



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

BOARD OF DIRECTORS

SRI AMBICA KRISHNA	: Chairman and Managing Director
SRI AMBICA SUDARSAN	: Director
SRI AMBICA RAMCHANDRA RAO	: Director
SRI M. SURAYYA	: Director
SRI SURESH GARLAPATI	: Director
SRI P. KISHORE THANDAVA	: Director

STATUORY AUDITORS:

SRI T S AJAI, B.Com.,FCA
Chartered Accountant
304, Minar Aprtments,
Deccan Towers, Basheerbagh
HYDERABAD – 500 029.

BANKERS:

STATE BANK OF INDIA,
Leather International Branch, CHENNAI
Eluru Branch, ELURU.

REGISTERED OFFICE:

Shankar Towers
Powerpet, ELURU

ADMN OFFICE:

Ambica Empire
57, 100ft Road, Vadapalani
CHENNAI.

FACTORY:

- SATRAMPADU, ELURU.
- DUGGIRALA, ELURU

West Goddavari Dist.,
Andhra Pradesh.

REGISTRARS & TRANSFER AGENTS:

**M/s.Sathguru Management Consultants
Private Limited**
Plot No. 15, Hindi Nagar,
Hyderabad – 500 034

LISTING AT:

National Stock Exchange of India Limited
Bombay Stock Exchange Limited



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the members of the Company will be held on **THURSDAY 30TH SEPTEMBER, 2010 at 11.00 AM** at Registered Office of the Company at Shankar Towers, Powerpet, Eluru, West Godavari District, Andhra Pradesh to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the financial year ended on that date together, with the report of the Board of Directors and Auditors thereof.
2. To appoint a director in place of Sri P Kishore Thandava, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a director in place of Sri Ambica Ramchandra Rao who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint statutory auditors and to fix their remuneration by passing the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to Section 224(1) of the Companies Act, 1956, the retiring auditors Sri T. S. Ajai, Chartered Accountant be and is hereby re-appointed as the Statutory Auditors of the company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board”

SPECIAL BUSINESS:

5. RE-APPOINTMENT OF SRI AMBICA KRISHNA AS CHAIRMAN & MANAGING DIRECTOR

“ RESOLVED THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 Sri Ambica Krishna be and is here by re-appointed as Chairman & Managing Director for a period of 5 years with effect from 1st April, 2010 at a remuneration of Rs. 75000/- Per Month as approved by the remuneration committee with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

6. RE-APPOINTMENT OF SRI AMBICA SUDARSAN AS WHOLE TIME DIRECTOR

“ RESOLVED THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 Sri Ambica Sudarsan be and is here by re-appointed as Director Operational for a period of 5 years with effect from 1st April, 2010 at a remuneration of Rs. 50000/- Per Month as approved by the remuneration committee with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.



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7. RE- APPOINTMENT OF SRI AMBICA RAMACHANDRA RAO AS WHOLE TIME DIRECTOR

“ RESOLVED THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 s Sri Ambica Ramachandra Rao be and is here by re-appointed as Director-Works for a period of 5 years with effect from 1st April, 2010 at a remuneration of Rs. 50000/- Per Month as approved by the remuneration committee with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

Place : Hyderabad

Date : 27-08-2010

NOTES:

- 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. The proxy in order to be effective must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
- 2) The Register of Members and Share Transfer Books of the Company will remain closed from **MONDAY 27TH SEPTEMBER, 2010 TO THURSDAY 30TH SEPTEMBER, 2010**
- 3) Members are requested to quote ledger folio/dp id/client id number in all their correspondence to avoid delay in communication.
- 4) An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is attached for your reference.
- 5) Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same name.
- 6) Members/Proxies are requested to bring duly filed in attendance slips sent herewith for attending the meeting.

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

Place : Hyderabad

Date : 27-08-2010



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act)

Item No.5

The tenure of Sri Ambica Krishna as Chairman & Managing Director of the Company expired on 31st March, 2010 and hence taking into consideration several efforts put by him in furthering the interests of the Company, the Board of Directors at their meeting held on 19th March, 2010 re-appoint him as the Chairman & Managing Director of the Company w.e.f 01.04.2010 for a period of five years at remuneration as approved by the remuneration committee of the company.

As the reappointment of the Managerial Person is subject to the approval of the members in their meeting, the Board commends the above resolution for your approval

None of the Directors except Sri Ambica Krishna, Sri Ambica Sudarsan and Sri. Ambica Ramchandra Rao are interested in this resolution.

Item No. 6

The tenure of Sri Ambica Sudarsan as Director-Operations of the Company expired on 31st March, 2010 and hence taking into consideration the vast experience and invaluable contributions put by him and in the interest of the Company, the Board of Directors at their meeting held on 19th March, 2010 re-appoint him as Director-Operations of the Company w.e.f 01.04.2010 for a period of five years at remuneration as approved by the remuneration committee of the company.

As the reappointment of the Managerial Person is subject to the approval of the members, the Board commends the above resolution for your approval.

None of the Directors except Sri Ambica Krishna, Sri Ambica Sudarsan and Sri. Ambica Ramchandra Rao are interested in this resolution.

Item No.7

The tenure of Sri Ambica Ramchandra Rao as Director-Works of the Company expired on 31st March, 2010 and hence taking into consideration the vast experience and invaluable contributions put by him and in the interest of the Company, the Board of Directors at their meeting held on 19th March, 2010 re-appoint him as Director- Works of the Company w.e.f 01.04.2010 for a period of five years at remuneration as approved by the remuneration committee of the company.

As the reappointment of the Managerial Person is subject to the approval of the members, the Board commends the above resolution for your approval.

None of the Directors except Sri Ambica Krishna, Sri Ambica Sudarsan and Sri. Ambica Ramchandra Rao are interested in this resolution.

ADDITIONAL INFORMATION ON DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AND NEWLY APPOINTED DIRECTORS AT THE ANNUAL GENERAL MEETING IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

SRI AMBICA KRISHNA

Sri Ambica Krishna aged about 59 years, He is Chairman & Managing Director of the Company, He has overall 35 years of experience as an industrialist mainly his experience is in Aroma Industries, apart from that he has experience in Hotel Industries, Cinema Productions, Construction Business. He is a man with a vision who looks opportunities in every aspects



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

and it can be said that he has made the brand AMBICA a household name in the Southern India..

SRI AMBICA SUDARSAN

Ambica Sudarsan is a Commerce Graduate and having rich & varied experience of more than two decade in the business of this company. He is instrumental in introducing many new brands & contributed tremendously in establishing a strong dealer network. His vision & dedicated approach made the company to foray into construction activities& bagging some prestigious civil contracts.

SRI AMBICA RAMCHANDRA RAO

Ambica Ramachandrao is having vast experience in bringing out qualitative scented Agarbathies. Through his innovative & creative ideas & skills he has developed variety of products for the Agarbathies division of the company which are readily accepted in the market.

SRI P KISHORE THANDAVA

Sri P Kishore Thandava S/o of Sri P Bhaskar Rao Resident of 1-2-36, Kotteti Kotaiah Street, Vidyadharapuram Vijayawada-12. He has completed his Management Graduate from Pondichery University, with rich experience in the field of marketing of Agarbathies and allied products.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting herewith the 15th Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2010

FINANCIAL RESULTS: (Rs.in lakhs)

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2010	31.03.2009
Sales	6382.22	6347.32
Other Income	193.55	174.20
Accretion/(Decretion)	(0.57)	1.59
Expenditure	(6087.47)	(6064.36)
Profit before depreciation and Income tax	487.73	458.75
Depreciation	(293.43)	(277.23)
Net profit before tax	194.30	181.34
Provision for taxation		
a. Current tax	73.69	56.10
b. Deferred tax	(12.60)	(42.39)
c. Fringe Benefit Tax	-	11.32
Profit after tax	133.26	156.50
Brought forward from previous year	826.96	670.46
Balance carried to balance sheet	960.22	826.96

DIVIDEND

Your Directors do not recommend any Dividend for the Financial Year 2009-2010 as the profits are planned to be ploughed back into the business operations.

OVERALL PERFORMANCE OF THE COMPANY:

During the year under review the performance of your Company has been satisfactory

The following are the particulars of each division:

a) AGARBATHIES DIVISION:

The performance of the Company during the financial year under review is satisfactory in spite of the slow recovery of the economic of the Country. The Research and Development of your Agarbathies division is continuously harping on introducing new products into the market. Most of the Existing brands of your Company continue to increase there share in the market and are penetrating in the new markets. Efforts will be on to introduce new products and improve market share of your Company's brands.

b) HOTEL DIVISION:

The Recession of the Hotel industries is continued in the Country from last year. During the financial year under review, with recession world over tourism, demand for hotels slowed down, there was a sharp upsurge in the average room rates and occupancies throughout the year. The hospitality market at Chennai has shown significant growth over the past few years.

c) CONSTRUCTIONS BUSINESS:

The performance of the company is progressing satisfactorily. The future outlook of the construction division continues to be bright and challenging. Currently most of the projects undertaken by the Company are under the final stages, Company is continuously putting efforts in bagging new infrastructure projects.

DIRECTORS:

During the Financial year under review Sri Ambica Krishna, Sri Ambica Sudarsan and Sri Ambica Ramchandra Rao were Re-appointed w.e.f 1st April, 2010 for a period of 5 years as

Sri Ambica Krishna : Chairman & Managing
Director
Sri Ambica Sudarsan : Director Operational
Sri Ambica Ramchandra Rao : Director Works



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Sri P Kishore Thandava and Sri Ambica Ramchandra Rao Directors of the Company retires at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

PERSONNEL:

None of the Employees of the Company is drawing remuneration exceeding limits prescribed U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors of your Company hereby confirm that:

- i. In preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departure, if any, there from;
- ii. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and of the profit and loss of the Company for that period;
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS:

Aspects of Management Discussion and Analysis are enclosed as **Annexure - I** to this report.

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

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information is given as hereunder:

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

B – The Research and Development division of Agarbathies department continues to focus on introducing of new brands.

C. Technology Absorption - Not Applicable

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

	2009-10	2008-09
Foreign Exchange earnings	Nil	40.09
Foreign Exchange outgo	Nil	Nil

CORPORATE GOVERNANCE:

Report on Corporate Governance including Auditor's Certificate on Compliance with the code of Corporate Governance under Clause 49 of the listing agreement is enclosed as **Annexure – II** to this report.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

AUDITORS:

The Statutory Auditor, Sri T S Ajai, Chartered Accountant, hold office till the conclusion of ensuing Annual General Meeting. The Company is in receipt of confirmation from the Statutory Auditor that in the event of his re-appointment as Statutory Auditor at the ensuing Annual General Meeting, such appointment will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

Reply to Auditors Qualification

1. With regard to the deposit of Amounts to statutory Authorities (Point No. 9 (a) of the Auditors Reports). Your Board would like to bring to your kind notice that the Company is under the process of depositing the same.
2. With regard to transferring of unpaid dividend to Investor Education Fund, Your board would like bring to your kind notice that the company is under the process of reconciliation of names of share holders and transfer the same.

SUBSIDIARY COMPANY

M/s Ambica Infra Ventures Private Limited, Subsidiary of the Company having its registered office at Hyderabad is yet to start its Commercial Productions.

A Statement pursuant to section 212 of the Companies Act, 1956. Along with the balance sheet and profit & Loss account of our subsidiary are attached to the annual report.

FIXED DEPOSITS:

Your company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 during the year.

CONVERSION OF SHARE WARRANT INTO EQUITY SHARES

As your aware that the Company in the Board Meeting held 31st July, 2008 has issued 28,00,000 Convertible Share Warrants on preferential basis, of Rs. 10/- each at a Premium of Rs. 8/- per Share for cash convertible into 28,00,000 Equity Shares of the Company .

During the Financial Year under review the Company has received the full payment against the Convertible Share warrants and in the board meeting held on 21st December, 2009 has converted Convertible Share Warrants into Equivalent number of Equity Shares and has received Final Approval from Bombay Stock Exchange Limited and National Stock Exchange of India Limited

ACKNOWLEDGEMENT:

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

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

Place : Hyderabad
Date : 27-08-2010



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Annexure – I

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ECONOMIC OVERVIEW:

AGARBATHIES DIVISION

The Agarbatti market is huge. Agarbatti is sold both in rural india as well as metros. Agarbatti market is driven by tradition and religion. More than half of world's agarbatti supply is exported by India. It's a cottage industry .Our company strategy for business growth has been to creatively and synergistically blend its proven core competencies in its established businesses to create multiple drivers of growth. The size of the incense sticks industry in India about Rs 2000 crores a year. Substantial part of this industry is controlled by non-corporate entities and cottage. The rate of growth is 20% on a year to year basis. The company on a continuous basis is accessing the social and economic impact of the industry and identifies the immediate priorities for Development.

HOTEL DIVISION

'Hotels in India' have supply of 110,000 rooms. According to the tourism ministry, 4.4 million tourists visited India last year and at current trend, demand will soar to 10 million in 2010 - to accommodate 350 million domestic travelers. 'Hotels in India' has a shortage of 150,000 rooms fueling hotel room rates across India. With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The World Travel and Tourism Council, India, data says, India ranks 18th in business travel and will be among the top 5 in this decade. Sources estimate, demand is going to exceed supply by at least 100% over the next 2 years. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage. With demand-supply disparity, 'Hotel India' room rates are most likely to rise 25% annually and occupancy to rise by 80%, over the next two years. 'Hotel Industry in India'

is eroding its competitiveness as a cost effective destination. However, the rating on the 'Indian Hotels' is bullish. 'India Hotel Industry' is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2012. MNC Hotel Industry giants are flocking India and forging Joint Ventures to earn their share of pie in the race. Government has approved 300 hotel projects, nearly half of which are in the luxury range. Sources said, the manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million by 2010.

CONSTRUCTION DIVISION

The construction sector is the second largest employer in India after agriculture. Currently, the construction industry in India, directly or indirectly, employs approximately 32.0 million workers and also accounts for 40.0% of gross investment and 60.0% of infrastructure costs. The construction sector accounts for a gross annual business volume of Rs.2,300 billion and accounts for 5.0% of India's GDP (India's total GDP is approximately \$1 trillion). Growth in the construction industry is expected to be led by growth in infrastructure and industrial construction investments, which are expected to grow at a faster rate than real estate construction investments. Consequently, the share of real estate construction investments in total construction investments is expected to fall. Nevertheless, real estate construction investments will continue to be the biggest component of total construction investments.

OVERVIEW OF OPERATIONS

AGARBATHIES DIVISION

There is no effect in the production and sales of the Company. During the Year, Most of the Existing products have helped the Company to sustain the Turnover compare to last year and minimal increase in the Turnover. Your Company has well knit distributor/ dealer network comprising of around more than 300 distributors/dealers,



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spread over the India developed over a period 60 years for marketing its products. Company is also concentrating on the export of several brands of agarbathies specifically designed and developed by R&D department of the Company.

HOTEL DIVISION

The Overall performance of the Hotel Division has come down as compare to the Last financial Year due to the slow down of the economic of the Company.

Company is looking up for setting up of some more foods courts after identifying suitable places. Considering the strong growth in demand and the constraints in supply, prospects for the hospitality sector is expected to be bright over the coming years.

CONSTRUCTION DIVISION

The overall performance of the Company is satisfactory and has bagged good number of projects in the state of Andhra Pradesh presently the Company is executing the projects which are bagged in the previous years

FUTURE OUTLOOK

AGARBATHIES DIVISION

In view of good response for the products of the company, the company plans to launch more brands of the Agarbathies. Further Company believes there is huge potential for development for the growth for Aromatherapy and company's research & development department continuously making efforts to develop more products.

HOTEL DIVISION

The spurt in India's tourism industry growth has had a ripple effect on its hospitality sector. Rising income levels and spending power combined with the governments open sky policy have provided a major thrust. The industry is growing at a very rapid

pace and there is a demand for more rooms both in metros and smaller towns. It is estimated that India is likely to have around 40 international hotel brands by 2011.

India's booming hospitality industry has transformed into a veritable basket of the choicest of rooms, food and beverage, health and business facilities, travel packages and everything that you can think of. New global entrants are vying with existing local players to provide world-class services at prices suited to every pocket. An estimated 4.4 million tourists are expected to visit India with an annual average growth rate of 12% in the next few years. The domestic tourist market is also flourishing.

CONSTRUCTION DIVISION

Taking cue from the Government's ambitious projects lined up for the Eleventh Plan period, the demand for construction is expected to grow by at least 8-9%, and 2.5 million employment opportunities per annum are expected to be generated. Those looking for opportunities for accelerated learning and progress would be rewarded heavily.

There is a need for the full spectrum of employees from directly linked professionals like civil and mechanical engineers and architects to per-day wage construction workers and indirectly linked industrial workers such as steel and cement manufacturers to highway toll booth operators. It would be wise to join a leading Indian company or a multi-national with a local presence, even at the starting level, as there is significant scope for training and rapid upward movement through the ranks for talented individual



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Annexure – II

REPORT ON CORPORATE GOVERNANCE

The following are the details furnished in the form as required under the Listing Agreement.

1. 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.

2. BOARD OF DIRECTORS:

The Board of Directors of your company consists of three Promoter Directors and three Non Executive and independent directors.

Name of the Director	Category	No.of other Directorships	No of Meetings held	No of Meetings Attended	Whether attended last AGM
Sri Ambica Krishna	Chairman & Managing Director	4	10	10	YES
Sri Ambica Sudarsan	Executive Director	4	10	10	YES
Sri Ambica Ramachandra Rao	Executive Director	1	10	10	YES
Sri M. Surayya	Non Executive & Independent Director	-	10	7	YES
Sri Suresh Garlapati	Non Executive & Independent Director	-	10	7	YES
Sri P Kishore Thandava	Non Executive & Independent Director	-	10	9	YES

During the financial year 2009-10, Ten Board Meetings were held on the following dates:

30.04.2009	30.06.2009	05.09.2009	07.09.2009	31.10.2009
21.12.2009	25.01.2010	30.01.2010	27.02.2010	19.03.2010

3. AUDIT COMMITTEE:

Audit Committee of your company consists of following three Non-executive independent Directors:

1.	M. Surayya	Chairman
2.	Suresh Garlapati	Member
3.	P. Kishore Thandava	Member



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

The committee met 6 times during the financial year 2009-10 on 09.04.2009, 30.06.2009, 05.09.2009, 07.09.2009, 31.10.2009 and 30.01.2010 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	M. Surayya	Chairman	6	6
2	Suresh Garlapati	Member	6	6
3	P Kishore Thandava	Member	6	6

BROAD TERMS OF REFERENCE:

The broad terms of reference are:

- (a) Reviewing with the management the internal control systems, observations of the auditors, half-yearly and annual financial statements before submission to the Board.
- (b) Recommendation of matters relating to financial management and audit reports.
- (c) 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.
- (d) Reviewing and discussing with the Statutory Auditor and the internal Auditor about the internal control systems
- (e) Reviewing the Compliance of the Listing Agreement and Various other legal requirement concerning financial statements and related party transactions
- (f) Reviewing the operations, new initiatives and performance of the business divisions
- (g) Reviewing major accounting polices and practices and adoption of applicable Accounting Standards

4. REMUNERATION COMMITTEE

✧ 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.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

✧ Composition-name of members and Chairperson

The Remuneration Committee constitutes of following directors:

1.	Sri M Surayya,	Chairman
2.	Sri Suresh garlapati	Member
3.	Sri P Kishore Thandava	Member

The committee met 4 times during the financial year 2009-10 on 30.06.2009, 07.09.2009, 31.10.2009 and 19.03.2010 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	M. Surayya	Chairman	4	4
2	Suresh Garlapati	Member	4	4
3	P Kishore Thandava	Member	4	4

✧ 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 paid / to be paid for Financial Year 2009-10 (in Rs.)		
		Salary & Perks	Commission	Total
Sri Ambica Krishna	Chairman & Managing Director	9,00,000	-	9,00,000
Sri Ambica Sudarsan	Executive Director	6,00,000	-	6,00,000
Sri Ambica Ramachandra Rao	Executive Director	6,00,000	-	6,00,000

5. SHAREHOLDERS AND INVESTOR GRIEVANCE COMMITTEE:

Composition of Shareholder and Investor Grievance Committee is as follows :

1.	Sri. M. Surayya	Chairman
2.	Sri. Suresh Garlapati	Member
3.	Sri. P. Kishore Thandava	Member



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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** Mr. Ambica Krishna
Chairman & Managing director

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

Nature of Complaints	Year 2009 - 10		
	Received	Resolved	Pending
Total Complaints	13	13	NIL

6. General Body Meetings:

◆ **Location and time where the last three AGMs held :**

Year	Day, Date & Time	Location	Special Resolution
2008-09	Wednesday, 30 th September, 2009 at 11.00A.M.	Shankar Towers Powerpet, ELURU	--
2007-08	Thursday, 25 th September, 2008 at 11.00A.M.	Shankar Towers Powerpet, ELURU	--
2006-07	Saturday, 29 th September, 2007 at 11.00A.M.	Shankar Towers Powerpet, ELURU	• Change of Name

POSTAL BALLOT

No resolution was passed through postal ballot during the year ended 31st March, 2010.

No Special Resolution is proposed to be conducted through Postal ballot at the ensuing Annual General Meeting

7. Disclosures:

There are no materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.

There was no non-compliance by the company during the last 3 years on any matter relating to capital markets and there were no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority except.

The Company has belatedly complied some of the provision of Clauses of Listing Agreement



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

8. Means of Communication:

◆ Quarterly results:

Quarterly Results and Annual Results of the Company are normally published in The Business Standard and Andhra Bhoomi.

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis report is a part of the Annual Report.

9. General Shareholder Information:

◆ AGM: The 15th Annual General Meeting of the Company will be held on THURSDAY, 30th September, 2010 at Registered Office of the Company at Shankar Towers, Power pet, Eluru, West Godavari District, Andhra Pradesh.

◆ **Financial Calendar:**

Event	Dates
First Quarter un-audited (Provisional) Financial Results	Second Week of August, 2010
Second Quarter un-audited (Provisional) Financial Results	Second Week of November, 2010
Third Quarter un-audited (Provisional) Financial Results	Second Week of February, 2011
Fourth Quarter un-audited Financial Results	Second Week of May, 2011

◆ **Book Closure Date** : MONDAY 27TH SEPTEMBER, 2010 TO THURSDAY 30TH SEPTEMBER, 2010

◆ **Dividend Date:** NA

◆ **Listing on Stock Exchanges** : The shares of the company are listed on
1. Bombay Stock Exchange Limited
2. National Stock Exchange of India Limited
3. The Madras Stock Exchange Limited*

*Delisting Application pending with the Stock Exchange.

Listing fee for the financial year 2010-11 has been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

◆ Scrip Code

BSE - Code: 532335 ID : AMBICAGR
NSE - Symbol: AMBICAAGAR

◆ Market Price Data: During the last financial year 2009-10.

High and Low of the each month of the Company's Equity Shares during the last financial year 2009-10 at Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are given below:

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
April, 2009	9.90	6.76	9.70	6.65
May, 2009	14.18	7.61	14.10	7.70
June, 2009	13.74	10.50	13.65	10.50
July, 2009	11.50	9.03	11.00	9.00
August, 2009	12.14	9.68	12.05	9.60
September, 2009	14.00	9.30	11.90	9.60
October, 2009	12.10	9.00	-	-
November, 2009	10.98	9.01	-	-
December, 2009	13.30	9.71	-	-
January, 2010	14.50	10.11	-	-
February, 2010	11.98	10.00	-	-
March, 2010	15.20	11.01	15.50	9.60

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 Sathguru Management Consultants Private Limited.

Registrar and Transfer Agents:

**M/s. Sathguru Management Consultants
Private Limited**
Plot No. 15, Hindi Nagar,
Hyderabad – 500 034



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

Shareholding pattern as on 31st March 2010:

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	7448104	45.48
	Sub Total of A1	7448104	45.48
A2.	FOREIGN Individuals (Non-Residents) Individuals (Foreign Individuals) Bodies Corporate Institutions Any Other (Specify)		
	Sub Total of A2	Nil	Nil
	TOTAL OF A1 +A2	7448104	45.48
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)	80473	0.49
	Sub Total B1	80473	0.49
B2.	Non Institutions Bodies Corporate Individuals Individuals share holders holdings nominal share capital upto Rs. 1 Lakhs Individual Shareholding holding nominal share capital in excess of Rs. 1 Lakhs Any Other (Specify) NRIs/OCBs Foreign Collaborators Clearing Members	2967758 3278582 2561860 40623	18.12 20.02 15.64 0.25
	Sub Total B2	8848823	54.03
	TOTAL OF PUBLIC SHAREHOLDING (B1+B2)	8929296	54.52
C	Shares held by Custodian and against which Depository Receipts have been issued	Nil	Nil
	TOTAL A+B+C	16377400	100.00



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Distribution of Shareholding:

Distribution of Shareholding as on 31st March, 2010

Sl. No.	Category From - To Rs Rs	Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
1.	Upto – 5000	4474	74.02	9394310	5.74
2.	5001 – 10000	806	13.34	7179700	4.38
3.	10001 – 20000	342	5.66	5569580	3.40
4.	20001 – 30000	129	2.13	3341410	2.04
5.	30001 – 40000	48	0.79	1777290	1.09
6.	40001 – 50000	62	1.03	2954780	1.80
7.	50001 – 100000	82	1.36	5902160	3.60
8.	100001 and above	101	1.67	127654770	77.95
	Total	6044	100.00	16,37,74,000	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.

49.58% of total equity share capital of the Company is held in dematerialization form with NSDL and CDSL as on 31st March, 2010.

CEO & CFO Certifications

The CEO & CFO of the Company gave annual certificates on financial reporting and internal controls to the Board in terms of Clause 49. Report annexed

◆ 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

◆ Both physical and demat:

M/s. Sathguru Management Consultants Private Limited
Plot No. 15, Hindi Nagar, Hyderabad – 500 034

◆ Address for correspondence

Sri Ambica Krishna, Chairman & Managing Director
Ambica Agarbathies Aroma & Industries Limited
Shankar Towers, Powerpet, ELURU-534002



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DECLARATION OF THE MANAGING DIRECTOR 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 2009-10.

Sd/-

Ambica Krishna
Chairman & Managing Director



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificates:

I, Ambica Krishna, Chairman & Managing Director of Ambica Agarbathies Aroma & Industries Ltd., to the best of my 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 31.03.2010
2. To the best of my 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 a 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 my knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. I accept responsibility for establishing and maintaining internal controls for financial reporting. I 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 I am 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) I am 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: Hyderabad
Date: 27-08-2010

Sd/-
Ambica Krishna
Chairman & Managing Director



**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, 2010 as stipulated in Clause 49 of the Listing Agreement 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 Agreement. except the following cases.

(a) Non-Compliance of Due Dates :

Sl. No.	Particulars	Due Date	Actual Date of Compliance
1	First Quarter Unaudited Results (April-09-June-09)	31-07-2009	07-09-2009
2	Fourth Quarter Audited Results (Jan-10 – Mar-10)	31-05-2010	27-08-2010

(b) Suspension of Listing by NSE: The National Stock Exchange has suspended the listing of the shares of the company due to delay in compliance of the Listing Agreement vide its letter Ref: NSE/LIST/145434-E, dt. 26-08-2010 w.e.f. 3rd September, 2010.

We state that in respect of investor grievances received during the year ended 31st March, 2010 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.

Place: Hyderabad
Date: 27-08-2010

Sd/-
T S AJAI
Chartered Accountant



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

Statement in pursuant to Sec. 212 (1) (e) of the Companies Act, 1956

Section	Particulars	Particulars
212(3)(a)	Extent of interest in Ambica Infra Ventures (P) Ltd., (subsidiary company) on 31.03.2010 No of Equity Shares held Face Value (per share) % of Interest	25,500 10/- 51%
212(3)(b)	Net aggregate amount, so far as it concerns members of the Holding Company and is not dealt with in the Company's account, of the Subsidiary's profit: - for the year ended 31.03.2010 - for the previous years since the Company become holding company	Not applicable, since no commercial operations commenced
212(3)(c)	Net aggregate amount of profits of subsidiary so far as those profits are dealt with the accounts of the Company: - for the year ended 31.03.2010 - for the previous years since the Company become holding company	

As per our Report of even date

Sd/-
T.S.AJAI
Chartered Accountant

Place: Hyderabad
Date : 27-08-2010

for and on behalf of the Board

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA SUDARSAN
Director

Sd/-
AMBICA RAMACHANDRA RAO
Director



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

AUDITOR'S REPORT

To
The Members,
Ambica Agarbathies Aroma & Industries Ltd.

We have audited the attached Balance Sheet of AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED, as at 31st March 2010, the Profit and Loss Account, and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company, as we considered appropriate and the information and explanations given to us during the course of our audit, we report that in our opinion:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets of the company have been physically verified by the management at the year-end and no discrepancies have been noticed on such verification.
 - (c) In our opinion and according to the information and explanation given to us, substantial part of fixed assets has not been disposed off during the year and the going concern status of the Company is not affected.
2. (a) The inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained U/Sec 301 of the Companies Act, 1956.

Since the company has not granted or taken any loans from parties listed in the register maintained U/Sec 301, Clauses (iii) (b) to (d) of Paragraph 4 are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company follows a system of internal control procedures, which in our view requires improvement, commensurate with the size of the Company and the nature of its business with regard to the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

manufactured by the Company. Further on the basis of examination of the books and records of the Company, we have not come across any instances of major weaknesses in the aforesaid internal control procedures.

5. (a) In our opinion, the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.
- (b) Each of the above transactions has been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act 1956 and the Rules there under etc. are not applicable.
7. ***In our opinion, the internal audit system of the Company needs to be strengthened commensurate to the size and nature of its business.***
8. According to the information given to us the Central Government has not prescribed maintenance of cost records U/Sec 209(1) (d) of the Companies Act in respect of the business of the Company.
9. (a) As per the records of the company and information and explanation provided to us, the Company is generally regular in depositing the undisputed statutory dues with appropriate authorities including Provident Fund, Employees State Insurance, Sales Tax and other statutory dues. ***Except the following, no undisputed amounts were outstanding as at 31.03.10 for a period more than six months from the day they become payable:***

SI No	Particulars	Amount (Rs.)
1	<i>TDS Payable-F.Y. 2008-09 Construction-Division</i>	<i>5,22,237</i>
2	<i>Works Contracts (TDS) F.Y. 2007-08 Construction-Division</i>	<i>13,20,000</i>
3	<i>Works Contracts (TDS) F.Y. 2008-09 Construction-Division</i>	<i>8,85,388</i>
4	<i>Income Tax F.Y. 2008-09</i>	<i>46,10,189</i>
5	<i>FBT F.Y. 2008-09</i>	<i>11,32,421</i>

As per the information furnished to us the amounts of Rs.4.27 Lakhs 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 account of the Central Government as required by Sec 205A (5) of the Companies Act, 1956.

- (b) According to the information and explanations given to us, the following are the disputed taxes outstanding as at 31.03.2010, excepting, the following disputed tax appeals, which have been subsequently vide order dated 23.07.2010 of ITAT, Chennai disposed off in favour of the Company, resulting in refund of Rs. 31,45,000/- deposited during the pendency of the appeals.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Name of the Statute	Nature of the dues	Demand (Rs.)	Year to which the amount related	Forum where dispute is pending
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	5,90,281	AY 2000-01	ITAT, Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	5,37,185	AY 2001-02	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA&10A including interest till date of Asst. Order	1,37,07,081	AY 2002-03	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	7,92,636	AY 2003-04	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	15,58,503	AY 2004-05	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 10A	17,01,853	AY 2005-06	ITAT Chennai, Tamil Nadu.
Central Sales Tax Act, 1956	Disallowance of exemption for export sale	4,13,508	FY 2005-06	Remanded back to A.O. Eluru by DCCCT. (Appeals) Vijayawada A.P.

10. The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year covered by the audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not, as at 31.03.2010, defaulted in repayment of dues to financial institutions, banks or debenture holders,
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not in the business of chit funds and hence any special statutes relating to chit fund / nidhi / mutual benefit fund / societies are not applicable to the operations of the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except Corporate Guarantee given for Rs.1200.00 Lakhs in favour of Indian Over Seas Bank for sanctioning of Loan to its subsidiary company viz., Ambica Infra Ventures (P) Ltd.,
16. On a broad examination of the records of the Company we are of the opinion that the term loans availed by the Company from Banks/ Financial institutions have been applied for the purposes for which term loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the funds raised on short term basis have not been used for long term investments and vice versa.
18. The Company has not made any preferential allotment of shares to parties and companies listed in the register maintained U/Sec 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year and outstanding as at the end of the year.
20. The Company has not raised any monies by way of public issues during the year.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year nor have we been informed of any such case by the management.

Further to our comments above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Sd/-
(T S Ajai)
Chartered Accountant

Place : Hyderabad
Date : 27.08.2010



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

BALANCE SHEET AS AT 31ST MARCH , 2010

Particulars	Sch. No	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Sources of Fund			
1 Share holders fund			
Share Capital	1.1	16,32,94,623	13,52,94,623
Reserves & Surplus	1.2	11,49,80,705	10,23,83,461
2 Share Warrant Money		0	4,24,95,000
3 Share Application Money		1,99,685	1,99,685
4 Loan Funds			
Secured Loans	2.1	35,16,26,528	38,11,49,487
5 Deferred Tax		4,18,44,034	1,99,75,244
Total		<u>67,19,45,574</u>	<u>68,14,97,500</u>
Application of Funds			
1 Fixed Assets			
Gross Block	3.1	47,30,00,020	46,04,04,539
Less: Depreciation		17,39,47,174	14,46,04,557
		<u>29,90,52,845</u>	<u>31,57,99,981</u>
Add: Capital Work in Progress		10,03,89,368	8,91,70,558
		<u>39,94,42,214</u>	<u>40,49,70,539</u>
2 Investment			
Equity Shares (Longterm Unquoted shares)		2,55,000	2,55,000
3 Current Assets			
a) Inventories	4.1	13,35,35,252	13,53,11,681
b) Sundry Debtors	4.2	6,63,30,213	7,84,94,642
c) Cash & Bank Balances	4.3	61,10,699	71,46,067
d) Loans & Advances	4.4	5,12,38,754	5,58,73,751
e) Deposits	4.5	11,11,10,120	6,80,73,041
f) Prepaid Expenses		24,08,783	36,71,753
g) Advance IT/ FBT		2,60,83,688	2,10,54,534
		<u>39,68,17,508</u>	<u>36,96,25,469</u>
Less: Current Liabilities & Provisions			
a) Sundry Creditors	5.1	8,41,65,310	6,02,43,855
b) Other Liabilities	5.2	54,18,978	54,88,888
Provisions			
a) Provision for IT/ FBT		3,44,63,715	2,70,99,622
b) Provision for Dividend		6,23,674	6,23,674
		<u>12,46,71,678</u>	<u>9,34,56,039</u>
Net Current Assets		27,21,45,831	27,61,69,431
4 Miscellaneous Expenditure (to the extent not written off or adjusted)	6.1	1,02,529	1,02,529
		<u>67,19,45,574</u>	<u>68,14,97,500</u>
Significant Accounting policies and Notes forming part of Accounts	9.1		

The Schedules referred to above and the notes forming part of the accounts form an integral part of the Balance Sheet.

As per our Report of even date

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524
Place: Hyderabad
Date : 27-08-2010

for and on behalf of the Board
Sd/-
AMBICA KRISHNA
Chairman & Managing Director
Sd/-
AMBICA SUDARSAN
Director
Sd/-
AMBICA RAMACHANDRA RAO
Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

Particulars	Sch. No	For the Year Ended 31.3.2010 Rupees	For the year Ended 31.3.2009 Rupees
I Income			
Sales	7.1	63,82,22,273	63,47,31,912
Accretion / (Decretion) to Stock	7.2	-57,923	1,58,867
Miscellaneous Income	7.3	1,93,55,597	1,74,20,224
		<u>65,75,19,947</u>	<u>65,23,11,002</u>
II. Expenditure			
Durbar Bathi Purchased		23,79,30,549	20,63,55,443
Material Consumed	8.1	11,47,91,390	9,72,88,106
Operating, Administrative, Selling & Distribution Expenses	8.2	22,01,96,699	24,96,35,702
Financial Charges	8.3	4,38,20,022	3,99,65,994
Foreign Exchange Flucation on FCNRB Loan		-92,72,738	1,21,22,285
Misc. Expenditure written-off	8.4	0	1,02,530
Depreciation	3.1	2,93,42,614	2,77,22,704
Loss on sale of vehicles		6,43,080	4,45,193
Prior Period adjustment		6,38,208	5,20,468
		<u>63,80,89,824</u>	<u>63,41,58,424</u>
III. Profit before Tax			
		1,94,30,124	1,81,52,578
- Current Tax		73,64,093	56,10,189
- Deffered Tax		-12,60,022	-42,39,625
- Fringe Benefit Tax		0	11,32,421
		<u>61,04,071</u>	<u>25,02,985</u>
IV. Profit after Tax			
		<u>1,33,26,053</u>	<u>1,56,49,593</u>

Significant Accounting policies and Notes forming part of Accounts 9.1

The Schedules referred to above and the notes forming part of the accounts form an integral part of the Balance Sheet.

for and on behalf of the Board

As per our Report of even date

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA SUDARSAN
Director

Place: Hyderabad
Date : 27-08-2010

Sd/-
AMBICA RAMACHANDRA RAO
Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
1.1 SHARE CAPITAL :		
Authorised Capital:		
1,80,00,000 Equity Shares of Rs.10/- each	18,00,00,000	17,00,00,000
[Previous Year 17 crores Equity Shares of Rs. 10/- each]		
Issued & Subscribed Capital :		
1,63,77,400 Equity Shares of Rs.10/- each	16,37,74,000	13,57,74,000
Paid-up Capital :	16,37,74,000	13,57,74,000
Less: Calls in Arrears		
By Directors	0	0
By others	4,79,377	4,79,377
	16,32,94,623	13,52,94,623
1.2 Reserves and Surplus		
a) Capital Reserves	19,15,503	19,15,503
b) Share Premium	2,24,00,035	35
c) General Reserve	1,77,72,017	1,77,72,017
d) Profit and Loss account		
Opening Balance	5,95,67,097	6,70,46,313
Add: Profit/ (Loss) for the Year	1,33,26,053	1,56,49,593
	7,28,93,150	8,26,95,906
Total	11,49,80,705	10,23,83,461
2.1 Secured Loans		
Agarbathi Division		
Working Capital Loan/ Bills Discount	21,95,16,809	16,99,60,506
Term Loan (Interest accrued and due Rs.4,20,136/- (Rs.5,27,441/-)	3,88,59,170	4,56,83,998
Vehicle Loans	75,90,629	66,07,782
Total	26,59,66,608	22,22,52,286
Hotel Division		
Term Loan (Interest accrued and due Rs. 7,81,330/- (Rs.7,84,490/-)	8,40,86,514	8,93,71,765
Vehicle Loans	15,73,406	48,58,639
Total	8,56,59,920	9,42,30,404
Construcion Division		
Term Loan (Interest accrued and due Rs. nil/- (Rs.6,66,076/-)	0	6,46,66,796
Total	0	6,46,66,796
Grand Total	35,16,26,528	38,11,49,487



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET

3.1 : FIXED ASSETS

Sl.No.	Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK										
		As at 01.04.2009		Additions/ Deductions during the year		As at 01.04.2009		For the Year		As at 31.03.2010		Deletions/ Internal Transfers		As at 31.03.2009						
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.					
1	Land																			
	Agarbathi Division	15,68,931	0	0	15,68,931	0	0	0	0	0	0	0	0	0	15,68,931	0	15,68,931	0	15,68,931	
	Hotel Division	42,14,968	0	0	42,14,968	0	0	0	0	0	0	0	0	0	42,14,968	0	42,14,968	0	42,14,968	
2	Buildings																			
	Agarbathi Division	1,82,81,883	8,97,316	0	1,91,79,199	41,91,671	5,58,555	12,98,246	5,58,555	0	47,50,226	0	1,26,73,790	0	1,44,28,973	0	1,40,90,212	0	1,40,90,212	
	Hotel Division	7,85,55,051	0	0	7,85,55,051	1,13,75,544	12,98,246	0	12,98,246	0	1,26,73,790	0	6,58,81,261	0	6,58,81,261	0	6,71,79,507	0	6,71,79,507	
3	Plant & Machinery																			
	Agarbathi Division	16,62,69,150	25,83,543	0	16,88,52,693	3,69,23,102	1,14,60,876	20,34,164	1,14,60,876	0	4,83,83,978	0	12,04,68,715	0	12,93,46,048	0	12,93,46,048	0	12,93,46,048	
	Hotel Division	4,27,40,287	6,73,385	0	4,34,13,672	1,64,04,378	20,34,164	0	20,34,164	0	1,84,38,542	0	2,49,75,130	0	2,63,35,909	0	2,63,35,909	0	2,63,35,909	
4	Furniture & Fittings																			
	Agarbathi Division	1,02,15,450	5,32,105	0	1,07,47,555	31,24,583	5,45,244	90,71,761	5,45,244	0	36,69,827	0	70,77,728	0	70,90,867	0	70,90,867	0	70,90,867	
	Hotel Division	9,49,05,537	13,19,264	7,130	9,62,17,671	5,46,76,636	90,71,761	0	90,71,761	0	6,37,48,397	0	3,24,69,274	0	4,02,28,901	0	4,02,28,901	0	4,02,28,901	
5	Computers																			
	Agarbathi Division	28,85,010	96,444	0	29,81,454	26,36,994	2,51,583	3,21,406	2,51,583	0	28,88,577	0	92,877	0	2,48,016	0	2,48,016	0	2,48,016	
	Hotel Division	45,84,862	92,750	0	46,77,612	40,94,519	3,21,406	0	3,21,406	0	44,15,925	0	2,61,687	0	4,90,343	0	4,90,343	0	4,90,343	
6	Vehicles																			
	Agarbathi Division	2,44,88,768	77,48,230	11,04,580	3,11,32,418	77,37,609	26,89,421	10,08,961	26,89,421	0	1,04,27,030	0	2,07,05,388	0	1,67,51,159	0	1,67,51,159	0	1,67,51,159	
	Hotel Division	1,06,20,642	0	2,35,850	1,03,84,792	28,89,247	10,08,961	0	10,08,961	0	38,98,208	0	64,86,584	0	77,31,395	0	77,31,395	0	77,31,395	
7	Trade Marks																			
	Agarbathi Division	10,24,000	0	0	10,24,000	5,00,274	1,02,400	0	1,02,400	0	6,02,674	0	4,21,326	0	5,23,726	0	5,23,726	0	5,23,726	
8	Intangible Asset																			
	Hotel Division	50,000	0	0	50,000	50,000	0	0	0	0	50,000	0	0	0	0	0	0	0	0	
9	Work in Progress																			
	Agarbathi Division	46,04,04,539	1,39,43,037	13,47,560	47,30,00,015	14,46,04,568	2,93,42,617	0	2,93,42,617	0	17,39,47,174	0	29,90,52,841	0	31,57,99,982	0	31,57,99,982	0	31,57,99,982	
	Hotel Division	9,119	3,02,120	0	3,11,239	0	0	0	0	0	0	0	3,11,239	0	9,119	0	9,119	0	9,119	
	Construction Division	8,91,61,439	88,95,500	0	9,80,56,939	0	0	0	0	0	0	0	9,80,56,939	0	8,91,61,439	0	8,91,61,439	0	8,91,61,439	
TOTAL		54,95,75,098	2,51,61,847	13,47,560	57,33,89,384	14,46,04,568	2,93,42,617	0	2,93,42,617	0	17,39,47,175	0	39,94,42,210	0	40,49,70,540	0	40,49,70,540	0	40,49,70,540	
Previous Year		(473171049)	(89695920)	(13291871)	(549575098)	(117347711)	(27722704)	(465857)	(144604558)	(404970540)	(355823338)									



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
4.1 Inventories		
Agarbathi Division		
Raw Materials	10,74,24,256	9,98,11,465
Packing Materials	14,495	92,34,495
Finished Goods	2,47,63,841	2,48,21,764
Total	13,22,02,592	13,38,67,724
Hotel Division		
Stock in Hand	13,32,660	14,43,957
Total	13,32,660	14,43,957
Grand Total	13,35,35,252	13,53,11,681
4.2 Sundry Debtors (Unsecured, Considered good)		
Agarbathi Division		
Debts outstanding for a period exceeding 6 months	39,17,158	28,59,991
Others	5,60,92,529	6,74,39,781
Total	6,00,09,687	7,02,99,772
Hotel Division		
Debts outstanding for a period exceeding 6 months	14,18,280	27,46,498
Others	49,02,245	54,48,373
Total	63,20,525	81,94,870
Grand Total	6,63,30,213	7,84,94,642
Note: Debts due by directors or other officers and debts due from other Companies under the same management is Rs. Nil (Rs. Nil)		
4.3 Cash and Bank Balance		
Agarbathi Division		
Cash in Hand	19,89,515	31,91,380
Bank Balances with Scheduled Banks		
In Current Accounts	26,65,100	18,47,160
In Deposit Accounts	0	0
Total	46,54,615	50,38,540



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Hotel Division		
Cash in Hand	4,28,887	8,17,904
Bank Balances with Scheduled Banks		
In Current Accounts	9,21,847	12,21,393
In Deposit Accounts	0	0
Total	13,50,734	20,39,297
Construction Division		
Cash in Hand	65,357	60,329
Bank Balances with Scheduled Banks		
In Current Accounts	39,993	7,902
In Deposit Accounts	0	0
Total	1,05,350	68,231
Grand Total	61,10,699	71,46,067
4.4 Loans and Advances		
(Recoverable in cash or in kind or for value to be received unsecured, considered good)		
Agarbathi Division		
Advances	11,75,627	13,80,173
Total	11,75,627	13,80,173
Hotel Division		
Advances	3,18,127	5,69,396
Total	3,18,127	5,69,396
Construction Division		
Advances	20,000	41,99,182
(Advances to Subsidiary & Maximum Outstanding of Rs.Nil (Rs.29,69,652/-)		
Share Application Money (Ambica Infra Ventures (P) Ltd)	4,97,25,000	4,97,25,000
Total	4,97,45,000	5,39,24,182
Grand Total	5,12,38,754	5,58,73,751



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
4.5 Deposits		
Agarbathi Division		
Trade Deposits	9,50,00,000	5,00,00,000
Security Deposits	3,13,080	3,13,080
Other Deposits	40,06,097	40,15,328
Total	<u>9,93,19,177</u>	<u>5,43,28,408</u>
Hotel Division		
Deposits	53,71,753	53,57,719
Total	<u>53,71,753</u>	<u>53,57,719</u>
Construction Division		
Deposits	64,19,190	83,86,914
Total	<u>64,19,190</u>	<u>83,86,914</u>
Grand Total	<u>11,11,10,120</u>	<u>6,80,73,041</u>
5.1 Sundry Creditors		
Agarbathi Division		
Trade Creditors		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	82,14,005	1,46,79,528
Other Creditors		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	1,37,65,366	1,20,23,396
Creditors for Capital Assets		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	0	0
Trade Deposits	2,66,75,786	2,49,47,065
Total	<u>4,86,55,157</u>	<u>5,16,49,988</u>
Hotel Division		
Sundry Creditors		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	19,42,109	16,77,140
Advance Receipts/ Deposits	4,92,915	5,44,000
Creditors for Expenses		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	37,04,371	29,43,005
Total	<u>61,39,395</u>	<u>51,64,145</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Construction Division		
Sundry Creditors - Supplies		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	2,93,70,758	34,29,722
Deposits Received	0	0
Total	2,93,70,758	34,29,722
Grand Total	8,41,65,310	6,02,43,855
5.2 Other Liabilities		
Agarbathi Division		
TDS payable	9,09,844	10,46,038
VAT/ CST / Entry Tax payable	1,61,385	2,86,697
Provision for Gratuity	2,35,344	2,20,693
Provision for Bonus	1,10,560	67,680
PF and ESI payable	13,216	13,469
Audit Fee payable	3,05,848	3,07,195
Total	17,36,197	19,41,772
Hotel Division		
PF and ESI payable	74,026	60,925
Provision for Bonus	3,25,000	3,25,000
VAT Payable	2,27,223	1,52,361
Import Liquor Tax Payable	36,885	33,200
Luxury Tax Payable	1,98,427	1,79,054
Service Tax Payable	2,672	61,624
TDS Payable	90,923	7,327
Total	9,55,156	8,19,491
Construction Division		
TDS Payable	5,22,237	5,22,237
Works Contract Tax (TDS) Payable	22,05,388	22,05,388
	27,27,625	27,27,625
Grand Total	54,18,978	54,88,888
6.1 Miscellaneous Expenses not written off		
Hotel Division		
Preliminary Expenses	4,748	4,748
Pre Operative Expenses	97,781	97,781
Total	1,02,529	1,02,529



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	Year ended 31.3.2010 Rupees	Year ended 31.3.2009 Rupees
7.1 Sales		
Agarbathi Division		
Ambica Durbar Bathies	35,43,07,802	33,95,93,684
Ambica Scented Bathies	18,94,64,912	19,07,30,347
Total	<u>54,37,72,713</u>	<u>53,03,24,031</u>
Hotel Division		
Food Sales	4,40,13,620	3,60,21,234
Rent Receipts	2,73,82,522	3,63,30,758
Hospitality Income	2,30,53,418	3,20,55,889
Total	<u>9,44,49,560</u>	<u>10,44,07,881</u>
Grand Total	<u>63,82,22,273</u>	<u>63,47,31,912</u>
7.2 Accretion/ (Decretion) to Stock		
Closing Balnce	2,47,63,841	2,48,21,764
Opening Balnce	2,48,21,764	2,46,62,897
Total	<u>-57,923</u>	<u>1,58,867</u>
7.3 Miscellaneous income		
Agarbathi Division		
Duty Drawback	2,31,454	2,99,684
Interest Income	12,34,149	7,32,201
Miscellaneous income	32,75,433	15,27,739
Profit on sale of shares	0	20,27,000
Wind Power Sale Proceeds	67,27,849	47,52,941
Total	<u>1,14,68,885</u>	<u>93,39,565</u>
Hotel Division		
Rental Income	54,12,281	57,54,904
Income from Forex Services	43,979	28,359
Interest Income	5,086	2,05,655
Miscellaneous income	24,25,366	20,91,741
Total	<u>78,86,712</u>	<u>80,80,659</u>
Grand Total	<u>1,93,55,597</u>	<u>1,74,20,224</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	Year ended 31.3.2010 Rupees	Year ended 31.3.2009 Rupees
8.1 Material Consumed		
Agarbathi Division		
Opening Stock		
Raw Material	9,98,11,465	5,26,58,260
Packing Material	92,34,495	1,60,05,447
	<u>10,90,45,960</u>	<u>6,86,63,707</u>
ADD: Purchases		
Raw Material	6,46,66,949	8,88,11,297
Packing Material	2,77,58,641	2,84,34,137
	<u>9,24,25,590</u>	<u>11,72,45,434</u>
Total	<u>20,14,71,550</u>	<u>18,59,09,141</u>
Less: Closing Stock		
Raw Material	10,74,24,256	9,98,11,465
Packing Material	14,495	<u>92,34,495</u>
	<u>10,74,38,751</u>	<u>10,90,45,960</u>
Total	<u>9,40,32,799</u>	<u>7,68,63,181</u>
Hotel Division		
Opening Stock		
Provisions and Other Raw Material	14,43,957	9,81,880
	<u>14,43,957</u>	<u>9,81,880</u>
ADD: Purchases	2,06,47,294	2,08,87,002
	<u>2,20,91,251</u>	<u>2,18,68,882</u>
Sub total	<u>2,20,91,251</u>	<u>2,18,68,882</u>
Less: Closing Stock		
Provisions and Other Raw Material	13,32,660	14,43,957
	<u>13,32,660</u>	<u>14,43,957</u>
Total	<u>2,07,58,591</u>	<u>2,04,24,925</u>
Grand Total	<u>11,47,91,390</u>	<u>9,72,88,106</u>
8.2 Mfg./ Opere., Admin. & Selling and Dist. Expenses		
Manufacturing/ Operating Expenses		
Agarbathi Division		
Bathi Making and Packing Charges	76,45,013	76,05,243
Electricity Charges	28,11,172	26,53,802
Generator Maintenance	9,23,499	9,79,862
	<u>1,13,79,684</u>	<u>1,12,38,906</u>
Total	<u>1,13,79,684</u>	<u>1,12,38,906</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31st MARCH, 2010

Particulars	Year ended 31.3.2010 Rupees	Year ended 31.3.2009 Rupees
Administrative Expenses		
Agarbathi Division		
Audit Fee	4,13,625	4,13,625
Charities & Donations	14,91,673	8,16,648
Consultancy Charges	24,00,501	36,58,216
Directors Remuneration	21,00,000	21,00,000
Insurance Premium	12,92,403	10,56,644
Listing Fees	2,20,600	83,127
Miscellaneous Expenses	2,04,230	7,76,916
Office Maintenance	1,69,327	1,97,279
Postage and Courier Expenses	1,94,886	1,84,437
Printing & Stationery	2,80,839	3,50,479
Rates & Taxes	22,25,486	4,16,681
Rent	5,87,549	3,08,117
Repairs to Building	9,70,240	8,95,879
Repairs to Machinery	23,34,221	17,98,140
Repairs to Other Assets	17,14,511	15,03,800
Share Registrar Fees	1,33,174	53,706
Staff Cost	6,77,508	5,91,002
Subscription	1,10,557	18,055
Telephone and Communication Expenses	22,13,948	27,89,207
Travelling Expenses	49,37,913	43,22,173
Vehicle Maintenance	66,13,202	65,15,386
Total	3,12,86,393	2,88,49,515
Hotel Division		
Computer Maintenance	1,75,841	97,847
Consulatancy Charges	2,13,618	2,61,978
Conveyance	1,15,258	1,27,120
Electricity Charges	1,11,94,539	1,09,48,147
Fuel Expenses	39,47,797	58,08,118
House Keeping Charges	1,17,17,453	1,28,05,981
Insurance	5,71,187	6,14,835
Kitchen Expenses	19,15,408	23,39,641
Miscellaneous Expenses	6,63,150	8,33,773
Postage and Courier Expenses	78,637	1,04,397
Printing & Stationary	7,34,783	9,27,964
Rates and Taxes	12,64,688	9,60,415
Rent	61,28,321	52,65,676
Repair to Building	0	25,695
Repair to Machinery	3,03,444	2,89,409
Repairs to Other Assets	29,81,278	23,69,869
Staff Cost	61,71,422	63,65,434
Newspaper and Subscriptions	1,37,093	1,20,029
Telephone Expenses	8,34,475	9,10,996



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31st MARCH, 2010

Particulars	Year ended 31.3.2010 Rupees	Year ended 31.3.2009 Rupees
Transport Expenses	6,19,906	3,31,058
Travelling Expenses	15,479	29,295
Uniform and Linen	3,18,516	6,10,571
Vehicle Maintenance	9,48,166	17,62,643
Total	5,10,50,458	5,39,10,888
Selling & Distribution Expenses		
Agarbathi Division		
Advertisement and Business Promotion Expenses	1,35,30,032	1,13,48,783
Freight and Despatch Expenses	65,36,969	46,90,987
Trade Discounts on sales	7,85,13,425	11,21,61,876
Turnover and Entry Taxes	1,62,08,067	1,48,17,710
Baddebts Written Off	1,80,389	46,37,560
Total	11,49,68,883	14,76,56,916
Hotel Division		
Advertisement Expenses	26,81,950	21,06,994
Discounts allowed	88,672	4,87,634
Turnover and Other Taxes	56,91,030	53,84,847
Others	30,49,630	0
Total	1,15,11,282	79,79,476
Grand Total	22,01,96,699	24,96,35,702
8.3 Finance Charges		
Agarbathi Division		
Bank Charges	23,13,360	26,65,714
Interest on Term Loan	55,38,347	71,80,162
Interest on CC Loan	2,23,35,145	1,26,83,468
Others	19,50,853	26,82,514
Total	3,21,37,705	2,52,11,857
Hotel Division		
Bank Charges	7,93,235	10,76,838
Interest on Term Loan	1,03,12,667	1,23,93,926
Other Interest	5,76,414	12,83,372
Total	1,16,82,316	1,47,54,137
Grand Total	4,38,20,022	3,99,65,994



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31st MARCH, 2010

Particulars	Year ended 31.3.2010 Rupees	Year ended 31.3.2009 Rupees
8.4 Miscellaeous Expenses Written off		
Hotel Division		
Preliminary Expenses	0	4,748
Preoperative Expenses	0	97,782
Total	0	1,02,530

As per our Report of even date

for and on behalf of the Board

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA SUDARSAN
Director

Place: Hyderabad
Date : 27-08-2010

Sd/-
AMBICA RAMACHANDRA RAO
Director



Schedule- 9

A) SIGNIFICANT ACCOUNTING POLICIES

1) Basis of preparation of Financial Statements:

The Financial Statements have been prepared under Historical Cost Convention in accordance with Generally Accepted Accounting Principles in India and the provisions of Companies Act, 1956.

2) Fixed Assets:

Fixed Assets are stated cost less accumulated depreciation. Cost comprises purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

3) Depreciation:

Depreciation on Fixed Assets is provided under Straight Line Method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956.

4) Intangible Assets:

Intangible Assets are recognized if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account. Trade Marks of the Company is amortized over a period of 10 years under Straight Line Method (SLM).

5) Inventories:

Inventories are stated at lower of Cost or Net Realizable Value. Cost is computed based on weighted average cost method. Cost comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their present condition and location.

6) Revenue Recognition:

Revenue on sale of goods is recognized on transfer of risk and reward of ownership to the buyer.

Interest Income is recognized on accrual basis.

Contract Revenue is recognized on "Percentage of Completion" basis measured by the proportion that the cost incurred upto the reporting date bear to the estimated total cost of the contract.

7) Turnover:

Turnover includes Sale of goods, Services, Sales Tax (VAT), Service Tax and Luxury Tax.

8) Foreign Exchange Transactions:

All transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Assets and Liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. Exchange differences arising on foreign currency transactions are included in the profit and loss account.

9) Investments

Investments, being long term in nature, are valued at cost of acquisition. Adjustment for increase/decrease in the value of investments, if any, will be accounted for on realisation of the investments. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

10) Employee Benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of past employment and other long term benefits are charged to the profit and loss account.

11) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

12) Deferred Tax:

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods.

13) Impairment of Assets:

At each balance sheet date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets' net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment losses recognized in prior years, if any, is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior year.

14) Provisions and Contingencies:

A provision is recognized when the company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation. In respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized and, if any, are adequately disclosed in the notes to accounts.

15) Earnings per Share:

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding for the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

B. NOTES FORMING PART OF ACCOUNTS

1) Loans & Advances, Sundry debtors and creditors balances are subject to confirmation.

2) Secured Loans:

Agarbathies Division:

a) Working Capital Loan of Rs.1611.42 Lakhs from State Bank of India, Chennai, with a sub-limit of Rs.45.00 Lakhs at Eluru, is against the hypothecation of raw materials, stocks-in-process, finished goods, consumables, stores, spares etc., and book debts of the Company, equitable mortgage on fixed assets of Hotel Division and collateral security of personal properties and personal guarantee of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

Purchase Factoring Facility of Rs.279.03 Lakhs from SBI GLOBAL FACTORS LIMITED [Formerly known as SBI Factors and Commercial Services (P) Ltd.,] Chennai is against equitable mortgage on personal properties of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives and personal guarantee of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao.

FCNR(B) loan of USD 16,95,202.58 availed equivalent to Rs.750.00 Lakhs as a part of overall fund-based working capital limit, on closure of term, incurred Gain of Rs.92.73 Lakhs on account of foreign exchange fluctuation.

b) Working Capital Loan of Rs.304.72 Lakhs from ICICI Bank, Chennai, is against the hypothecation of raw materials, stocks-in-process, finished goods, consumables, stores, spares etc., and book debts of the

Company and collateral security of personal properties and personal guarantee of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao.

c) Term Loan of Rs. 256.58 Lakhs from State Bank of India, Chennai is against the first charge of the Agarbathi Rolling Machinery and of Rs.132.01 Lakhs is against the first charge of the Windmill at Surandai, Tamil Nadu, equitable mortgage on fixed assets of Hotel Division and collateral security of personal properties and personal guarantee of the directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

d) Vehicle finance and Top-up loans of Rs.75.91 Lakhs from Barclay Bank, HDFC Bank, ICICI Bank, Reliance Capital Ltd., SBH Bank and Standard Chartered Bank etc., are against the security of vehicles respectively financed by them.

Hotel Division:

a) Term Loan of Rs.565.97 Lakhs from State Bank of India, Chennai is against the first charge on fixed assets financed by them and collateral security of personal properties and personal guarantee of the directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

b) Term Loan of Rs.274.90 Lakhs from Industrial Development Bank of India Ltd., Chennai is against the first charge on future credit card receivables of the company and collateral security of personal properties and personal guarantee of the directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

c) Vehicle finance and Topup loans of Rs.15.73 Lakhs from Kotak Mahindra, ICICI Bank, HDFC and Tata Motor Finance Ltd., are against the security of charge of vehicles respectively financed by them.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

3) Employee Benefits:

The Company has provided for Gratuity Liability as per the Actuary Valuation and as required by the AS-15: Employee Benefits.

4) Borrowing Cost:

Interest capitalized Rs. NIL/- (Rs. 80,77,617/-)

5) Segment Reporting:

The following is Segment Report of the Company in accordance with Accounting Standard- 17 on "Segment Reporting" issued by ICAI.

(Rs. in Lakhs)

PARTICULARS	FOR THE YEAR ENDING	
	31-03-2010	31-03-2009
Segment Revenue		
Agarbathi Division	5,485.14	5,349.11
Hotel Division	1,023.36	1,124.89
Windmill Division	67.28	47.53
Increase/ (Decrease) in Stock	(0.58)	1.59
Total	6,575.20	6,523.12
Less: Inter Segment Revenue	-	-
Net Sales/ Income from Operation	6,575.20	6,523.12
Segment Results		
Agarbathi Division	450.73	521.04
Hotel Division	52.78	166.31
Windmill Division	36.27	15.06
Total	539.78	702.41
Less: Financial Charges	345.47	520.88
Profit before Tax	194.31	181.53
Capital Employed		
Agarbathi Division	3,571.83	3,249.57
Hotel Division	1,531.09	1,639.18
Windmill Division	417.58	472.39
Construction Division	2,202.85	1,453.83
Total	7,723.35	6,814.97

The term "Segment Revenue" mentioned above included the following elements:

(Rs. in Lakhs)

PARTICULARS	ACCRETION/ (DECRETION) TO STOCK	OTHER INCOME
Agarbathi Division	-0.58	47.41
Hotel Division	Nil	78.86

6) Earning per Share (EPS):

The following particulars are furnished as required by Accounting Standard- 20 on "Earning per Share" issued by ICAI.

Particulars	2009-10	2008-09
Profit after Tax (Rs. In Lakhs)	133.26	156.50
No. of Equity Shares	16377400	13577400
Face Value per Share (Rs.)	10	10
Basic/ (Diluted) Earning per Share (Rs.)	0.81	1.16

7) Deferred Tax:

In accordance with Accounting Standard- 22 on "Accounting for Taxes on Income" issued by ICAI, the Company has accounted for Deferred Tax.

(Rs. In Lakhs)

Particulars	2009-10	2008-09
Deferred Tax Liability/ (Asset):		
On account of depreciation under Companies Act, 1956 and Income Tax Act, 1961 (Timing Difference)	(12.60)	(42.40)

The Deferred Tax has been evaluated as on 31-3-2010 and the difference pertaining to the earlier years including the first year in which the Deferred Tax provisions came into force amounting to Rs. 2,31,28,812/- has been provided by way of adjustment from the balance in Profit & Loss A/c as on 1-4-2009.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

8) Managerial Remuneration:

Remuneration to:

- a) Ambica Krishna-
Chairman & Managing Director :Rs.9,00,000 (Rs.9,00,000)
- b) Ambica Sudarsan-
Director :Rs.6,00,000 (Rs.6,00,000)
- c) Ambica Ramachandra Rao-
Director :Rs.6,00,000 (Rs.6,00,000)

Note: For the above Bank Guarantees availed from Andhra Bank, State Bank of India issued Counter Guarantee.

- c) Dhanalakshmi Bank:
- to APSRTC, Vijayawada : Rs.54,20,000 (Rs.54,20,000)
- to Visakhapatnam Urban
Development
Authority on behalf of SPV,
Ambica Infra Ventures
(P) Ltd., : Rs.21,57,500 (Rs.21,57,500)

9) Payments to Statutory Auditor:

- a) As Auditors Rs.413,625/- (Rs. 4,13,625)
- b) As adviser or in any other
capacity in respect of
- i) Taxation matters Rs. Nil (Rs. Nil)
- ii) Company Law matters Rs. Nil (Rs. Nil)
- iii) Management Services Rs. Nil (Rs. Nil)
- c) In any other manner Rs. Nil (Rs. Nil)

10) Directors' Traveling Expenses:

- a) Domestic Rs. 17.39Lakhs (Rs.16.23 Lakhs)
- b) Foreign Rs. NIL Lakhs (Rs. NIL)

11) Contingent Liabilities:

- I. Claims against the Company
not acknowledged as debts: NIL (NIL)
- II. Bank Guarantee by
- a) Andhra Bank:
- to Dty Comm. of
Customs, Chennai : Rs.24,17,163 (Rs.24,17,163)
- to Comm. of Customs
of Customs House,
Chennai : Rs. 2,80,000 (Rs.2,80,000)
- to Joint Comm. of
Sale Tax, Howrah : Rs. 20,000 (Rs. 20,000)
- b) State Bank of India:
- to Comm. of Customs
of Customs House,
Chennai : Rs.16,20,000 (Rs.16,20,000)
- to Canteen Stores
Department, Mumbai : Rs.64,10,000 (Rs.64,10,000)
- to Comm., Warangal
Municipal Corporation,
Warangal : Rs.10,00,000 (Rs.10,00,000)

III. Taxation matter under appeals are as follows:

Name of the Statute	Nature of the dues	Demand (Rs.)	which the amount related	forum where dispute is pending
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	5,90,281	AY 2000-01	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	5,37,185	AY 2001-02	ITAT , Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA&10A including interest till date of Asst. Order	1,37,07,081	AY 2002-03	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	7,92,636	AY 2003-04	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	15,58,503	AY 2004-05	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 10A	17,01,853	AY 2005-06	ITAT Chennai, Tamil Nadu.
Central Sales Tax Act, 1956	Disallowance of exemption for export sale	4,13,508	FY 2005-06	Remanded back to A.O. Eluru by DCCT. (Appeals) Vijayawada A.P.

Note : All the above income tax appeals have been disposed off in favour of the company by the honourable Income Tax Appellate Tribunal, Chennai vide order dated 23.07.2010. Consequently the Company would be entitled for a refund of Rs. 31,45,000/- deposited during the pendency of the appeals.

During the previous year the Company has given Corporate Guarantee for Rs.1200.00 Lakhs for sanction of loan by Indian Overseas Bank, Vizag to its subsidiary company Viz., Ambica Infra Ventures (P) Ltd.,



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

12 Related Party Disclosure :

RELATIONSHIP INDEX	RELATED PARTY RELATIONSHIP	NAME	NATURE OF RELATION
A	Holding Company, Subsidiary Company and Fellow Subsidiary Company	Ambica Infra Ventures (P) Ltd	Subsidiary Company
B	Associates and Joint Ventures	Nil	Nil
C	Individuals having control or significant influence and their relatives	Nil	Nil
D	Key Management Personnel and Relatives	P V V P Krishna Rao P T N V R Sudarsan A G N V S A Ramachandra Rao A V Ambica Prasad A Rajeswara Rao A Ramanjaneyulu A B N V R A Hanuma A Janaki A Lalitha Kumari A P J Suneetha A Ramalakshmi A Satyamala A Siva Kumar P Satyavathi	MD Director- Operation Director- Works Brother of MD Brother of MD Brother's Son of MD Brother's Son of MD Wife of Director Brother's Wife of MD Daughter in Law of MD Brother's Wife of MD Brother's Wife of MD Brother's Son of MD Wife of MD
E	Enterprises over which parties referred in (c) or (d) as stated above are having significant influence	Ambica Cinema Productions Pvt. Ltd. Ambica Bullions Ambica Delux Theatre Ambica Family Hodings Sakthi Aromatic Chemicals Fine Aromas (P) Ltd. ACP Industries Ltd.,	P V V P Krishna Rao - Director A Ramanjaneyulu - Director A G N V S A Ramachandra Rao - Partner A. Siva Kumar - Partner A. Hanuma - Partner P T N V R Sudarsan - Partner P V V P Krishna Rao - Partner A V Ambica Prasad - Partner A Rajeswara Rao - Partner A Ramanjaneyulu - Partner P V V P Krishna Rao - Partner P T N V R Sudarsan - Partner A G N V S A Ramachandra Rao - Partner A V Ambica Prasad - Partner A Rajeswara Rao - Partner A Ramanjaneyulu - Partner P A Y Madavi - Partner A Janaki - Partner A Lalitha Kumari - Partner A P J Suneetha - Partner A Ramalakshmi - Partner A Satyamala - Partner A Siva Kumar - Partner P Satyavathi - Partner A G N V S A Ramachandra Rao - Partner A Ramanjaneyulu - Partner A G N V S A Ramachandra Rao - Director A Hanuma - Director A Siva - Director A V Ambica Prasad - MD A Rajeswara Rao - Director A Ramanjaneyulu - Director



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AROMA & INDUSTRIES LIMITED**

(Rs.in Lakhis)

Relation ship Index	Name of the Related Party	Nature of Relationship	Nature of Transaction	Transaction Amount
A	Ambica Infra Ventures (P) Ltd. Company	Subsidiary Company	1. Share Application Money	497.25
			2. Amount Payable	60.49
			3. Corporate Guarantee	1221.58
D	Ambica Krishna	MD	Remuneration	9.00
	Ambica Sudarsan	Director	Remuneration	6.00
	Ambica Ramachandra Rao	Director	Remuneration	6.00
E	ACP Industries Ltd.	Enterprises over which parties referred in (C) or (D) as stated above are having significant influence	1. Purchase of Durbar bathies	2379.30
			2. Commission (Income)	9.00
			3. Addl.Trade cum Caution Deposit	450.00
E	Ambica Deluxe Theatre	– Do –	Interest (Expense)	0.11
E	Ambica Family Holdings	– Do –	Interest (Income)	7.45
E	Sakthi Aromatic Chemicals	– Do –	Interest (Expense)	0.14
E	Ambica Bullions	– Do –	Intrest (Income)	1.92



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

13) a) Construction Work at Vizag:

The Company has entered into a License agreement with APSRTC for construction of Commercial Complex at Dwarakanagar Bus Station, Vizag on BOT basis for 30 years. The company has entered into an agreement with M/s. Trinethra Infra Ventures Ltd., (TIVL), Hyderabad for construction of the said Commercial Complex and the value of works completed as on 31-03-2010 was Rs. 567.26 Lakhs.

Further, as per the above said agreement, the company has to pay Annual Ground License Fee as well as Annual Commercial License Fee. However, the company is regular in making the respective provisions but did not make the payments for the respective provisions as per the agreement with them as there is a dispute between APSRTC and the company, on account of construction of a Fly-Over by the local government, in front of the Commercial Complex and the consequent inability of the company to exploit the commercial potential of the property resulting in non - payment of the lease rentals.

b) Construction Work at Vijayawada:

The Company has entered into a License agreement with APSRTC for construction of Commercial Complex at Old Bus stand, Vijayawada on BOT basis for 30 years. However, the Municipal Corporation of Vijayawada did not accord its permission for the construction of commercial complex at the allotted premises on the ground that the premises comes under Transport Zone but not of Commercial Zone. The company has already requested the said local authority to convert the premises into Commercial Zone from Transport Zone. However, Aggrieved by the decision of the Municipal Corporation Vijayawada, the company filed a Writ Petition vide W.P. No. 14449/09 before the Honourable High Court of Andhra Pradesh which is pending for disposal. Keeping the dispute in view the company is not paying License fees to be payable as per the BOT agreement with the APSRTC. However, the company is regular in making the required provisions in the books of account.

14) Conversion of Share Warrants into Equity Shares:

In terms of approval of the Shareholders of the Company and as per the applicable statutory provisions including the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000, the Company has allotted 28,00,000 Share Warrants as on 31-07-2008 to (a) M/s. Trinethra Infracventures Ltd- Nos. 19,00,000 and (b) Mr. Puvvada Baskara Rao- Nos.9,00,000. Further, during the year the above said Share Warrants have been converted into Equity Shares as below:

Sl. No.	Name of the Shareholder	No. of Shares
1	M/s. Trinethra Infracventures Ltd.,	19,00,000
2	Mr. Puvvada Bhaskar Rao	9,00,000
	Total No. of Shares:	28,00,000



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

All the formalities regarding the above preferential allotment has been duly complied with by the company and the said 28,00,000 Equity shares of Rs. 10/- each allotted on conversion of warrants issued on preferential basis made by the company are listed and admitted to dealings on stock exchanges vide letter dated 28.05.2010 by NSE and letter dated 20.05.2010 by BSE.

15) Investment in Vaibhav Skyscapes Ltd.,

During the Financial year 2008-09, the company has transferred all its interest and investments in M/s. Vaibhav Skyscapes Pvt. Ltd., to Vaibhav Empire Pvt. Ltd., and the formalities for the registration of the same are still pending.

16) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956:

- a) Class of goods, Capacity and production:
- | | | |
|---------------------------------|---|------------------------------|
| Class of goods | - | Manufacturing of Agarbathies |
| Capacity as at 31st March, 2010 | - | Not Applicable |
| I. Licensed capacity: | - | Not Applicable |
| II. Installed capacity: | - | Not Applicable |
- [As certified by the Management]

b) Quantitative details of production and stocks:

[In Millions]

Product	Unit	Opening Stock	Production	Purchase	Closing Stock
Ambica Scented Bathies	Sticks	96.781 (111.459)	1144.191 (1062.643)		170.799 (96.781)
Ambica Durbar Bathies	Sticks	1.122 (1.634)	- -	1676.897 (1454.361)	31.876 (1.1222)



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

c) Sales:

[In Millions]

Product	Unit	Quantity [In Millions]	Amount in Rs.
Ambica Scented Bathies	Sticks	1070.173	189,464,912
		1077.321	(190,730,347)
Ambica Durbar Bathies	Sticks	1646.143	354,307,802
		(1454.873)	(339,593,684)

d) Details of materials consumed:

Product	Unit	Quantity (In Millions)	Amount in Rs.
Raw Bathies and	Tons	713.989 (521.319)	2,29,43,534 (1,67,52,221)
Compounds	Tons	3.891 (2.841)	96,80,218 (70,68,011)
Chemicals, Perfumes and Others			2,44,30,406 (1,78,37,860)
Paper Board	Tons	617.233 (587.630)	1,66,65,276 (1,58,65,984)
Posters & Liners	Tons	99.442 (94.654)	68,63,418 (65,34,238)
Other Packing Materials			1,34,49,947 (1,28,04,867)
Total			9,40,32,799 (7,68,63,181)

Note : Quantitative details of inventory are as per the inventory taken and approved by the management.



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

e) Value of Raw Materials, Spare Parts and Components Consumed:

Particulars	2009-10 (In Rs.)	%	2008-09 (In Rs.)	%
Imported	-	-	-	-
Indigenous	94,032,799	100.00	76,863,181	100.00
Total	94,032,799	100.00	76,863,181	100.00

f) CIF Value of Imports : Nil (Nil)

g) Expenditure in foreign currency: Nil (Nil)

17) Hotel and Other Division:

The requirement regarding furnishing of quantitative details is not required to Hotel Division and Other Divisions, since they belong to service industry.

18) Figures in the bracket denote last year figures. Previous year figures have been regrouped in appropriate cases.

As per our Report of even date

Sd/-
T.S.AJAI
Chartered Accountant

PLACE : HYDERABAD
DATE : 27-08-2010

for and on behalf of the Board

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA RAMACHANDRA RAO
Director

Sd/-
AMBICA SUDARSAN
Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CASH FLOW STATEMENT FOR THE YEAR 2009-2010

Particulars	As at 31.03.2010 (Rs.In Lacs)	As at 31.03.2009 (Rs.In Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxes and Extraordinary Items	194.30	181.53
ADD		
Depreciation	293.43	277.23
Forex Fluctuation	(92.73)	1.03
Interest (income)	-	-
Loss on Sale of Assets	6.43	4.45
Operating Profit before Working Capital Adjustment	<u>401.43</u>	<u>464.23</u>
ADJ:		
Inventories	17.76	(410.03)
Trade Receivable & Other Receivable	121.64	(280.65)
Loans and Advances	4.56	165.98
Trade Payable & Other Payables	(20.89)	(22.31)
Prepaid Expenses	12.63	6.06
Loss/ (Profit) on Sale of Assets	-	-
Cash Generated from Operations	<u>537.13</u>	<u>(76.72)</u>
LESS		
Direct Taxes Paid	50.29	116.10
Cash Flow before Extra Ordinary Items	<u>486.84</u>	(192.82)
LESS		
Extra Ordinary Items	<u>-</u>	<u>-</u>
	<u><u>486.84</u></u>	<u><u>(192.82)</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/ transfer of Fixed Assets	(249.19)	(751.20)
Advances for Capital Works	301.20	(475.81)
Sale of Fixed Assets	4.62	16.20
Investment in Equity Shares	-	27.78
Deposits	(430.37)	72.37
	<u>(373.74)</u>	<u>(1,110.66)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase/ (Decrease) in		
Working Capital Loan & Bills Disc. Loan	588.29	730.60
Term Loans	(767.77)	234.81
Vehicle Finance Loan	(23.02)	(55.18)
Receipts from Issue of Share Warrants	79.05	424.95
	<u>(123.45)</u>	1,335.18
Total (A) + (B) + (C)	<u>(10.35)</u>	31.69
Opening Cash and Cash Equivalent	71.46	39.77
Closing Cash and Cash Equivalent	<u><u>61.11</u></u>	<u><u>71.46</u></u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CERTIFICATE

We have examined the above Cash Flow Statement of Ambica Agarbathies Aroma & Industries Limited for the year ended March 31, 2010. This statement has been prepared by the Company in accordance with the requirement Under Clause 32 of the Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the year ended March 31, 2010.

As per our Report of even date

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524

Place: Hyderabad
Date : 27-08-2010

for and on behalf of the Board
Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA SUDARSAN
Director

Sd/-
AMBICA RAMACHANDRA RAO
Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details :

REGISTRATION NO: 20077 STATE CODE: 01
BALANCE SHEET DATE : DATE MONTH YEAR
31 03 2010

II. Capital Raised during the year (Amount in Rs. Thousands):

PUBLIC ISSUE : NIL RIGHT ISSUE : NIL
BONUS ISSUE : NIL PRIVATE PLACEMENT : 28,000
SHARE APPLICATION MONEY : NIL

III. Position of Mobilization & Deployment of Funds (Amount in Rs. Thousands):

TOTAL LIABILITIES	TOTAL ASSETS
67,19,45	67,19,45
SOURCES OF FUNDS:	
PAID-UP CAPITAL	RESERVES AND SURPLUS
16,32,95	11,49,81
SECURED LOANS	UNSECURED LOANS
35,16,27	Nil
SHARE APPLICATION MONEY	DIFERRED TAX
200	4,18,44
APPLICATION OF FUNDS:	
NET FIXED ASSETS	INVESTMENTS
39,94,42	2,55
NET CURRENT ASSETS	MISC. EXPENDITURE
27,21,45	103
ACCUMULATED LOSSES	
Nil	

IV. Performance of Company (Amount in Rs. Thousands):

TURNOVER	TOTAL EXPENDITURE
65,75,19	63,80,89
PROFIT BEFORE TAX	PROFIT AFTER TAX
1,94,30	1,33,26
EARNING PER SHARE	DIVIDEND RATE %
0.81 (Rs.)	NIL

V. Generic Names of three Principal Product of the Company:

Product Description	Agarbathi, Hotel and Constructions
---------------------	------------------------------------

Schedules referred to above form an Integral Part of the Accounts.

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524
Place : Hyderabad
Date : 27-08-2010

for and on behalf of the Board
Sd/-
AMBICA KRISHNA
Chairman & Managing Director
Sd/-
AMBICA RAMACHANDRA RAO
Director
Sd/-
AMBICA SUDARSAN
Director



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**AMBICA INFRAVENTURES
PRIVATE LIMITED**

Ambica Infra Ventures Private Limited



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AMBICA INFRAVENTURES PRIVATE LIMITED

AUDITORS REPORT

To
The Members

1. We have audited the attached Balance Sheet of M/s. Ambica Infra Ventures Private Limited as at 31st March 2010, for the year ended on that date and data annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; subject to
 - (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010; and
 - b. Pre-operative expenditure is capitalized are in agreement with the books of accounts.

For M/s Balaji Associates
Chartered Accountants
Firm Reg. No.05929S

Sd/-

(P.S.C.Nageswara Rao)

Partner

Place: Visakhapatnam

Date: 01/08/2010

Membership No. 028065



AMBICA INFRAVENTURES PRIVATE LIMITED

ANNEXURE TO AUDITOR'S REPORT

[Referred to in our report of even date]

- I. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The Company has not disposed off any material portion of fixed assets during the year.
- II. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- III. According to information and explanation given to us, no loans, secured or unsecured taken or granted to the Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.
- V. In respect of contracts or arrangements entered in the register maintained in pursuance of Sec. 301 of the Companies Act 1956 and according to the information and explanation given to us:
 - a) The particulars of the contracts or arrangements referred to in Sec 301 that needed to be entered in this register maintained under the said section have been entered.
 - b) In our opinion and having regard to our comments in paragraph (V) above, the transactions made in pursuance of such contracts and arrangements aggregating during the year to Rs.5 lacs or more in respect of each party as per Note No.V to schedule L and it informed to us that all these transactions have made at prevailing market rates.
- VI. The Company has not accepted any deposits from the Public.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records and hence the provision of clause 4 (viii) is not applicable.
- IX. a) According to the records of the company and information and explanations given to us, the Company is regular in



AMBICA INFRAVENTURES PRIVATE LIMITED

- depositing undisputed statutory dues including Employee Provident Fund, Income Tax, Sales Tax, Wealth tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it except fringe benefit tax of Rs.1405/- and TDS amount of Rs.7,22,403/-, with the appropriate authorities during the year. The Management has informed that, as per the provisions of Section 87 of Employees' State Insurance Act, 1948, the act doesn't apply to the Company.
- b) According to the records of the company, there are no dues of income tax, customs tax/wealth-tax/excise duty, cess which have not been deposited on account of any dispute,
- X. In our opinion, the company has no accumulated losses and the company has not incurred cash losses during the financial period covered by our audit and the immediately preceding financial period.
- XI. In our opinion, the company has not defaulted in repayment of dues to bank.
- XII. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- XIV. The Company does not deal / trade in shares, securities and debentures.
- XV. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. According to the information and explanations given to us, the term loan has been applied for the purpose for which they were taken.
- XVII. According to the information and explanations given to us, and on an overall examination of the balance sheet, company has not utilized short term funds for the purpose of long term.
- XVIII. The company has not issued preferential allotment of share to the persons covered U/S 301 of the Companies Act during the year.
- XIX. The company has not issued any debentures during the year.
- XX. The Company has not raised any money by way of Public issue during the year.
- XXI. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For M/s Balaji Associates
Chartered Accountants
Firm Reg. No.05929S

Sd/-
(P.S.C.Nageswara Rao)

Place: Visakhapatnam

Partner

Date: 01/08/2010

Membership No. 028065



**AMBICA INFRAVENTURES
PRIVATE LIMITED**

BALANCE SHEET AS AT 31ST MARCH , 2010

Particulars	Sch. No	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
I Source of Funds			
Share Holders Funds			
Share Capital	A	5,00,000	5,00,000
Share Application Money		<u>5,59,25,000</u>	<u>5,49,25,000</u>
		5,64,25,000	5,54,25,000
Loan Funds			
Secured Loans	B	<u>5,56,16,808</u>	<u>4,00,01,133</u>
Total		<u>11,20,41,808</u>	<u>9,54,26,133</u>
APPLICATION OF FUNDS			
Fixed Assets	C		
Gross Block		1,46,004	80,400
Less: Depreciation		<u>16,035</u>	<u>7,589</u>
Net Block		1,29,969	72,811
Capital Work-in-Progress	D	10,97,68,058	61,91,801
Advance for Capital Works	E	<u>94,36,590</u>	<u>5,02,39,072</u>
		119334617	56503684
Current Assets, Loans & Advances			
Inventories	F	5,80,227	0
Cash and Bank balances	G	4,80,623	4,19,58,051
Loans and Advances	H	<u>22,71,839</u>	<u>130070</u>
		33,32,689	4,20,88,121
Less: Current Liabilities & Provisions			
Current Liabilities	I	66,42,437	31,44,447
Provisions	J	<u>40,17,061</u>	<u>55,225</u>
		1,06,59,498	31,99,672
Net Current Assets		-73,26,809	3,88,88,449
Miscellaneous Expenditure (to the extent not Written Off or Adjusted)	K	34,000	34,000
Total		<u>11,20,41,808</u>	<u>9,54,26,133</u>

The Schedules referred to above and the notes forming part of the accounts form an integral part of the Balance Sheet.

As per our Report of even date

For M/s Balaji Associates

Chartered Accountants

Firm Reg. No.05929S

Sd/-

(P.S.C.Nageswara Rao)

Chartered Accountant

Membership No. 028065

Place: Visakhapatnam

Date : 01-08-2010

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Director

Sd/-

AMBICA RAJESWARA RAO

Director



**AMBICA INFRAVENTURES
PRIVATE LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED - 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
SCHEDULE A - SHARE CAPITAL		
Authorised 1,00,000 Equity Shares of Rs.10/- each	10,00,000	10,00,000
Issued , Subscribed and Paid Up 50,000 Equity Shares of Rs.10/- each	5,00,000	5,00,000
Total	5,00,000	5,00,000
SCHEDULE B - SECURED LOANS		
Indian Overseas Bank, Visakhapatnam (Refer Notes to Accounts for Security Offered)	5,56,16,808	4,00,01,133
	5,56,16,808	40001133
SCHEDULE D - CAPITAL WORK IN PROGRESS		
Opening Balance	61,91,801	40,93,643
Add: Additions during the year		
Audit Fee	50,000	0
Bank Charges	1,56,742	0
Computer Maintenance	28,74	0
Consultancy Fee	1,86,000	2,99,787
Contract Works (Building)	8,42,98,689	0
Depreciation	8,446	0
Diesel Charges	1,29,705	0
Earth Work	21,46,428	140400
Electrical Items	34,493	0
Electricity Charges	1,02,170	0
Food Expenses - Site	8,782	4551
Inaguration Expenses		
Capitalised Expenses	0	746314
Hardware and Painting Charges	889	0
Interest on Term Loan	58,70,215	0
Labour Charges	2,99,322	0
Lease Rents	5,77,064	0
Legal Consultation	45,000	0
Loading & Unloading Charges	6,507	0
Loan Processing Charges	8,30,000	17000
Plant Approval Fee		
Project Development Fee		
Miscellaneous Exp	40,847	7920
Mortgage Registration Charges	51,100	0
Office Maintenance	5,606	0



FIXED ASSETS DETAILS

SCHEDULE-C

Sr.No	ASSETS	GROSS BLOCK			Total As at 31.03.2010	DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Additions	Deletions		As at 01.04.2009	For the year ended	Deletions	Total Amount as 31.03.2010	W.D.V as at 31.03.2010	W.D.V as at 31.03.2009
1	BORE WELL	47,500	40,200	0	87,700	2,256	2,733	0	4,989	82,711	45,244
2	COMPUTERS	32,900	14,500	0	47,400	5,333	5,539	0	10,872	36,528	27,567
3	FURNITURE	0	10,904	0	10,904	0	174	0	174	10,730	0
		80,400	65,604		1,46,004	75,89	8,446	0	16,035	1,29,969	72,811



**AMBICA INFRAVENTURES
PRIVATE LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED - 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Other Building Material	53,944	
Printing & Stationery	11,778	
Registration Charges	82,39,445	
Salaries	2,20,000	8,64,000
Security Charges	1,32,387	18,186
Site Maintenance	10,565	
Telephonecharges	10,713	
Transportation Charges	43,995	
Rates & Taxes		
Travelling Expenses	1,04,744	
Less:		
Interest on Term Deposit SBI,	-64,693	
Interest on Term Deposit-Iob	-37,500	
	<u>10,97,68,058</u>	<u>61,91,801</u>

SCHEDULE E - ADVANCE FOR CAPITAL WORKS

Ambica Agarbaties & Industries Ltd.,	60,48,877	
Ambica Complex, Chennai	10,00,000	
Divakar	15,000	
Gowri	43,878	
K. Nageswararao	11,903	
Matrix Consultants	8,05,000	5,50,000
Gupta	5,000	
MV Subbarao	3,300	
S Ramabadra Raju	2,414	
Srinivasa Associates	10,000	
Visakhapatnam Urban Development Authority	72,481	
PS Enterprises, Visakhapatnam	14,18,737	
Trinetra Infra Ventures Pvt., Ltd.,		4,96,89,072
	<u>94,36,590</u>	<u>5,02,39,072</u>

SCHEDULE F - INVENTORIES

Steel	5,80,227	0
	<u>5,80,227</u>	<u>0</u>



**AMBICA INFRAVENTURES
PRIVATE LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED - 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
SCHEDULE G - CASH AND BANK BALANCES		
Cash in hand	7,925	15,48,111
Bank Balances with Scheduled Banks		
- Current Accounts		
Andhra Bank - 3720	23,487	
IOB - 99	13,220	4,00,34,940
- in Deposit Accounts	4,35,991	3,75,000
	<u>4,80,623</u>	<u>4,19,58,051</u>
SCHEDULE H - LOANS AND ADVANCES		
Prepaid Expenses	1,47,750	1,30,070
Service Tax Receivables	21,12,565	
TDS Receivables	11,524	
	<u>22,71,839</u>	<u>1,30,070</u>
SCHEDULE I - CURRENT LIABILITIES		
CREDITORS		
Ambicia Prasad	34,000	34,000
HNR Constructions	56,437	0
NCS Sugars Ltd.,	65,52,000	0
	<u>66,42,437</u>	<u>34,000</u>
SCHEDULE J - PROVISIONS		
Audit Fee Payable	55,150	
Provision for FBT	1,405	1,405
TDS Payable	18,30,175	53,820
VAT Payable	21,30,331	
	<u>40,17,061</u>	<u>55,225</u>
SCHEDULE K - MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenditure	34,000	34,000
Balance Carried Forward to Balance Sheet	<u>34,000</u>	<u>34,000</u>



AMBICA INFRAVENTURES PRIVATE LIMITED

Schedule – L

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The accounts are prepared under historical cost convention using the accrual method and in accordance with the applicable accounting standards and the provisions of the Companies Act, 1956.

B. FIXED ASSETS

The fixed assets are shown at Historical Cost including all expenses incurred to bring the assets to its present location and condition. Costs also included Pre-operative expenses during the construction period, interest on term loans availed for the purpose of that particular asset during the construction period and reduced by other incomes during the construction period.

Capital advances represent outstanding advance paid to acquire fixed assets.

DEPRECIATION

Depreciation is provided under straight line method as per sec.205 read with schedule XIV of the Companies Act, 1956.

C. INVENTORIES

Stores and consumables are valued at cost.

D. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying asset are capitalised as part of the cost of such asset till the capitalization. All other borrowing costs are charged to revenue.

E. REVENUE RECOGNITION

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

F. IMPAIRMENT OF ASSETS

At each balance sheet date the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to estimate the extent of impairment loss.

G. LEASES

Lease rents under operating leases are recognized in the profit and loss account in the year of incidence. Lease rents paid during construction period are capitalized along with leasehold development cost.

H. CONTINGENT LIABILITIES

Contingent liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.

NOTES ON ACCOUNTS

I. CONTINGENT LIABILITY

1. The M/s. Ambica Agarbathies & Aroma Industries Ltd., as a lead developer of the consortium for the development of Shopping mall with Multiplex at Balaji Complex, Vizianagaram awarded by the Visakhapatnam Urban Development Authority (VUDA), for which this company is devised as a SPV for executing of the



AMBICA INFRAVENTURES PRIVATE LIMITED

project, has arranged a Bank Guarantee to VUDA for an amount of Rs.21,57,500/- as per the terms and conditions of the agreement with VUDA. In the event of any liability arising to AAI as a result of the any eventuality on account of the Bank Guarantee arranged by it on behalf of the company, the Company has to make good the same to AAI and bear the loss arising there from.

2. Bank Guarantee has been established through State Bank of Hyderabad for Rs.3,75,000 in favour of the The Director General of Fire Services, Hyderabad. However the same has been backed by 100% deposit as margin.
3. Capital Commitment Cost Rs.10.50 Cores (P.Y.19.50 Cores)

II. MANAGERIAL REMUNERATION

During the year Company has not paid remuneration to directors.

III. LOANS

1. The Rupee term loan of Rs.12.00 Crores sanctioned by IOB, Visakhapatnam, is secured by way of mortgage of lease hold rights on the property with no objection certificate from M/s. VUDA and building constructed thereon along with hypothecation of plant & machinery to be acquired out of the term loan and lien on ESCROW account at Vizianagaram branch till liquidation of the term loan and corporate guarantee from M/s. Ambica Agarbathies & Aroma Industries Ltd., and personal guarantee of all the directors of the company.

IV. AUDITORS' REMUNERATION (excluding service tax)

(in Rs.)

Particulars	2009-10	2008-09
Statutory Audit Fee	50,000	30,000
Total	50,000	30,000



AMBICA INFRAVENTURES PRIVATE LIMITED

5 Related Party Disclosure :

RELATIONSHIP INDEX	RELATED PARTY RELATIONSHIP	NAME OF THE RELATED PARTY	NATURE OF RELATION
A	Holding Company,	Ambica Agarbathies Aroma & Industries Ltd.,	Holding Company,
B	Associates and Joint Ventures	Nil	Nil
C	Individuals having control or significant influence and their relatives	Nil	Nil
D	Key Management Personnel & Retalives	P V V P Krishna Rao A. V. Ambica PRASAD P T N V Ambica Rama Sudersan A N V S K M Rajeswararao Satyamala Perla Lalithakumari Alapati Ramalakshmi Alapati Anjaniasoda Madhavi Perla Satyamala Alapati Ramanjaneyulu Alapati Janaki Alapati Ganga Naga Venkata Surya Ambica R.R.Alapati Padma Jagadeswari Suneetha Alapati Alapati Ambica Siva Kumar Parsi Santoshi Alapati Ambica Hanuma	Director Director Director Director Wife of Director Wife of Director Wife of Director Wife of Director Wife of Director Brother's son of Director Brother's wife of Director Son of Director Wife of Director Wife of Director Son of Director Wife of Director Sun of Director
E	Enterprises over which parties referred in (c) or (d) as stated above are having significant influence	Ambica Complex	AGNVSA Ramachandra Rao - Parter P V V P Krishna Rao - Partner A. Rajeswara Rao - Partner A. Ramanjaneyulu - Partner A. V. Ambica Prasad - Partner PTNVR Sudersan - Partner
		Ambica Deluxe Theatrer	A Ramanjaneyulu -Partner PVVP Krishna Rao-Partner AV Ambica Prasad -Partner A Rajeswara Rao -Partner
		Ambica Family Holdings	PVVP Krishna Rao-Partner PTNVR Sudersan -Partner AV Ambica Prasad-Partner A Rajeswararao-Partner AGNVSA Ramachandra Rao-Partner A Ramanjaneyulu-Partner P A Y Madavi - Partner A Janaki - Partner A Lalitha Kumari-Partner APJ Suneetha - Partner A Ramalakshmi-Partner A Satyamala - Partner A Siva Kumar - Partner A Satyavathi - Partner
		ACP Industries	AV Ambica Prasad-MD A Rajeswara Rao-Director A Ramanjaneyulu-Director



**AMBICA INFRAVENTURES
PRIVATE LIMITED**

Related Party Disclosure

Relationship index	Name of the related party	Nature of relationship	Nature of Transaction	Outstanding on Dt.31.03.2010 (Amount in Rs.)
A	Ambica Agarbathies Aroma & Industries Ltd.,	Holding Company	Share Application Money	4,97,25,000
A	Ambica Agarbathies Aroma & Industries Ltd.,	Holding Company	Advance	60,48,877
A	Ambica Agarbathies Aroma & Industries Ltd.,	Holding Company	Bank Guarantee	21,57,500
E	Ambica Complex	Related Party		10,00,000

VI. Registration charges of lease deed was capitalized.

VII. Balances of sundry creditors, capital advances and other advances are subject to confirmation and reconciliation.

VII The Previous year's figures have been regrouped/rearranged wherever necessary to conform to the presentation of the current year.

As per our Report of even date

For M/s Balaji Associates

Chartered Accountants

Firm Reg. No.05929S

Sd/-

(P.S.C.Nageswara Rao)

Chartered Accountant

Membership No. 028065

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Director

Sd/-

AMBICA RAJESWARA RAO

Director

Place: Visakhapatnam

Date : 01-08-2010



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED FINANCIAL



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AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors,
Ambica Agarbathies Aroma & Industries Ltd.,
Eluru

1. We have audited the attached Consolidated Balance Sheet of Ambica Agarbathies Aroma & Industries Ltd., (the Company) and its subsidiary Ambica Infra Ventures Pvt Ltd., (the Group) as at 31.03.2010, the related Consolidated Profit and Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statement of the subsidiary, whose financial statements reflect total assets of Rs.1120.42 Lakhs as at 31.03.2010 and total revenues of Rs. Nil for the year then. The financial statements and other information of the subsidiary has been audited by other auditors whose report has

been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

4. We report that the Consolidated Financials Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS 21), Consolidated Financial Statement, as notified under the Companies (Accounting Standard) Rules, 2006.
5. Based on our audit and on consideration of the report of the other auditor on the financial statements and other information of the subsidiary, in our opinion and to the best of our information and according to explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In case of Consolidated Balance Sheet, of the state of affairs as at 31.03.2010;
 - b) In case of the Consolidated Profit and Loss account, of profit for the year ended on that date; and
 - c) In case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Hyderabad
Date: 27-08-2010

Sd/-
T S Ajai
Chartered Accountant



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2010

Particulars	Sch. No	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
I Sources of Fund			
1 Share Holders Funds			
Share Capital	1.1	16,32,94,623	13,52,94,623
Reserves & Surplus	1.2	11,49,80,705	10,23,83,461
2 Share Warrant Money		0	4,24,95,000
3 Share Application Money		63,99,685	53,99,685
4 Loan Funds			
Secured Loans	2.1	40,72,43,336	42,11,50,620
Unsecured Loans	2.2	0	0
5 Deferred Tax		4,18,44,034	1,99,75,244
6 Minority Interest		2,45,000	2,45,000
Total		<u>734,007,382</u>	<u>72,69,43,634</u>
II. Application of Funds			
1 Fixed Assets			
Gross Block	3.1	47,31,46,024	46,04,84,939
Less: Depreciation		17,39,63,210	14,46,12,147
		<u>29,91,82,815</u>	<u>31,58,72,792</u>
Add: Capital work in progress		21,35,45,139	14,56,01,431
		<u>51,27,27,954</u>	<u>46,14,74,223</u>
2 Current Assets			
a) Inventories	4.1	13,41,15,479	13,53,11,681
b) Sundry Debtors	4.2	6,63,30,213	7,84,94,642
c) Cash & Bank Balances	4.3	65,91,322	4,91,04,118
d) Loans & Advances	4.4	37,85,593	31,78,799
e) Deposits	4.5	11,11,10,120	6,80,73,041
f) Prepaid Expenses		24,08,783	38,01,823
g) Advance IT/ FBT		2,60,83,688	2,10,54,534
		<u>35,04,25,197</u>	<u>35,90,18,638</u>
Less: Current Liabilities & Provisions			
a) Sundry Creditors	5.1	8,47,58,870	6,04,18,350
b) Other Liabilities	5.2	94,36,039	55,44,113
Provisions			
a) Provision for IT/ FBT		3,44,63,715	2,70,99,622
b) Provision for Dividend		6,23,674	6,23,674
		<u>12,92,82,299</u>	<u>9,36,85,759</u>
Net Current Assets		<u>22,11,42,899</u>	<u>26,53,32,880</u>
3 Miscellaneous Expenditure (to the extent not written off or	6.1	1,36,529	1,36,529
Total		<u>734,007,381</u>	<u>72,69,43,632</u>
Significant Accounting policies and Notes forming part of Accounts	9.1		

The Schedules referred to above and the notes forming part of the accounts form an integral part of the Balance Sheet.

As per our Report of even date

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

for and on behalf of the Board

Sd/-
AMBICA SUDARSAN
Director

Sd/-
AMBICA RAMACHANDRA RAO
Director

Place: Hyderabad
Date : 27-08-2010



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010

Particulars	Sch. No	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
I Income			
Sales	7.1	63,82,22,273	63,47,31,912
Accretion / (Decretion) to Stock	7.2	-57,923	1,58,867
Miscellaneous Income	7.3	1,93,55,597	1,74,20,224
		<u>65,75,19,947</u>	<u>65,23,11,002</u>
II Expenditure			
Durbar Bathi Purchased		23,79,30,549	20,63,55,443
Material Consumed	8.1	11,47,91,390	9,72,88,106
Operating, Administrative, Selling & Distribution Expenses	8.2	22,01,96,699	24,96,35,702
Financial Charges	8.3	4,38,20,022	3,99,65,994
Foreign Exchange Flucation on FCNRB Loan		-9,272,738	1,21,22,285
Misc. Expenditure written-off	8.4	0	1,02,530
Depreciation	3.1	2,93,42,614	2,77,22,704
Loss on sale of vehicles		6,43,080	4,45,193
Prior Period adjustment		6,38,208	5,20,468
		<u>63,80,89,824</u>	<u>63,41,58,424</u>
III Profit before Tax		1,94,30,124	1,81,52,578
- Current Tax		73,64,093	56,10,189
- Deferred Tax		-1,260,022	-4,239,625
- Fringe Benefit Tax		0	11,32,421
		<u>61,04,071</u>	<u>25,02,985</u>
IV. Profit after Tax		1,33,26,053	1,56,49,593

The Schedules referred to above and the notes forming part of the accounts form an integral part of the Balance Sheet.

As per our Report of even date

for and on behalf of the Board

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA SUDARSAN
Director

Place: Hyderabad
Date : 27-08-2010

Sd/-
AMBICA RAMACHANDRA RAO
Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
1.1 SHARE CAPITAL :		
Authorised Capital :		
1,70,00,000 Equity Shares of Rs.10/- each	<u>18,00,00,000</u>	<u>17,00,00,000</u>
Issued & Subscribed Capital :		
1,63,77,400 Equity Shares of Rs.10/- each	<u>16,37,74,000</u>	<u>13,57,74,000</u>
Paid-up Capital :	<u>16,37,74,000</u>	<u>13,57,74,000</u>
Less: Calls in Arrears		
By Directors	0	0
By others	<u>4,79,377</u>	<u>4,79,377</u>
	<u>16,32,94,623</u>	<u>13,52,94,623</u>
1.2 Reserves and Surplus		
a) Capital Reserves	19,15,503	19,15,503
b) Share Premium	2,24,00,035	35
c) General Reserve	1,77,72,017	1,77,72,017
d) Profit and Loss account		
Opening Balance	5,95,67,097	6,70,46,313
Add: Profit/ (Loss) for the Year	<u>1,33,26,053</u>	<u>1,56,49,593</u>
	<u>7,28,93,150</u>	<u>8,26,95,906</u>
Total	<u>11,49,80,705</u>	<u>10,23,83,461</u>
2.1 Secured Loans		
Agarbathi Division		
Working Capital Loan/ Bills Discount	21,95,16,809	16,99,60,506
Term Loan	3,88,59,170	4,56,83,998
Interest accrued and due Rs. 4,20,136/- (Rs.5,27,441/-)		
Vehicle Loans	<u>75,90,629</u>	<u>66,07,782</u>
Total	<u>26,59,66,608</u>	<u>22,22,52,286</u>
Hotel Division		
Term Loan	8,40,86,514	8,93,71,765
Interest accrued and due Rs. 7,81,330/- (Rs.7,84,490/-)		
Vehicle Loans	<u>15,73,406</u>	<u>48,58,639</u>
Total	<u>8,56,59,920</u>	<u>9,42,30,404</u>
Construciton Division		
Term Loan	0	6,46,66,796
Interest accrued and due Rs. Nil (Rs.6,66,076/-)		
	<u>0</u>	<u>6,46,66,796</u>
Subsidiary Company		
Term Loan	5,56,16,808	4,00,01,133
Interest accrued and due Rs. Nil (Rs.Nil)		
	<u>5,56,16,808</u>	<u>4,00,01,133</u>
Grand Total	<u>40,72,43,336</u>	<u>42,11,50,620</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

3.1 : FIXED ASSETS

Sl.No.	Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK									
		As at 01.04.2009		Deductions during the year		As at 31.03.2010		For the Year		As at 31.03.2010		Deletions/Internal Transfers		As at 31.03.2010					
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				
1	Land																		
	Agarbathi Division	15,68,931	0	0	15,68,931	0	0	0	0	0	0	0	0	0	15,68,931	0	15,68,931	15,68,931	
	Hotel Division	42,14,968	0	0	42,14,968	0	0	0	0	0	0	0	0	0	42,14,968	0	42,14,968	42,14,968	
2	Buildings																		
	Agarbathi Division	1,82,81,883	8,97,316	0	1,91,79,199	41,91,671	5,58,555	12,98,246	0	0	0	0	0	0	47,50,226	1,44,28,973	1,40,90,212	1,40,90,212	
	Hotel Division	7,85,55,051	0	0	7,85,55,051	1,13,75,545	12,98,246	0	0	0	0	0	0	0	1,26,73,791	6,58,81,260	6,71,79,506	6,71,79,506	
3	Plant & Machinery																		
	Agarbathi Division	16,62,69,150	25,83,543	0	16,88,52,693	3,69,23,102	1,14,60,876	0	0	0	0	0	0	0	4,83,83,978	12,04,68,715	12,93,46,048	12,93,46,048	
	Hotel Division	4,27,40,287	6,73,385	0	4,34,13,672	1,64,04,379	20,34,164	0	0	0	0	0	0	0	1,84,38,543	2,49,75,129	2,63,35,908	2,63,35,908	
	Subsidiary Company	47,500	40,200	0	87,700	2,256	2,733	0	0	0	0	0	0	0	4,989	82,711	45,244	45,244	
4	Furniture & Fittings																		
	Agarbathi Division	1,02,15,450	5,32,105	0	1,07,47,555	31,24,583	5,45,244	0	0	0	0	0	0	0	36,69,827	70,77,728	70,90,867	70,90,867	
	Hotel Division	9,49,05,537	13,19,264	7,130	9,62,17,671	5,46,76,634	90,71,761	174	0	0	0	0	0	0	6,37,48,395	3,24,69,276	4,02,28,903	4,02,28,903	
	Subsidiary Company	0	10,904	0	10,904	0	0	0	0	0	0	0	0	0	174	10,730	0	0	
5	Computers																		
	Agarbathi Division	28,85,010	96,444	0	29,81,454	26,36,994	2,51,583	0	0	0	0	0	0	0	28,88,577	92,877	2,48,016	2,48,016	
	Hotel Division	45,84,862	92,750	0	46,77,612	40,94,518	3,21,406	0	0	0	0	0	0	0	44,15,924	2,61,667	4,90,343	4,90,343	
	Subsidiary Company	32,900	14,500	0	47,400	5,333	5,539	0	0	0	0	0	0	0	10,872	36,528	27,567	27,567	
6	Vehicles																		
	Agarbathi Division	2,44,88,768	77,48,230	11,04,580	3,11,32,418	77,37,609	26,89,421	0	0	0	0	0	0	0	1,04,27,030	2,07,05,388	1,67,51,159	1,67,51,159	
	Hotel Division	1,06,20,642	0	2,35,850	1,03,84,792	28,89,248	10,08,961	0	0	0	0	0	0	0	38,98,209	64,86,583	77,31,394	77,31,394	
7	Trade Marks																		
	Agarbathi Division	10,24,000	0	0	10,24,000	5,00,274	1,02,400	0	0	0	0	0	0	0	6,02,674	4,21,326	5,23,726	5,23,726	
8	Intangible Asset																		
	Hotel Division	50,000	0	0	50,000	50,000	0	0	0	0	0	0	0	0	50,000	0	0	0	
9	Work in Progress																		
	Agarbathi Division	46,04,84,939	1,40,08,641	13,47,560	47,31,46,020	14,46,12,147	2,93,51,063	0	0	0	0	0	0	0	17,39,63,210	29,91,82,810	31,58,72,793	31,58,72,793	
	Hotel Division	9,119	3,02,120	0	3,11,239	0	0	0	0	0	0	0	0	0	3,11,239	9,119	0	0	
	Construction Division	0	20,21,190	0	20,21,190	0	0	0	0	0	0	0	0	0	20,21,190	0	0	0	
	Subsidiary Company	8,91,61,439	88,95,500	0	9,80,56,939	0	0	0	0	0	0	0	0	0	9,80,56,939	8,91,61,439	5,64,30,873	5,64,30,873	
	Subsidiary Company	5,64,30,873	6,27,73,775	11,92,04,648	11,92,04,648	0	0	0	0	0	0	0	0	0	11,92,04,648	5,64,30,873	0	0	
	Hotel Division	14,56,01,431	7,39,92,585	0	21,95,94,016	0	0	0	0	0	0	0	0	0	21,95,94,016	14,56,01,431	0	0	
	TOTAL	60,60,86,371	8,80,01,226	13,47,560	69,27,40,036	14,46,12,147	2,93,51,063	0	0	0	0	0	0	17,39,63,210	51,81,76,827	46,14,74,224	46,14,74,224	46,14,74,224	
	Previous Year	47,72,64,692	14,21,13,550	32,91,871	60,60,86,371	11,73,47,711	2,77,30,293	4,65,857	14,46,12,147	46,14,74,224	35,99,16,981								



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
4.1 Inventories		
Agarbathi Division		
Raw Materials	10,74,24,256	9,98,11,465
Packing Materials	14,495	92,34,495
Finished Goods	2,47,63,841	2,48,21,764
Total	<u>13,22,02,592</u>	<u>13,38,67,724</u>
Hotel Division		
Stock in Hand	13,32,660	14,43,957
Total	<u>13,32,660</u>	<u>14,43,957</u>
Subsidiary Company		
Stores/Inventory	5,80,227	0
	<u>5,80,227</u>	<u>0</u>
Grand Total	<u>13,41,15,479</u>	<u>13,53,11,681</u>
4.2 Sundry Debtors (Unsecured, Considered good)		
Agarbathi Division		
Debts outstanding for a period exceeding 6 months	39,17,158	28,59,991
Others	5,60,92,529	6,74,39,781
Total	<u>6,00,09,687</u>	<u>7,02,99,772</u>
Hotel Division		
Debts outstanding for a period exceeding 6 months	14,18,280	27,46,498
Others	49,02,245	54,48,373
Total	<u>63,20,525</u>	<u>81,94,870</u>
Grand Total	<u>6,63,30,213</u>	<u>7,84,94,642</u>
Note: Debts due by directors or other officers and debts due from other Companies under the same management is Rs. Nil		
4.3 Cash and Bank Balance		
Agarbathi Division		
Cash in Hand	19,89,515	31,91,380
Bank Balances with Scheduled Banks		
In Current Accounts	26,65,100	18,47,160
In Deposit Accounts	0	0
Total	<u>46,54,615</u>	<u>50,38,540</u>
Hotel Division		
Cash in Hand	4,28,887	8,17,904
Bank Balances with Scheduled Banks		
In Current Accounts	9,21,847	12,21,393
In Deposit Accounts	0	0
Total	<u>13,50,734</u>	<u>20,39,297</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Construction Division		
Cash in Hand	65,357	60,329
Bank Balances with Scheduled Banks		
In Current Accounts	39,993	7,902
In Deposit Accounts	0	0
Total	<u>1,05,350</u>	<u>68,231</u>
Subsidiary Company		
Cash in Hand	7,925	15,48,111
Bank Balances with Scheduled Banks		
In Current Accounts	4,72,698	4,04,09,940
In Deposit Accounts	0	0
Total	<u>4,80,623</u>	<u>4,19,58,051</u>
Grand Total	<u>65,91,322</u>	<u>4,91,04,118</u>
4.4 Loans and Advances (Recoverable in cash or in kind or for value to be received unsecured, considered good)		
Agarbathi Division		
Advances	11,75,627	13,80,173
Total	<u>11,75,627</u>	<u>13,80,173</u>
Hotel Division		
Advances	3,18,127	5,69,396
Total	<u>3,18,127</u>	<u>5,69,396</u>
Construction Division		
Advances	20,000	12,29,230
Total	<u>20,000</u>	<u>12,29,230</u>
Subsidiary Company		
Advances	22,71,839	0
	<u>22,71,839</u>	<u>0</u>
Grand Total	<u>37,85,593</u>	<u>31,78,799</u>
4.5 Deposits		
Agarbathi Division		
Trade Deposits	9,50,00,000	5,00,00,000
Security Deposits	3,13,080	3,13,080
Other Deposits	40,06,097	40,15,328
Total	<u>9,93,19,177</u>	<u>5,43,28,408</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Hotel Division		
Deposits	53,71,753	53,57,719
Total	53,71,753	53,57,719
Construction Division		
Deposits	64,19,190	83,86,914
Total	64,19,190	83,86,914
Grand Total	11,11,10,120	6,80,73,041
5.1 Sundry Creditors		
Agarbathi Division		
Trade Creditors		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	82,14,005	1,46,79,528
Other Creditors		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	1,37,65,366	1,20,23,396
Creditors for Capital Assets		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	0	0
Trade Deposits	2,66,75,786	2,49,47,065
Total	4,86,55,157	5,16,49,988
Hotel Division		
Sundry Creditors		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	19,42,109	16,77,140
Advance Receipts/ Deposits	4,92,915	5,44,000
Creditors for Expenses		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	37,04,371	29,43,005
Total	61,39,395	51,64,145
Construction Division		
Sundry Creditors - Supplies		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	2,09,25,698	34,29,722
Total	2,09,25,698	34,29,722
Subsidiary Company		
Creditors for Expenses		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	56,437	1,40,495
Other Creditors		
Total O/s dues of Micro & Small Enterprises	0	0
Total O/s dues otherthan of Micro & Small Enterprises	5,37,123	34,000
Total	5,93,560	1,74,495
Grand Total	8,47,58,870	6,04,18,350



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
5.2 Other Liabilities		
Agarbathi Division		
TDS payable	9,09,844	10,46,038
VAT/ CST / Entry Tax payable	1,61,385	2,86,697
Provision for Gratuity	2,35,344	2,20,693
Provision for Bonus	1,10,560	67,680
PF and ESI payable	13,216	13,469
Audit Fee payable	3,05,848	3,07,195
Total	17,36,197	19,41,772
Hotel Division		
PF and ESI payable	74,026	60,925
Provision for Bonus	3,25,000	3,25,000
VAT Payable	2,27,223	1,52,361
Import Liquor Tax Payable	36,885	33,200
Luxury Tax Payable	1,98,427	1,79,054
Service Tax Payable	2,672	61,624
TDS Payable	90,923	7,327
Total	9,55,156	8,19,491
Construction Division		
TDS Payable	5,22,237	5,22,237
Works Contract Tax (TDS) Payable	22,05,388	22,05,388
Total	27,27,625	27,27,625
Subsidiary Company		
TDS Payable	18,30,175	0
VAT Payable (works contract)	21,30,331	0
Provision for FBT	1,405	1,405
Provision for Expenses/Audit Fee Payable	55,150	53,820
Total	40,17,061	55,225
Grand Total	94,36,039	55,44,113
6.1 Miscellaneous Expenses not written off		
Hotel Division		
Preliminary Expenses	4,748	4,748
Pre Operative Expenses	97,781	97,781
Total	1,02,529	1,02,529
Subsidiary Company		
Preliminary Expenses	34,000	34,000
Total	34,000	34,000
Grand Total	1,36,529	1,36,529



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31ST MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
7.1 Sales		
Agarbathi Division		
Amica Durbar Bathies	35,43,07,802	33,95,93,684
Ambica Scented Bathies	18,94,64,912	19,07,30,347
Total	<u>54,37,72,713</u>	<u>53,03,24,031</u>
Hotel Division		
Food Sales	4,40,13,620	3,60,21,234
Rent Receipts	2,73,82,522	3,63,30,758
Hospitality Income	2,30,53,418	3,20,55,889
Total	<u>9,44,49,560</u>	<u>10,44,07,881</u>
Grand Total	<u>63,82,22,273</u>	<u>63,47,31,912</u>
7.2 Accretion/ (Decretion) to Stock		
Closing Balnce	2,47,63,841	2,48,21,764
Opening Balnce	2,48,21,764	2,46,62,897
	<u>-57,923</u>	<u>1,58,867</u>
7.3 Miscellaneous income		
Agarbathi Division		
Duty Drawback	2,31,454	2,99,684
Interest Income	12,34,149	7,32,201
Miscellaneous income	32,75,433	15,27,739
Profit on sale of shares	0	20,27,000
Wind Power Sale Proceeds	67,27,849	47,52,941
Total	<u>1,14,68,885</u>	<u>93,39,565</u>
Hotel Division		
Rental Income	54,12,281	57,54,904
Income from Forex Services	43,979	28,359
Interest Income	5,086	2,05,655
Miscellaneous income	24,25,366	20,91,741
Total	<u>78,86,712</u>	<u>80,80,659</u>
Grand Total	<u>1,93,55,597</u>	<u>1,74,20,224</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31ST MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
8.1 Material Consumed		
Agarbathi Division		
Opening Stock		
Raw Material	9,98,11,465	5,26,58,260
Packing Material	92,34,495	1,60,05,447
	<u>10,90,45,960</u>	<u>6,86,63,707</u>
ADD: Purchases		
Raw Material	6,46,66,949	8,88,11,297
Packing Material	2,77,58,641	2,84,34,137
	<u>9,24,25,590</u>	<u>11,72,45,434</u>
Sub total	<u>20,14,71,550</u>	<u>18,59,09,141</u>
Less: Closing Stock		
Raw Material	10,74,24,256	9,98,11,465
Packing Material	14,495	92,34,495
	<u>10,74,38,751</u>	<u>10,90,45,960</u>
Total	<u>9,40,32,799</u>	<u>7,68,63,181</u>
Hotel Division		
Opening Stock		
Provisions and Other Raw Material	14,43,957	9,81,880
	<u>14,43,957</u>	<u>9,81,880</u>
ADD: Purchases	2,06,47,294	2,08,87,002
Sub total	<u>2,20,91,251</u>	<u>2,18,68,882</u>
Less: Closing Stock		
Provisions and Other Raw Material	13,32,660	14,43,957
Total	<u>2,07,58,591</u>	<u>2,04,24,925</u>
Grand Total	<u>11,47,91,390</u>	<u>9,72,88,106</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31ST MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
8.2 Mfg./ Operg., Admin. & Selling and Dist. Expenses		
Manufacturing/ Operating Expenses		
Agarbathi Division		
Bathi Making and Packing Charges	76,45,013	76,05,243
Electricity Charges	28,11,172	26,53,802
Generator Maintenance	9,23,499	9,79,862
Total	1,13,79,684	1,12,38,907
Administrative Expenses		
Agarbathi Division		
Audit Fee	4,13,625	4,13,625
Charities & Donations	14,91,673	8,16,648
Consultancy Charges	24,00,501	36,58,216
Directors Remuneration	21,00,000	21,00,000
Insurance Premium	12,92,403	10,56,644
Listing Fees	2,20,600	83,127
Miscellaneous Expenses	2,04,230	7,76,916
Office Maintenance	1,69,327	1,97,279
Postage and Courier Expenses	1,94,886	1,84,437
Printing & Stationery	2,80,839	3,50,479
Rates & Taxes	22,25,486	4,16,681
Rent	5,87,549	3,08,117
Repairs to Building	9,70,240	8,95,879
Repairs to Machinery	23,34,221	17,98,140
Repairs to Other Assets	17,14,511	15,03,800
Share Registrar Fees	1,33,174	53,706
Staff Cost	6,77,508	5,91,002
Subscription	1,10,557	18,055
Telephone and Communication Expenses	22,13,948	27,89,207
Travelling Expenses	49,37,913	43,22,173
Vehicle Maintenance	66,13,202	65,15,386
Total	3,12,86,393	2,88,49,515
Hotel Division		
Computer Maintenance	1,75,841	97,847
Consulatancy Charges	2,13,618	2,61,978
Conveyance	1,15,258	1,27,120
Electricity Charges	1,11,94,539	1,09,48,147
Fuel Expenses	39,47,797	58,08,118
House Keeping Charges	1,17,17,453	1,28,05,981
Insurance	5,71,187	6,14,835
Kitchen Expenses	19,15,408	23,39,641
Miscellaneous Expenses	6,63,150	8,33,773
Postage and Courier Expenses	78,637	1,04,397
Printing & Stationary	7,34,783	9,27,964



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31ST MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Rates and Taxes	12,64,688	9,60,415
Rent	61,28,321	52,65,676
Repair to Building	0	25,695
Repair to Machinery	3,03,444	2,89,409
Repairs to Other Assets	29,81,278	23,69,869
Staff Cost	61,71,422	63,65,434
Newspaper and Subscriptions	1,37,093	1,20,029
Telephone Expenses	8,34,475	9,10,996
Transport Expenses	6,19,906	3,31,058
Travelling Expenses	15,479	29,295
Uniform and Linen	3,18,516	6,10,571
Vehicle Maintenance	9,48,166	17,62,643
Total	5,10,50,458	5,39,10,890
Selling & Distribution Expenses		
Agarbathi Division		
Advertisement and Business Promotion Expenses	1,35,30,032	1,13,48,783
Freight and Despatch Expenses	65,36,969	46,90,987
Trade Discounts on sales	7,85,13,425	11,21,61,876
Turnover and Entry Taxes	1,62,08,067	1,48,17,710
Baddebts Written Off	1,80,389	46,37,560
Total	11,49,68,883	14,76,56,917
Hotel Division		
Advertisement Expenses	26,81,950	21,06,994
Discounts allowed	88,672	4,87,634
Turnover and Other Taxes	56,91,030	53,84,847
Others	30,49,630	0
Total	1,15,11,282	79,79,477
Grand Total	22,01,96,699	24,96,35,706
8.3 Finance Charges		
Agarbathi Division		
Bank Charges	23,13,360	26,65,714
Interest on Term Loan	55,38,347	71,80,162
Interest on CC Loan	2,23,35,145	1,26,83,468
Forex Fluctuations	0	0
Others	19,50,853	26,82,514
Total	3,21,37,705	2,52,11,857



AMBICA AROMATICS & INDUSTRIES LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31ST MARCH, 2010

Particulars	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
Hotel Division		
Bank Charges	7,93,235	10,76,838
Interest on Term Loan	<u>1,03,12,667</u>	<u>1,23,93,926</u>
Other Interest	<u>5,76,414</u>	<u>12,83,372</u>
Total	<u>1,16,82,316</u>	<u>1,47,54,137</u>
Grand Total	4,38,20,022	3,99,65,994
8.4 Miscellaneous Expenses Written off		
Hotel Division		
Preliminary Expenses	<u>0</u>	<u>4,748</u>
Preoperative Expenses	<u>0</u>	<u>97,782</u>
Total	0	1,02,530

As per our Report of even date

Sd/-
T.S.AJAI
Chartered Accountant

PLACE : HYDERABAD
DATE : 27-08-2010

for and on behalf of the Board

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA RAMACHANDRA RAO
Director

Sd/-
AMBICA SUDARSAN
Director



Schedule- 9

A) SIGNIFICANT ACCOUNTING POLICIES

1) Basis of preparation of Financial Statements:

The Financial Statements have been prepared under Historical Cost Convention in accordance with Generally Accepted Accounting Principles in India and the provisions of Companies Act, 1956.

2) Fixed Assets:

Fixed Assets are stated cost less accumulated depreciation. Cost comprises purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

3) Depreciation:

Depreciation on Fixed Assets is provided under Straight Line Method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956.

4) Intangible Assets:

Intangible Assets are recognized if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account. Trade Marks of the Company is amortized over a period of 10 years under Straight Line Method (SLM).

5) Inventories:

Inventories are stated at lower of Cost or Net Realizable Value. Cost is computed based on weighted average cost method. Cost comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their present condition and location.

6) Revenue Recognition:

Revenue on sale of goods is recognized on transfer of risk and reward of ownership to the buyer.

Interest Income is recognized on accrual basis.

Contract Revenue is recognized on "Percentage of Completion" basis measured by the proportion that the cost incurred upto the reporting date bear to the estimated total cost of the contract.

7) Turnover:

Turnover includes Sale of goods, Services, Sales Tax (VAT), Service Tax and Luxury Tax.

8) Foreign Exchange Transactions:

All transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Assets and Liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. Exchange differences arising on foreign currency transactions are included in the profit and loss account.

9) Investments

Investments, being long term in nature, are valued at cost of acquisition. Adjustment for increase/decrease in the value of investments, if any, will be accounted for on realisation of the investments. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

10) Employee Benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of past employment and other long term benefits are charged to the profit and loss account.

11) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

12) Deferred Tax:

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods.

13) Impairment of Assets:

At each balance sheet date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets' net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment losses recognized in prior years, if any, is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior year.

14) Provisions and Contingencies:

A provision is recognized when the company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation. In respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized and, if any, are adequately disclosed in the notes to accounts.

15) Earnings per Share:

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding for the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

B. NOTES FORMING PART OF ACCOUNTS

1) Loans & Advances, Sundry debtors and creditors balances are subject to confirmation.

2) Secured Loans:

Agarbathies Division:

a) Working Capital Loan of Rs.1611.42 Lakhs from State Bank of India, Chennai, with a sub-limit of Rs.45.00 Lakhs at Eluru, is against the hypothecation of raw materials, stocks-in-process, finished goods, consumables, stores, spares etc., and book debts of the Company, equitable mortgage on fixed assets of Hotel Division and collateral security of personal properties and personal guarantee of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

Purchase Factoring Facility of Rs.279.03 Lakhs from SBI GLOBAL FACTORS LIMITED [Formerly known as SBI Factors and Commercial Services (P) Ltd.,] Chennai is against equitable mortgage on personal properties of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives and personal guarantee of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao.

FCNR(B) loan of USD 16,95,202.58 availed equivalent to Rs.750.00 Lakhs as a part of overall fund-based working capital limit, on closure of term, incurred Gain of Rs.92.73 Lakhs on account of foreign exchange fluctuation.

b) Working Capital Loan of Rs.304.72 Lakhs from ICICI Bank, Chennai, is against the hypothecation of raw materials, stocks-in-process, finished goods, consumables, stores, spares etc., and book debts of the Company and collateral security of personal properties and personal guarantee of directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao.

c) Term Loan of Rs. 256.58 Lakhs from State Bank of India, Chennai is against the first charge of

the Agarbathi Rolling Machinery and of Rs.132.01 Lakhs is against the first charge of the Windmill at Surandai, Tamil Nadu, equitable mortgage on fixed assets of Hotel Division and collateral security of personal properties and personal guarantee of the directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

d) Vehicle finance and Top-up loans of Rs.75.91 Lakhs from Barclay Bank, HDFC Bank, ICICI Bank, Reliance Capital Ltd., SBH Bank and Standard Chartered Bank etc., are against the security of vehicles respectively financed by them.

Hotel Division:

a) Term Loan of Rs.565.97 Lakhs from State Bank of India, Chennai is against the first charge on fixed assets financed by them and collateral security of personal properties and personal guarantee of the directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

b) Term Loan of Rs.274.90 Lakhs from Industrial Development Bank of India Ltd., Chennai is against the first charge on future credit card receivables of the company and collateral security of personal properties and personal guarantee of the directors i.e., Ambica Krishna, Ambica Sudrsan, Ambica Ramachandra Rao and their relatives.

c) Vehicle finance and Topup loans of Rs.15.73 Lakhs from Kotak Mahindra, ICICI Bank, HDFC and Tata Motor Finance Ltd., are against the security of charge of vehicles respectively financed by them.

Subsidiary Company:

a) Term Loan of Rs.556.17 Lakhs from IOB, Vizag is against mortgage of lease hold rights on the property with No objection certificate from Visakapatnam Urban Development Authority (VUDA) and building thereon along with hypothecation of Plant & Machinery to be acquired out of the term loan and lien on ESCROW account to be operated at Indian Overseas Bank, Vizag Branch till liquidation of the term loan, Corporate Guarantee given by Ambica Agarbathies Aroma & Industries Ltd., and on personal guarantees given by directors.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

3) Employee Benefits:

The Company has provided for Gratuity Liability as per the Actuary Valuation and as required by the AS-15: Employee Benefits.

4) Borrowing Cost:

Interest capitalized Rs. NIL/- (Rs. 80,77,617/-)

5) Segment Reporting:

The following is Segment Report of the Company in accordance with Accounting Standard- 17 on "Segment Reporting" issued by ICAI.

(Rs. in Lakhs)

PARTICULARS	FOR THE YEAR ENDING	
	31-03-2010	31-03-2009
Segment Revenue		
Agarbathi Division	5,485.14	5,349.11
Hotel Division	1,023.36	1,124.89
Windmill Division	67.28	47.53
Increase/ (Decrease) in Stock	(0.58)	1.59
Total	6,575.20	6,523.12
Less: Inter Segment Revenue	-	-
Net Sales/ Income from Operation	6,575.20	6,523.12
Segment Results		
Agarbathi Division	450.73	521.04
Hotel Division	52.78	166.31
Windmill Division	36.27	15.06
Total	539.78	702.41
Less: Financial Charges	345.47	520.88
Profit before Tax	194.31	181.53
Capital Employed		
Agarbathi Division	3,571.83	3,249.57
Hotel Division	1,531.09	1,639.18
Windmill Division	417.58	472.39
Construction Division	2,202.85	1,453.83
Total	7,723.35	6,814.97

The term "Segment Revenue" mentioned above included the following elements:

(Rs. in Lakhs)

PARTICULARS	ACCRETION/ (DECRETION) TO STOCK	OTHER INCOME
Agarbathi Division	-0.58	47.41
Hotel Division	Nil	78.86

6) Earning per Share (EPS):

The following particulars are furnished as required by Accounting Standard- 20 on "Earning per Share" issued by ICAI.

Particulars	2009-10	2008-09
Profit after Tax (Rs. In Lakhs)	133.26	156.50
No. of Equity Shares	16377400	13577400
Face Value per Share (Rs.)	10	10
Basic/ (Diluted) Earning per Share (Rs.)	0.81	1.16

7) Deferred Tax:

In accordance with Accounting Standard- 22 on "Accounting for Taxes on Income" issued by ICAI, the Company has accounted for Deferred Tax.

(Rs. In Lakhs)

Particulars	2009-10	2008-09
Deferred Tax Liability/ (Asset): On account of depreciation under Companies Act, 1956 and Income Tax Act, 1961 (Timing Difference)	(12.60)	(42.40)

The Deferred Tax has been evaluated as on 31-3-2010 and the difference pertaining to the earlier years including the first year in which the Deferred Tax provisions came into force amounting to Rs. 2,31,28,812/- has been provided by way of adjustment from the balance in Profit & Loss A/c as on 1-4-2009.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

8) Managerial Remuneration:

Remuneration to:

- a) Ambica Krishna-
Chairman & Managing Director :Rs.9,00,000 (Rs.9,00,000)
- b) Ambica Sudarsan-
Director :Rs.6,00,000 (Rs.6,00,000)
- c) Ambica Ramachandra Rao-
Director :Rs.6,00,000 (Rs.6,00,000)

Note: For the above Bank Guarantees availed from Andhra Bank, State Bank of India issued Counter Guarantee.

- c) Dhanalakshmi Bank:
-to APSRTC, Vijayawada: Rs.54,20,000 (Rs.54,20,000)
-to Visakhapatnam Urban
Development
Authority on behalf of SPV,
Ambica Infra Ventures
(P) Ltd., : Rs.21,57,500 (Rs.21,57,500)

9) Payments to Statutory Auditor:

- a) As Auditors Rs.413,625/- (Rs. 4,13,625)
- b) As adviser or in any other
capacity in respect of
- i) Taxation matters Rs. Nil (Rs. Nil)
- ii) Company Law matters Rs. Nil (Rs. Nil)
- iii) Management Services Rs. Nil (Rs. Nil)
- c) In any other manner Rs. Nil (Rs. Nil)

10) Directors' Traveling Expenses:

- a) Domestic Rs. 17.39Lakhs (Rs.16.23 Lakhs)
- b) Foreign Rs. NIL Lakhs (Rs. NIL)

11) Contingent Liabilities:

- I. Claims against the Company
not acknowledged as debts: NIL (NIL)
- II. Bank Guarantee by
- a) Andhra Bank:
-to Dty Comm. of
Customs, Chennai : Rs.24,17,163 (Rs.24,17,163)
-to Comm. of Customs
of Customs House,
Chennai : Rs. 2,80,000 (Rs.2,80,000)
-to Joint Comm. of
Sale Tax, Howrah : Rs. 20,000 (Rs. 20,000)
- b) State Bank of India:
-to Comm. of Customs
of Customs House,
Chennai : Rs.16,20,000 (Rs.16,20,000)
-to Canteen Stores
Department, Mumbai : Rs.64,10,000 (Rs.64,10,000)
-to Comm., Warangal
Municipal Corporation,
Warangal : Rs.10,00,000 (Rs.10,00,000)

III. Taxation matter under appeals are as follows:

Name of the Statute	Nature of the dues	Demand (Rs.)	which the amount related	dispute is pending
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	5,90,281	AY 2000-01	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	5,37,185	AY 2001-02	ITAT , Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA&10A including interest till date of Asst. Order	1,37,07,081	AY 2002-03	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	7,92,636	AY 2003-04	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 80-IA including interest till date of Asst. Order	15,58,503	AY 2004-05	ITAT Chennai, Tamil Nadu.
Income Tax Act, 1961	Disallowance U/Sec. 10A	17,01,853	AY 2005-06	ITAT Chennai, Tamil Nadu.
Central Sales Tax Act, 1956	Disallowance of exemption for export sale	4,13,508	FY 2005-06	Remanded back to A.O. Eluru by DCCT. (Appeals) Vijayawada A.P.

Note : All the above income tax appeals have been disposed off in favour of the company by the honourable Income Tax Appellate Tribunal, Chennai vide order dated 23.07.2010. Consequently the Company would be entitled for a refund of Rs. 31,45,000/- deposited during the pendency of the appeals.

During the previous year the Company has given Corporate Guarantee for Rs.1200.00 Lakhs for sanction of loan by Indian Overseas Bank, Vizag to its subsidiary company Viz., Ambica Infra Ventures (P) Ltd.,



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

12 Related Party Disclosure :

RELATIONSHIP INDEX	RELATED PARTY RELATIONSHIP	NAME	NATURE OF RELATION
A	Holding Company, Subsidiary Company and Fellow Subsidiary Company	Ambica Infra Ventures (P) Ltd	Subsidiary Company
B	Associates and Joint Ventures	Nil	Nil
C	Individuals having control or significant influence and their relatives	Nil	Nil
D	Key Management Personnel and Relatives	P V V P Krishna Rao P T N V R Sudarsan A G N V S A Ramachandra Rao A V Ambica Prasad A Rajeswara Rao A Ramanjaneyulu A B N V R A Hanuma A janaki A Lalitha Kumari A P J Suneetha A Ramalakshmi A Satyamala A Siva Kumar P Satyavathi	MD Director- Operation Director- Works Brother of MD Brother of MD Brother's Son of MD Brother's Son of MD Wife of Director Brother's Wife of MD Daughter in Law of MD Brother's Wife of MD Brother's Wife of MD Brother's Son of MD Wife of MD
E	Enterprises over which parties referred in (c) or (d) as stated above are having significant influence	Ambica Cinema Productions Pvt. Ltd. Ambica Bullions Ambica Delux Theatre Ambica Family Hodings Sakthi Aromatic Chemicals Fine Aromas (P) Ltd. ACP Industries Ltd.,	P V V P Krishna Rao - Director A Ramanjaneyulu - Director A G N V S A Ramachandra Rao - Partner A. Siva Kumar - Partner A. Hanuma - Partner P T N V R Sudarsan - Partner P V V P Krishna Rao - Partner A V Ambica Prasad - Partner A Rajeswara Rao - Partner A Ramanjaneyulu - Partner P V V P Krishna Rao - Partner P T N V R Sudarsan - Partner A G N V S A Ramachandra Rao - Partner A V Ambica Prasad - Partner A Rajeswara Rao - Partner A Ramanjaneyulu - Partner P A Y Madavi - Partner A janaki - Partner A Lalitha Kumari - Partner A P J Suneetha - Partner A Ramalakshmi - Partner A Satyamala - Partner A Siva Kumar - Partner P Satyavathi - Partner A G N V S A Ramachandra Rao - Partner A Ramanjaneyulu - Partner A G N V S A Ramachandra Rao - Director A Hanuma - Director A Siva - Director A V Ambica Prasad - MD A Rajeswara Rao - Director A Ramanjaneyulu - Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

(Rs.in Lakhs)

Relationship Index	Name of the Related Party	Nature of Relationship	Nature of Transaction	Transaction Amount
A	Ambica Infra Ventures (P) Ltd. Company	Subsidiary Company	1. Share Application Money	497.25
			2. Amount Payable	60.49
			3. Corporate Guarantee	1221.58
D	Ambica Krishna	MD	Remuneration	9.00
	Ambica Sudarsan	Director	Remuneration	6.00
	Ambica Ramachandra Rao	Director	Remuneration	6.00
E	ACP Industries Ltd.	Enterprises over which parties referred in (C) or (D) as stated above are having significant influence	1. Purchase of Durbar bathies	2379.30
			2. Commission (Income) 3. Trade cum Caution Deposit	9.00 450.00
E	Ambica Deluxe Theatre	– Do –	Interest (Expense)	0.11
E	Ambica Family Holdings	– Do –	Interest (Income)	7.45
E	Sakthi Aromatic Chemicals	– Do –	Interest (Expense)	0.14
E	Ambica Bullions	– Do –	Intrest (Income)	1.92



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

13) a) Construction Work at Vizag:

The Company has entered into a License agreement with APSRTC for construction of Commercial Complex at Dwarakanagar Bus Station, Vizag on BOT basis for 30 years. The company has entered into an agreement with M/s. Trinethra Infra Ventures Ltd., (TIVL), Hyderabad for construction of the said Commercial Complex and the value of works completed as on 31-03-2010 was Rs. 567.26 Lakhs.

Further, as per the above said agreement, the company has to pay Annual Ground License Fee as well as Annual Commercial License Fee. However, the company is regular in making the respective provisions but did not make the payments for the respective provisions as per the agreement with them as there is a dispute between APSRTC and the company, on account of construction of a Fly-Over by the local government, in front of the Commercial Complex and the consequent inability of the company to exploit the commercial potential of the property resulting in non - payment of the lease rentals.

b) Construction Work at Vijayawada:

The Company has entered into a License agreement with APSRTC for construction of Commercial Complex at Old Bus stand, Vijayawada on BOT basis for 30 years. However, the Municipal Corporation of Vijayawada did not accord its permission for the construction of commercial complex at the allotted premises on the ground that the premises comes under Transport Zone but not of Commercial Zone. The company has already requested the said local authority to convert the premises into Commercial Zone from Transport Zone. However, Aggrieved by the decision of the Municipal Corporation Vijayawada, the company filed a Writ Petition vide W.P. No. 14449/09 before the Honourable High Court of Andhra Pradesh which is pending for disposal. Keeping the dispute in view the company is not paying License fees to be payable as per the BOT agreement with the APSRTC. However, the company is regular in making the required provisions in the books of account.

14) Conversion of Share Warrants into Equity Shares:

In terms of approval of the Shareholders of the Company and as per the applicable statutory provisions including the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000, the Company has allotted 28,00,000 Share Warrants as on 31-07-2008 to (a) M/s. Trinethra Infra ventures Ltd- Nos. 19,00,000 and (b) Mr. Puvvada Baskara Rao- Nos.9,00,000. Further, during the year the above said Share Warrants have been converted into Equity Shares as below:

Sl. No.	Name of the Shareholder	No. of Shares
1	M/s. Trinethra Infra ventures Ltd.,	19,00,000
2	Mr. Puvvada Bhaskar Rao	9,00,000
	Total No. of Shares:	28,00,000



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

All the formalities regarding the above preferential allotment has been duly complied with by the company and the said 28,00,000 Equity shares of Rs. 10/- each allotted on conversion of warrants issued on preferential basis made by the company are listed and admitted to dealings on stockexchanges vide letter dated 28.05.2010 by NSE and letter dated 20.05.2010 by BSE.

15) Investment in Vaibhav Skyscapes Ltd.,

During the Financial year 2008-09, the company has transferred all its interest and investments in M/s. Vaibhav Skyscapes Pvt. Ltd., to Vaibhav Empire Pvt. Ltd., and the formalities for the registration of the same are still pending.

16) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF THE SCHEDULE VI OF THE COMAPNEIS ACT, 1956:

- a) Class of goods, Capacity and production:
- | | | |
|---------------------------------|---|------------------------------|
| Class of goods | - | Manufacturing of Agarbathies |
| Capacity as at 31st March, 2010 | - | Not Applicable |
| I. Licensed capacity: | - | Not Applicable |
| II. Installed capacity: | - | Not Applicable |
- [As certified by the Management]

b) Quantitative details of production and stocks:

[In Millions]

Product	Unit	Opening Stock	Production	Purchase	Closing Stock
Ambica Scented Bathies	Sticks	96.781 (111.459)	1144.191 (1062.643)		170.799 (96.781)
Ambica Durbar Bathies	Sticks	1.122 (1.634)	- -	1676.897 (1454.361)	31.876 (1.1222)



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

c) Sales:

[In Millions]

Product	Unit	Quantity [In Millions]	Amount in Rs.
Ambica Scented Bathies	Sticks	1070.173	189,464,912
		1077.321	(190,730,347)
Ambica Durbar Bathies	Sticks	1646.143	354,307,802
		(1454.873)	(339,593,684)

d) Details of materials consumed:

Product	Unit	Quantity (In Millions)	Amount in Rs.
Raw Bathies and Compounds	Tons	713.989 (521.319)	2,29,43,534 (1,67,52,221)
Chemicals, Perfumes and Others			2,44,30,406 (1,78,37,860)
Paper Board	Tons	617.233 (587.630)	1,66,65,276 (1,58,65,984)
Posters & Liners	Tons	99.442 (94.654)	68,63,418 (65,34,238)
Other Packing Materials			1,34,49,947 (1,28,04,867)
Total			9,40,32,799 (7,68,63,181)

Note : Quantitative details of inventory are as per the inventory taken and approved by the management.



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

e) Value of Raw Materials, Spare Parts and Components Consumed:

Particulars	2009-10 (In Rs.)	%	2008-09 (In Rs.)	%
Imported	-	-	-	-
Indigenous	94,032,799	100.00	76,863,181	100.00
Total	94,032,799	100.00	76,863,181	100.00

f) CIF Value of Imports : Nil (Nil)

g) Expenditure in foreign currency: Nil (Nil)

17) Hotel and Other Division:

The requirement regarding furnishing of quantitative details is not required to Hotel Division and Other Divisions, since they belong to service industry.

18) Figures in the bracket denote last year figures. Previous year figures have been regrouped in appropriate cases.

As per our Report of even date

Sd/-
T.S.AJAI
Chartered Accountant

PLACE : HYDERABAD
DATE : 27-08-2010

for and on behalf of the Board

Sd/-
AMBICA KRISHNA
Chairman & Managing Director

Sd/-
AMBICA RAMACHANDRA RAO
Director

Sd/-
AMBICA SUDARSAN
Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

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**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Shankar Towers, Powerpet, Eluru.

PROXY FORM

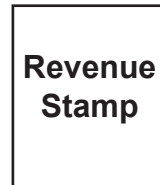
Folio No.....
(To be filled by the shareholder)

I/ We..... being a member/ members of Ambica Agarbathies
Aroma & Industries Limited of in the district of
..... or failing him in the district of as my/our
proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to
be held on 30th Sep, 2010 at 11.00 a.m. on Thursday and at any adjournment thereof.

Signed this..... day of 2010.

Name

Address



Signature of the Shareholder/ Proxy*

*** Strike out whichever is not applicable.**

Note: The Proxy form should be deposited at the Register Office of the Company not later than
48 hours before the commencement of the meeting.

AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Shankar Towers, Powerpet, Eluru.

**FIFTEENTH ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

Folio No.
(To be filled by the Shareholder)

No. of Shares

I hereby record my presence in the Fifteenth Annual General Meeting of the Company held on the
30th Sep, 2010 at 11.00 a.m. on Thursday at Shankar Towers, Powerpet, Eluru.

Signature of Member/Proxy

Note:

1. A member/proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Member intending to appoint a Proxy should complete the proxy form below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the meeting.