

| Particulars | General Reserves | Security Premium | Capital Reserve | Invest Subsidy | Retained Earnings | Total other equity attributable to Equity holders |
|--|--------------------|--------------------|-----------------|------------------|---------------------|---|
| Opening Balance as at 1 April 2016 | 1,77,72,017 | 2,48,00,035 | 5,21,230 | 13,94,273 | 14,54,79,718 | 18,99,67,273 |
| Provision for Doubtful Assets (Ind AS Adjustment) | - | - | - | - | (45,63,923) | (45,63,923) |
| Ind AS Opening Balance as at 1 April 2016 | 1,77,72,017 | 2,48,00,035 | 5,21,230 | 13,94,273 | 14,09,15,795 | 18,54,03,350 |
| Profit for the Year | - | - | - | - | 1,53,98,446 | 1,53,98,446 |
| Other Comprehensive income | | | | | - | - |
| "Remeasurement of assets other than Property, Plant and Equipment (Net of Deferred Tax)" | - | - | - | - | 6,07,583 | 6,07,583 |
| Ind AS Closing Balance as at 31 March 2017 | 1,77,72,017 | 2,48,00,035 | 5,21,230 | 13,94,273 | 15,69,21,823 | 20,14,09,378 |
| Balance as at 1 April 2017 | 1,77,72,017 | 2,48,00,035 | 5,21,230 | 13,94,273 | 15,69,21,823 | 20,14,09,378 |
| Profit for the Year | - | - | - | - | (17,82,18,589) | (17,82,18,589) |
| Other Comprehensive income | - | - | - | - | 62,99,66,503 | 62,99,66,503 |
| Other Ind As Adjustments | | | | | 2,71,94,202 | 2,71,94,202 |
| Income tax relating to items that will be reclassified to profit or loss | | | | | - | - |
| Ind AS Other Equity Closing Balance as at 31 March 2018 | 1,77,72,017 | 2,48,00,035 | 5,21,230 | 13,94,273 | 63,58,63,939 | 68,03,51,494 |

The accompanying notes are an integral part of these financial statements

As per our Report of even date

For Ramasamy Koteswara Rao & Co LLP

Chartered Accountants

Firm Regn No.010396S/S200084

(C V Koteswara Rao)

Partner

Membership No-028353

Place : Hyderabad

Date : 11-06-2018

For Ambica Agarbathies Aroma & Industries Ltd.

Sd/-

AMBICA KRISHNA

CEO and President

Sd/-

SATYAVATHI PERLA

Executive Director

Sd/-

AMBICA HANUMA

(CFO)

Sd/-

UMA GAYATHRI

Company Secretary



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

E-VOTING

Process and manner for members opting for e-voting are as under:

The Company is offering e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with M/s Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the shareholders to cast their votes electronically pursuant to Rule 20 of Companies (Management and Administration) Rules, 2014. The instructions for e-voting are as under:

- (i) The voting period begins on SUNDAY 23rd SEPTEMBER, 2018 to TUESDAY 25th SEPTEMBER, 2018 During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED" from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
- (vi) For CDSL: 16 digits beneficiary ID,
- (vii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- (viii) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (ix) Next enter the Image Verification as displayed and Click on Login.
- (x) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (xi) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|-----------------------|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

- (xii) After entering these details appropriately, click on "SUBMIT" tab.
- (xiii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

- (xiv) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xv) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xvi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xvii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xviii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xix) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xx) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xxi) If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xxii) Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, and NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
 - Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote by physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.
 - 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



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

(To be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Ambica Agarbathies Aroma & Industries Limited.

I hereby record my presence at the 23rd Annual General Meeting of the shareholders of Ambica Agarbathies Aroma & Industries Limited on Wednesday 26th September, 2018 at 11.00 A.M. at the Registered Office of the Company at Shankar Towers, Power pet, Eluru, West Godavari District Andhra Pradesh - 534001.

| | |
|------------|---------------|
| DP ID* | Reg.folio no. |
| Client ID* | No of shares |

*Applicable if shares are held in electronic form

Name and Address of Member

Signature of Shareholder/ Proxy/
Representative (Please Specify)



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

**Form No. MGT-11
Proxy form**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the
Companies (Management and Administration) Rules, 2014]**

| | |
|---------------------|---|
| CIN | L24248AP1995PLC020077 |
| Name of the Company | AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED |
| Registered Office | At Shankar Towers, Powerpet, Eluru, West Godhavari District, Andhra Pradesh - 534002 |
| Name of the Member | |
| Registered Address | |
| Email ID | |
| Folio No/ Client ID | DP ID.: |

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

| | | | |
|---|----------------|-----------|--|
| 1 | Name: | | |
| | Address | | |
| | Email ID | Signature | |
| | Or failing him | | |
| 2 | Name: | | |
| | Address | | |
| | Email ID | Signature | |
| | Or failing him | | |
| 3 | Name: | | |
| | Address | | |
| | Email ID | Signature | |
| | Or failing him | | |

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual general meeting of the company, to be held on the day of..... At..... a.m. / p.m. at..... (Place) and at any adjournment thereof in respect of such resolutions as are indicated below



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

| Sl no | Resolutions | For | Against |
|-------|---|-----|---------|
| 1 | Consider and adopt audited financial statements as at 31.03.2018 and profit and loss accounts for the year ended and the reports of the board of Directors and Auditors | | |
| 2 | Re-appointment of Smt. Satyavathi Perla Director who retires by rotation | | |
| 3 | Appointment Of Ambica Siva Kumar Alapati As Director Of The Company | | |
| 4 | To Approve The Appointment And Remuneration of Ambica Siva Kumar Alapati As Whole Time Director Of The Company | | |
| 5 | To Approve The Appointment And Remuneration of Smt. Satyavathi Perla As Whole Time Director Of The Company | | |
| 6. | Increase in the Borrowing Powers of the Company | | |

Signed this day of 2018.

Affix
Revenue
Stamp

Signature of shareholder:

Signature of Proxy holder(s):

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

STAMP

if undelivered please return to :

AMBICA AGARBATHIES

AROMA & INDUSTRIES LIMITED

SHANKAR TOWERS, POWERPET,
ELURU, WEST GODAVARI DIST,
ANDHRA PRADESH