



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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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 P. SREEDHARAN VENKATESAN	: Director
SRI SURESH GARLAPATI	: Director
SRI P KISHORE THANDAVA	: Director
SRI M SURAYYA (upto 28.12.2010)	: Director

STATUORY AUDITORS:

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

BANKERS:

CORPORATION BANK
Eluru Branch, ELURU

REGISTERED OFFICE:

Shankar Towers
Powerpet, ELURU - 534 002.

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 16th Annual General Meeting of the members of the Company will be held on **THURSDAY 29TH SEPTEMBER, 2011 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, 2011 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 Ambica Sudarsan, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a director in place of Sri Suresh Garlapati 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. APPOINTMENT OF SRI P V SREEDHARAN AS DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an "**ORDINARY RESOLUTION**":

“RESOLVED THAT Pursuant to the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Sri P V Sreedharan who was appointed as an Additional Director on 14th February, 2011 and who holds office as such up to the date of this Annual General Meeting and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company who is liable to retire by rotation.”

for and on behalf of the Board

Sd/-

AMBICA KRISHNA

Chairman and Managing Director

Place : Hyderabad

Date : 13.08.2011



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from **MONDAY 26TH SEPTEMBER, 2011 TO THURSDAY 29TH SEPTEMBER, 2011**
- 4) Members are requested to quote ledger folio/dp id/client id number in all their correspondence to avoid delay in communication.
- 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.
- 7) The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of special business is Annexed hereto

Place : Hyderabad
Date : 13.08.2011

for and on behalf of the Board

Sd/-

AMBICA KRISHNA
Chairman and Managing Director



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

EXPLANATORY STATEMENT

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

Item No.5

The Board of Directors of the Company has appointed Sri P V Sreedharan as Additional Director of the Company at their meeting held on 14th February, 2011.

Mr.Sreedharan, is a practicing Chartered Accountant since 1964, he has experience in conducting Audit of Accounts of Nationalised Banks, such as Canara Bank, Indian bank, Engineering Companies , Software Companies, Leather Exporters, Charitable Trust etc., and is a senior partner in M/s.Karpagam & co.,- Chartered Accountants firm, chennai

Due to his rich experience in the field of finance and having Decades of experience in the Financial Matters the Board of Director felt that the presence of Sri P V Sreedharan in the Board will help the company in the field of financial matters and his experience will be a guiding factor for making important financial decision, so he is appointed as Additional Director of the Company

Pursuant to the provisions of section 257 of the companies Act, 1956 any appointment of director required the approval of the members in their meeting hence this resolution commended for your approval.

None of the Directors 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.

AMBICA SUDARSAN

Sri Ambica Sudarsan is a Commerce graduate from Andhra University, having rich and varied

experience of more than two decade in the business of your Company. He is instrumental in introducing many brands and contributed tremendously in establishing a strong dealer network.

His vision and dedicated approach made the Company to foray into constructions activities and bagging some prestigious civil contracts.

SRI SURESH GARLAPATI

Sri Suresh Garlapati S/o of Sri Bhavanarayana Garlapati aged about 47 years is a resident of 1-4-879/65, Gandhinagar, SBI Officers Colony, Hyderabad. He has completed his Bachelor of Commerce and has experience of more than 20 years in the field of Manufacturing and marketing of Fast Moving Consumer Goods.

He is not a Director in any other Company and has no shares in the Company

SRI P V SREEDHARAN

Sri Sreedharan Venkatesan Palasur S/o of Sri Seetharama Venkatesan Palasur aged about 74 years is a resident of no. 4, Balaji avenue 1st Street, T Nagar Chennai Tamilnadu. He is a Chartered Accountant. He has experience of more than Five decades in the field of Finance and Accounting.

He is not a Director in any other Company and has no shares in the Company



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting herewith the 16th Annual Report of Company together with the Audited Accounts for the financial year ended as on 31st March, 2011

FINANCIAL RESULTS: (Rs.in lakhs)

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2011	31.03.2010
Sales	7189.97	6382.22
Other Income	179.66	193.55
Stocks	2.21	(0.57)
Expenditure	(6850.75)	(6087.47)
Profit before depreciation and Income tax	521.09	487.73
Depreciation	(278.27)	(293.43)
Net profit before tax	242.82	194.30
Provision for taxation		
a. Current tax	83.94	73.69
b. Deferred tax	18.88	(12.60)
Profit after tax	139.99	133.26
Brought forward from previous year	728.93	595.67
Balance carried to balance sheet	868.92	728.93

OVERALL PERFORMANCE OF THE COMPANY:

During the financial year under review the overall performance of your Company was satisfactory in spite of the economy slow down, inflation and many factors during the financial year under review the overall turnover of the Company was Rs 7189.97 Lakhs as compare to Rs 6382.22 Lakhs and the Net profit Rs 139.99 Lakhs as compare to Rs 133.26 Lakhs

When it comes to Segment wise performance of the Company the Turnover of the Agarbathies Division was Rs 6041.50 Lakhs as Compare to Rs 5485.14 Lakhs and the Net Profit is Rs

583.68 Lakhs as compared to Rs 450.73 Lakhs. The Turnover of hotel division was Rs 1267.65 Lakhs as compared to Rs 1023.36 Lakhs and Net profit is Rs 227.75 Lakhs as compared to Rs 52.78 and in Construction Division many projects are in finishing stages and it has good future in coming years.

DIVIDEND

Your Directors do not recommend any Dividend for the Financial Year 2010-2011 as the profits are planned to be ploughed back into the business operations.

PERSONNEL:

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

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.

DIRECTORS:

Board of Directors express their gratitude and unhappily would like to bring to the notice of the shareholders the demise of Sri M Surayya Director of your company on 28th December, 2010

Sri P V Sreedharan was appointed as Additional Director of your company on 14th February, 2011 and Further Company has received a special notice with a deposit of Rs 500/- under section 257 of the companies Act 1956 for the appointment of Sri P V Sreedharan as Non Executive and Independent Director of the company.

Sri Ambica Sudarsan and Sri Suresh Garlapati Directors of the Company retires by rotation at



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

the ensuing annual general meeting and being eligible offer themselves for re-appointment.

with the limits specified in Section 224 (1B) of the Companies Act, 1956.

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, 2011 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 2011 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.

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

Reply to Auditors Qualification

1. With regard to the deposit of Amounts to statutory Authorities (Point No. 9 (a) (i) 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, (Point No. 9 (a)(ii) 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.

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. **Research & Development** – 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)	
	2010-11	2009-10
Foreign Exchange earnings	7.48	22.73
Foreign Exchange outgo	Nil	Nil



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS: SUBSIDIARY COMPANY

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

During the financial year under review the Company has disinvested in the equity shares of subsidiary company.

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.

ACKNOWLEDGEMENTS:

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

PREFERENTIAL ALLOTTMENT:

During the Financial year under review Company has issued 800000 Equity shares on preferential basis to Promoters and promoters group of Rs 10/- each at a premium of Rs 3/-. Vide resolution passed by the members in Extraordinary General Meeting held on 17th March 2011.

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.

Place : Hyderabad
Date : 13.08.2011

for and on behalf of the Board

Sd/-
AMBICA KRISHNA
Chairman and Managing Director



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Annexure – I

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ECONOMIC OVERVIEW:

AGARBATHIES DIVISION

Since ancient times, people have used Dasangam, Dhoopam, Argajja, Sandal bille and paste to perform various religious ceremonies at homes, temples, religious places and for royal families. These products were made by the priests of temples using raw material such as sandal powder, natural herbs, oils etc. These products were mostly supplied to the southern states of India, where these fragrant items were burnt while offering prayers..

It is estimated that there are approximately 5000 units in the country, which include large, medium, tiny and micro enterprises. Approximately 25000 tones of Agarbathis are being produced in India and this figure is growing at a rate of 5-6% every year. Calculation shows that a total of 2 million men/women days are required for production at this scale. Thus it can be seen that the employment potential is huge and more importantly growing. 80% of women workers in the industry belong to weaker sections of the society. Thus the Governments at national and state levels can make use of this industry to support its poverty programmes.

HOTEL DIVISION

The hotel industry in India is reeling under a severe manpower shortage.

On an average, the room to staff ratio is 1:1.75. Quoting Deloitte data, industry sources say there are over 400 projects under various stages of development with over 70,000 rooms in the next couple of years across the country.

With more and more hotel projects being announced and the room inventory expected to almost double in the next five years, the demand for trained manpower will shoot up.

Mr T. Natarajan, Secretary, South India Hotels and Restaurants Association and also CEO of the Chennai-headquartered GRT Hotels and Resorts, says more than getting skilled manpower, employee retention has become a bigger challenge now.

“People are prepared to hop to another hotel just for a couple of thousands of rupees more, without considering their career growth prospects and opportunities the current employer offers in the long run.”

Manpower shortage and attrition is “the single largest problem the hospitality industry

According to sources, attrition in the industry currently hovers at 25-30 per cent across different levels. To check attrition, hotel companies announced considerable salary hikes in the last six months, resulting in up to 30 per cent growth in employee cost.

Being a service industry, where talent redeems the brand promise, employee cost on an average would be 20 per cent. In the last one year, that has gone up to 30-35 per cent, denting the profitability of the company in many cases.

CONSTRUCTION DIVISION

The Indian construction industry is an integral part of the economy and a conduit for a substantial part of its development investment, is poised for growth on account of industrialization, urbanization, economic development and people's rising expectations for improved quality of living. In India, construction is the second largest economic activity after agriculture. Construction accounts for nearly 65 per cent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years. Investment in construction accounts for nearly 11 per cent of India's Gross Domestic Product (GDP). ₹239.68 billion is likely to be invested in the infrastructure sector over the next five to 10 years - in power,



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

roads, bridges, city infrastructure, ports, airports, telecommunications, which would provide a huge boost to the construction industry as a whole.

OVERVIEW OF OPERATIONS

AGARBATHIES DIVISION

During the Financial Year under review, Most of the Existing products and newly launched products have helped the Company to increase the Turnover compare to last year. The Company has well knit distributor/ dealer network comprising of around 250 distributors/dealers, spread over the India developed over a period of years for marketing its products. The Company has been regularly introducing various brands of scented agarbathies apart from the existing brands to sustain the competition and to cater to the needs of consumers in different states. Company has raised funds through preferential issue to invest in the R&D department of the Company.

HOTEL DIVISION

The economic slowdown and other factors had reduced the occupancy rate in the last fiscal, when it comes to this fiscal your Company has recorded god turnover and minimal increase in the occupancy rate from the Last fiscal

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

The Company has raised funds and invested in the research and development in this financial year to introduce more brands. Company believes that there is huge potential for development for the growth for Aromatherapy industries in coming years and company's research & development department continuously making efforts to develop more products.

HOTEL DIVISION

India has the potential to become the number one tourist destination in the world with the demand growing at 10.1 per cent per annum, the World Travel and Tourism Council (WTTC) has predicted. The WTO (World Travel Organization) predicts that India will receive 25 million tourists by year 2015.

Major attractions in India are the world's highest mountains, miles of coastline with excellent beaches, tropical forests and wildlife, desert safari, lagoon backwaters, ancient monuments, forts and palaces, adventure tourism and, of course, the Taj Mahal.

India currently has over 200,000 hotel rooms spread across hotel categories and guest-houses and is still facing a shortfall of over 100,000 rooms (source: FHRAI). The country is witnessing an unprecedented growth in hotel constructions and will be adding almost 114,000 hotel guest rooms to its inventory over the next five years. (source: HVS)

The earlier setbacks in global tourism have strengthened the Department of Tourism's resolve to promote India's tourism through aggressive marketing strategies through its campaign 'Incredible India'. The 'marketing mantra' for the Department of Tourism is to position India as a global brand to take advantage of the burgeoning global travel and trade and the vast untapped potential of India as a destination.



CONSTRUCTION DIVISION

Job opportunities are expected to be excellent in the construction industry, especially for workers with training and experience in construction occupations, due to largely to the numerous opening arising each year as experienced construction workers leave their jobs.

The number of wage and salary jobs in the construction industry is expected to grow about 15 percent through the year 2012, compared with the 16 percent projected for all industries combined. Employment in this industry depends primarily on the level of construction and remodeling activity. New construction is usually cut back during periods when the economy is not expanding, and the number of job openings in construction fluctuates greatly from year to year. Employment growth in the various segments of the construction industry varies somewhat, depending on the demand for various types of construction. At times, there may be a high demand for new office space or housing, for example, but lower demand for road construction or remodeling work.

Although household growth may slow slightly over the coming decade, the demand for residential construction is expected to continue to grow. The demand for larger homes with more amenities, as well as for second homes will continue to rise. Rich and affluent people will want townhouses and condominiums in conveniently located suburban and urban settings.

Construction of nursing homes, convalescent homes, and other extended care institutions also will increase due to the aging of the population, the growing use of high-technology medical treatment facilities, and the need for more drug treatment clinics. Construction of schools will increase to accommodate the children of the next generation.

Employment in heavy and civil engineering construction is projected to increase due to growth in highway, bridge, and street construction, as well as in maintenance and repairs to prevent deterioration of the Nation's highways and bridges.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

Annexure – II

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 Executive Directors and three Non Executive & 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	8	8	YES
Sri Ambica Sudarsan	Executive Director	6	8	6	YES
Sri Ambica Ramachandra Rao	Executive Director	2	8	7	YES
Sri M. Surayya (Demise of Director on 28th December-2010)	Non Executive & Independent Director	Nil	8	3	YES
Sri P V Sreedharan (Appointed on 14th February 2011)	Non Executive & Independent Director	Nil	8	2	NO
Sri Suresh Garlapati	Non Executive & Independent Director	Nil	8	6	YES
Sri P Kishore Thandava	Non Executive & Independent Director	Nil	8	7	YES

During the financial year 2010-2011, 8 (Eight) Board Meetings were held on the following dates:

19/05/2011	27/08/2010	28/09/2010	13/11/2010
30/12/2010	14/02/2011	14/03/2011	30/03/2011

3. AUDIT COMMITTEE:

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

1.	P. V. Sreedharan	Chairman
2.	Suresh Garlapati	Member
3.	P. Kishore Thandava	Member



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

The committee met 5 times during the financial year 2010-11 on 19.05.2010, 17.06.2010, 27.08.2010, 13.11.2010, and 14.02.2011 attendance of each Member of Committee is as follows.

Sl. No.	Name of the Member	Designation	No. of Meetings held during the year	No. of meetings attended
1	P. V. Sreedharan	Chairman	5	1
2	Suresh Garlapati	Member	5	5
3	P Kishore Thandava	Member	5	5
4	M Surayya (Demise on 28.12.2010)	Member	5	3

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.

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



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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

✧ **Composition-name of members and Chairperson**

The Remuneration Committee constitutes of following directors:

1.	Sri P. V. Sreedharan	Chairman
2.	Sri Suresh garlapati	Member
3.	Sri P Kishore Thandava	Member

The committee met 4 times during the financial year 2010-11 on 17.06.2010, 27.08.2010, 13.11.2010 and 14.02.2011 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	Sri P. V. Sreedharan	Chairman	4	1
2	Suresh Garlapati	Member	4	4
3	P Kishore Thandava	Member	4	4
4	M Surayya (Demise on 28.12.2010)	Member	4	3

✧ **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.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

✧ Details of the Directors' Remuneration:

Director	Designation	Remuneration for Financial Year 2010-11 (in Rs.)	
		Salary & Perks	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:

The terms of reference of the Investor Grievance & Share Transfer Committee are as follows:

To supervise and ensure:

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

Composition of Shareholder and Investor Grievance Committee is as follows :

1.	Sri. P. V. Sreedharan	Chairman
2.	Sri. Suresh Garlapati	Member
3.	Sri. P. Kishore Thandava	Member

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

(a) Name and designation of Compliance Officer

Mr. Ambica Krishna
Chairman & Managing director



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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

Nature of Complaints	Year 2010 - 11		
	Received	Resolved	Pending
Total Complaints	10	10	NIL

6. General Body Meetings:

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

Year	Day, Date & Time	Location	Special Resolution
2009-10	Thursday, 30 th September, 2010 at 11.00A.M.	Shankar Towers Powerpet, ELURU	--
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	--

POSTAL BALLOT

No resolution was passed through postal ballot during the year ended 31st March, 2011.

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.

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

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.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

9. General Shareholder Information:

◆ AGM: The 16th Annual General Meeting of the Company will be held on THURSDAY, 29th September, 2011 at Registered Office of the Company at Shankar Towers, Power pet, Eluru, West Godavari District, Andhra Pradesh.

◆ Financial Calendar:

First Quarter Results	Second week of August, 2011
Second Quarter Results	Second week of November, 2011
Third Quarter Results	Second week of February, 2012
Fourth Quarter Results	Second week of May, 2012

◆ **Book Closure Date** : MONDAY 26TH SEPTEMBER, 2011 TO THURSDAY 29TH SEPTEMBER, 2011

◆ **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 2011-12 has been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited..

◆ Scrip Code

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

◆ **Market Price Data:** During the last Financial Year 2010-11.

High and Low of the each month of the Company's Equity Shares during the last Financial Year 2010-11 at Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are given below:



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
April, 2010	16.80	11.50	17.40	11.20
May, 2010	15.00	11.42	14.95	12.00
June, 2010	13.05	11.31	13.00	10.60
July, 2010	15.49	12.00	15.25	11.20
August, 2010	15.19	12.50	15.00	12.00
September, 2010	14.50	12.50	13.25	12.25
October, 2010	14.28	12.50	-	-
November, 2010	13.74	10.25	-	-
December, 2010	12.55	10.12	-	-
January, 2011	11.97	9.45	-	-
February, 2011	10.83	8.40	-	-
March, 2011	9.74	8.40	-	-

During the financial year under review the script of the Company in NSE was suspended for belated compliances under clause 41 of listing agreement

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 2011:

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	8248104	48.02
	Sub Total of A1	8248104	48.02
A2.	FOREIGN Individuals (Non-Residents) Individuals (Foreign Individuals) Bodies Corporate Institutions Any Other (Specify)		
	Sub Total of A2	Nil	Nil
	TOTAL OF A1 +A2	8248104	48.02
B1.	Public Shareholdings Institutions Mutual Funds and UTI Banks/Financial Institutions Central Government/State Government Venture Capital Funds Insurance Companies Foreign Institution Investor Foreign Venture Capital Investors Any Other (Specify)	0	0
	Sub Total B1	0	0
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	2922698 3000366 2941445 58804 5983	17.01 17.48 17.12 0.34 0.03
	Sub Total B2	8929296	51.98
	TOTAL OF PUBLIC SHAREHOLDING (B1+B2)	8929296	51.98
C	Shares held by Custodian and against which Depository Receipts have been issued	Nil	Nil
	TOTAL A+B+C	17177400	100.00



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

Distribution of Shareholding:

Distribution of Shareholding as on 31st March, 2011

Sl. No.	Category From - To		Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
	Rs	Rs				
1	Upto	– 5000	4128	73.91	8483440.00	4.94
2.	5001	– 10000	750	13.43	6615610.00	3.85
3.	10001	– 20000	332	5.94	5396550.00	3.14
4.	20001	– 30000	111	1.99	2861990.00	1.67
5.	30001	– 40000	48	0.86	1764220.00	1.03
6.	40001	– 50000	44	0.79	2082840.00	1.21
7.	50001	– 100000	73	1.31	5311860.00	3.09
8.	100001	and above	99	1.77	139257490.00	81.07
	Total		5585	100.00	171774000.00	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.

49.77% of total equity share capital of the Company is held in dematerialization form with NSDL and CDSL as on 31st March, 2011.

CEO & CFO Certifications

The Chairman & Managing Director of the Company has given 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

◆ Address for correspondence

Both physical and demat:

M/s. Sathguru Management Consultants Private Limited

Plot No. 15, Hindi Nagar,
Hyderabad – 500 034

Sri Ambica Krishna

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 2010-11.

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 31.03.2011
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 we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
5.
 - a) There has not been any significant change in internal control over financial reporting during the year under reference;
 - b) There has not been any significant changes in accounting policies during the year under reference; and
 - c) 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: 13.08.2011

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, 2011 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 Results (April-10-June-10)	14.08-2010	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 and the suspension continues till date.

We state that in respect of investor grievances received during the year ended 31st March, 2011 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: 13.08.2011

Sd/-
T S AJAI
Chartered Accountant



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 2011, 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 the 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. In respect of loans, secured or unsecured, granted by the company to companies, firms or other parties covered in the Register under Sec. 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The company has granted loan aggregating Rs. 1,07,40,100/- to one party during the year. The year-end and the maximum balance due amounts to Rs. 1,10,42,738/-.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the company.
- (c) The receipts of principal amounts and interest have generally been regular as per stipulations.
- (d) There are no over dues of interest as at the year-end as per the terms of conditions of the agreement with the party.
- Since the company has not taken any loans from parties listed in the register maintained U/Sec 301, Clauses (iii) (e) to (g) of Paragraph 4 of CARO 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 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) (i) 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 31.03.11 for a period more than six months from the day they become payable:

SI No	Particulars	Amount (Rs.)
1	Works Contracts (TDS)- F.Y. 2007-08-Construction Division	13,20,000
2	Works Contracts (TDS)- F.Y. 2008-09-Construction Division	8,85,388
3	Income Tax – F.Y. 2008-09	13,33,308
4	FBT – F.Y. 2008-09	11,32,421
5	Income Tax – F.Y. 2009-10	18,41,750

- (a) (ii) *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*



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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, there are no statutory dues with appropriate authorities including Provident Fund, Employees State Insurance, Sales Tax and other statutory dues which have not been deposited on account of any dispute as at 31st March, 2011, excepting:

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	Asst. made u/s 143(3) r.w.s. 147	87,75,480/-	AY 2003-04	CIT(A) Chennai, Tamil Nadu.

10. The Company has no accumulated losses as at 31st March, 2011 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 31st March, 2011, 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

- (a) ***The corporate guarantee given to Indian Overseas Bank on behalf of Ambica Infraventures Pvt. Ltd., which was a subsidiary of the company at the time when the Corporate Guarantee was issued by the company and according to the information and explanation furnished to us, the process of substitution of the said Corporate Guarantee by the new management of Ambica Infraventures Pvt Ltd., is in progress.***

- (b) ***Bank Guarantee availed from Dhanalakshmi Bank for an amount of Rs.21,57,500/- and issued to Visakhapatnam Urban Development Authority which has matured on 14-4-2009, issued on behalf of M/s. Ambica Infra Ventures Pvt. Ltd., which was the subsidiary at the time when the Bank Guarantee was issued by the company.***

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, ***except the Term Loan of Rs. 3 crores availed from Corporation Bank sanctioned for the purpose of acquiring new machinery for Agarbathi Unit, which has been used partly for the purpose of acquiring machinery for the Agarbathi Unit and partly for other business purposes of the company.***
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 made 8,00,000 Equity Shares on preferential allotment basis to two parties namely (1) Mrs. P. A. Y. Madhavi and (2) Mrs. Alapati Santoshi each 4,00,000 Equity shares who are listed in the register maintained U/Sec 301 of the Companies Act, 1956 and the price at which shares have been issued is in terms of approval of the shareholders of the company and as per the applicable statutory provisions including



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

the SEBI(ICDR) Regulations, 2009 and hence is not prejudicial to the interest of the company.

All the formalities regarding the above preferential allotment has been duly complied with by the company and the said 8,00,000 Equity shares of Rs. 10/- each allotted on preferential basis made by the company are listed and admitted to dealings on Bombay stock exchange vide Notice dt. 29.06.2011.

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.
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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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 : 30.05.2011



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

BALANCE SHEET AS AT 31ST MARCH , 2011

Particulars	Sch. No	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
Sources of Fund			
1 Share holders fund			
Share Capital	1.1	171,294,623	163,294,623
Reserves & Surplus	1.2	131,380,415	114,980,705
2 Share Warrant Money			
		-	-
3 Share Application Money			
		199,685	199,685
4 Loan Funds			
Secured Loans	2.1	428,677,561	351,626,528
5 Deferred Tax			
		43,732,254	41,844,034
Total		775,284,538	671,945,574
Application of Funds			
1 Fixed Assets			
Gross Block	3.1	496,478,816	473,000,020
Less: Depreciation		200,754,094	173,947,175
		295,724,722	299,052,846
Add: Capital Work in Progress		110,045,800	100,389,368
		405,770,522	399,442,214
2 Investment			
Equity Shares (Longterm Unquoted shares)		-	255,000
3 Current Assets			
a) Inventories	4.1	164,170,899	133,535,252
b) Sundry Debtors	4.2	85,392,083	66,330,213
c) Cash & Bank Balances	4.3	45,333,802	6,110,699
d) Loans & Advances	4.4	42,692,984	51,238,754
e) Deposits	4.5	153,261,105	111,110,120
f) Prepaid Expenses		1,720,140	2,408,783
g) Advance IT/ FBT		31,755,743	26,083,688
		524,326,756	396,817,508
Less: Current Liabilities & Provisions			
a) Sundry Creditors	5.1	106,740,031	84,165,310
b) Other Liabilities	5.2	4,693,014	5,418,978
Provisions			
a) Provision for IT/ FBT		42,858,549	34,463,715
b) Provision for Dividend		623,674	623,674
		154,915,268	124,671,678
Net Current Assets		369,411,488	272,145,831
4 Miscellaneous Expenditure			
(to the extent not written off or adjusted)	6.1	102,529	102,529
		775,284,539	671,945,574
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 : 30-05-2011

for and on behalf of the Board

Sd/- AMBICA KRISHNA Chairman & Managing Director	Sd/- AMBICA SUDARSAN Director	Sd/- AMBICA RAMACHANDRA RAO Director
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**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Sch. No	For the Year Ended 31.3.2011 Rupees	For the year Ended 31.3.2010 Rupees
I Income			
Sales	7.1	718,997,821	638,222,273
Accretion / (Decretion) to Stock	7.2	221,094	(57,923)
Miscellaneous Income	7.3	17,966,056	19,355,597
		<u>737,184,972</u>	<u>657,519,947</u>
II. Expenditure			
Durbar Bathi Purchased		267,675,443	237,930,549
Material Consumed	8.1	117,298,247	114,791,390
Operating, Administrative, Selling & Distribution Expenses	8.2	239,518,168	220,196,699
Financial Charges	8.3	60,119,286	43,820,022
Foreign Exchange Flucation on FCNRB Loan		-	(9,272,738)
Misc. Expenditure written-off	8.4	-	-
Depreciation	3.1	27,827,336	29,342,614
Loss on sale of vehicles		319,524	643,080
Prior Period adjustment		144,201	638,208
		<u>712,902,205</u>	<u>638,089,824</u>
III. Profit before Tax			
		24,282,766	19,430,124
- Current Tax		8,394,834	7,364,093
- Deffered Tax		1,888,220	(1,260,022)
- Fringe Benefit Tax		-	-
		<u>10,283,054</u>	<u>6,104,071</u>
IV. Profit after Tax			
		<u>13,999,712</u>	<u>13,326,053</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 : 30-05-2011

Sd/-
AMBICA RAMACHANDRA RAO
Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2011

Particulars	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
1.1 SHARE CAPITAL :		
Authorised Capital: 1,80,00,000 Equity Shares of Rs.10/- each [Previous Year 18 crores Equity Shares of Rs. 10/- each]	18,00,00,000	18,00,00,000
Issued & Subscribed Capital : 1,71,77,400 Equity Shares of Rs.10/- each	171,774,000	16,37,74,000
Paid-up Capital :	171,774,000	163,774,000
Less: Calls in Arrears		
By Directors	-	-
By others	479,377	479,377
	171,294,623	163,294,623
1.2 Reserves and Surplus		
a) Capital Reserves	1,915,503	1,915,503
b) Share Premium	24,800,035	22,400,035
c) General Reserve	17,772,017	17,772,017
d) Profit and Loss account		
Opening Balance	72,893,148	59,567,097
Add: Profit/ (Loss) for the Year	13,999,712	13,326,053
	86,892,860	72,893,150
Total	131,380,415	114,980,705
2.1 Secured Loans		
Agarbathi Division		
Working Capital Loan/ Bills Discount	200,399,479	219,516,809
Term Loan (Interest accrued and due Rs. 7,73,065/- (Rs.4,20,136/-)	156,901,824	38,859,170
Vehicle Loans	9,334,515	7,590,629
Total	366,635,818	265,966,608
Hotel Division		
Term Loan (Interest accrued and due Rs. 7,29,550/- (Rs. 7,81,330/-)	60,582,580	84,086,514
Vehicle Loans	1,459,163	1,573,406
Total	62,041,743	85,659,920
Grand Total	428,677,561	351,626,528



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 01.04.2010	Additions/ Internal Transfers	Deductions during the year	As at 31.03.2011	As at 01.04.2010	For the Year	Deletions/ Internal Transfers	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010		
		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	15,68,931	15,68,931	
	Hotel Division	42,14,968	0	0	42,14,968	0	0	0	0	0	42,14,968	42,14,968	
2	Buildings												
	Agarbathi Division	1,91,79,199	3,02,120	0	1,94,81,319	47,50,226	5,63,427	0	53,13,653	1,41,67,666	1,44,28,973	1,44,28,973	
	Hotel Division	7,85,55,051	14,20,574	13,19,255	7,86,56,370	1,26,73,790	12,84,104	1,03,021	1,38,54,873	6,48,01,497	6,58,81,261	6,58,81,261	
3	Plant & Machinery												
	Agarbathi Division	16,88,52,693	17,73,619	44,069	17,05,82,244	4,83,83,978	1,16,14,775	0	5,99,98,753	11,05,83,491	12,04,68,715	12,04,68,715	
	Hotel Division	4,34,13,672	97,19,205	27,64,342	5,03,68,535	1,84,38,542	21,72,875	6,26,344	1,99,85,073	3,03,83,462	2,49,75,130	2,49,75,130	
4	Furniture & Fittings												
	Agarbathi Division	1,07,47,555	11,72,835	0	1,19,20,390	36,69,827	5,86,177	0	42,56,004	76,64,386	70,77,728	70,77,728	
	Hotel Division	9,62,17,671	48,11,190	4,91,499	10,05,37,362	6,37,48,397	70,89,626	1,57,347	7,06,80,676	2,98,56,686	3,24,69,274	3,24,69,274	
5	Computers												
	Agarbathi Division	29,81,454	2,09,900	0	31,91,354	28,88,577	2,27,864	0	31,16,441	74,913	92,877	92,877	
	Hotel Division	46,77,612	2,58,546	1,41,876	47,94,282	44,15,925	2,09,279	97,568	45,27,636	2,66,646	2,61,687	2,61,687	
6	Vehicles												
	Agarbathi Division	3,11,32,418	76,95,962	9,49,524	3,78,78,856	1,04,27,030	29,49,533	0	1,33,76,563	2,45,02,293	2,07,05,388	2,07,05,388	
	Hotel Division	1,03,84,792	19,01,548	76,137	1,22,10,203	38,98,208	10,27,279	36,137	48,89,350	73,20,853	64,86,584	64,86,584	
7	Trade Marks												
	Agarbathi Division	10,24,000	0	0	10,24,000	6,02,674	1,02,400	0	7,05,074	3,18,926	4,21,326	4,21,326	
8	Intangible Asset												
	Hotel Division	50,000	0	0	50,000	50,000	0	0	50,000	0	0	0	
9	Work in Progress												
	Agarbathi Division	3,11,239	0	3,02,120	9,119	0	0	0	0	9,119	3,11,239	3,11,239	
	Hotel Division	20,21,190	48,86,403	23,04,192	46,03,401	0	0	0	0	46,03,401	20,21,190	20,21,190	
	Construction Division	9,80,56,939	73,76,341	0	10,54,33,280	0	0	0	0	10,54,33,280	9,80,56,939	9,80,56,939	
	TOTAL	10,03,89,368	1,22,62,744	26,06,312	11,00,45,800	0	0	0	0	11,00,45,800	10,03,89,368	10,03,89,368	
		57,33,89,384	4,15,28,242	83,93,013	60,65,24,614	17,39,47,175	2,78,27,339	10,20,417	20,07,54,097	40,57,70,517	39,94,42,210	39,94,42,210	
		(549,575,098)	(25,161,847)	(1,347,560)	(573,389,385)	(144,604,558)	(29,342,617)	-	(173,947,175)	(399,442,210)	(404,970,540)	(404,970,540)	



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2011

Particulars	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
4.1 Inventories		
Agarbathi Division		
Raw Materials	136,419,094	107,424,256
Packing Materials	716,905	14,495
Finished Goods	24,984,935	24,763,841
Total	162,120,934	132,202,592
Hotel Division		
Stock in Hand	2,049,965	1,332,660
Total	2,049,965	1,332,660
Grand Total	164,170,899	133,535,252
4.2 Sundry Debtors (Unsecured, Considered good)		
Agarbathi Division		
Debts outstanding for a period exceeding 6 months	5,621,626	3,917,158
Others	74,928,941	56,092,529
Total	80,550,567	60,009,687
Hotel Division		
Debts outstanding for a period exceeding 6 months	1,418,280	1,418,280
Others	3,423,236	4,902,245
Total	4,841,516	6,320,525
Grand Total	85,392,083	66,330,213
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	6,299,499	1,989,515
Bank Balances with Scheduled Banks		
In Current Accounts	40,044,654	2,665,100
In Deposit Accounts	-	-
Total	46,344,152	4,654,615



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2011

Particulars	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
Hotel Division		
Cash in Hand	234,867	428,887
Bank Balances with Scheduled Banks		
In Current Accounts	(1,490,005)	921,847
In Deposit Accounts	-	-
Total	<u>(1,255,138)</u>	<u>1,350,734</u>
Construction Division		
Cash in Hand	195,589	65,357
Bank Balances with Scheduled Banks		
In Current Accounts	49,199	39,993
In Deposit Accounts	-	-
Total	<u>244,788</u>	<u>105,350</u>
Grand Total	<u><u>45,333,802</u></u>	<u><u>6,110,699</u></u>
4.4 Loans and Advances		
(Recoverable in cash or in kind or for value to be received unsecured, considered good)		
Agarbathi Division		
Advances	17,145,607	1,175,627
Total	<u>17,145,607</u>	<u>1,175,627</u>
Hotel Division		
Advances	302,377	318,127
Total	<u>302,377</u>	<u>318,127</u>
Construction Division		
Advances	20,000	20,000
(Advances to Subsidiary & Maximum Outstanding of Rs.Nil (Rs.29,69,652/-)		
Share Application Money (Ambica Infra Ventures (P) Ltd)	25,225,000	49,725,000
Total	<u>25,245,000</u>	<u>49,745,000</u>
Grand Total	<u><u>42,692,984</u></u>	<u><u>51,238,754</u></u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2011

Particulars	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
4.5 Deposits		
Agarbathi Division		
Trade Deposits	95,000,000	95,000,000
Security Deposits	313,080	313,080
Inter-Corporate Deposits	40,903,672	-
Other Deposits	4,815,354	4,006,097
Total	141,032,106	99,319,177
Hotel Division		
Deposits	5,742,234	5,371,753
Total	5,742,234	5,371,753
Construction Division		
Deposits	6,486,765	6,419,190
Total	6,486,765	6,419,190
Grand Total	153,261,105	111,110,120
5.1 Sundry Creditors		
Agarbathi Division		
Trade Creditors		
Total O/s dues of Micro & Small Enterprises	-	-
Total O/s dues otherthan of Micro & Small Enterprises	24,268,615	8,214,005
Other Creditors		
Total O/s dues of Micro & Small Enterprises	-	-
Total O/s dues otherthan of Micro & Small Enterprises	3,861,036	13,765,366
Creditors for Capital Assets		
Total O/s dues of Micro & Small Enterprises	-	-
Total O/s dues otherthan of Micro & Small Enterprises	-	-
Trade Deposits	31,440,472	26,675,786
Total	59,570,123	48,655,157
Hotel Division		
Sundry Creditors		
Total O/s dues of Micro & Small Enterprises	-	-
Total O/s dues otherthan of Micro & Small Enterprises	5,549,364	1,942,109
Advance Receipts/ Deposits	492,863	492,915
Creditors for Expenses		
Total O/s dues of Micro & Small Enterprises	-	-
Total O/s dues otherthan of Micro & Small Enterprises	3,081,388	3,704,371
Total	9,123,615	6,139,395



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET As At 31st MARCH, 2011

Particulars	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
Construction Division		
Sundry Creditors - Supplies		
Total O/s dues of Micro & Small Enterprises	-	-
Total O/s dues otherthan of Micro & Small Enterprises	38,046,293	29,370,758
Deposits Received	-	-
Total	38,046,293	29,370,758
Grand Total	106,740,031	84,165,310
5.2 Other Liabilities		
Agarbathi Division		
TDS payable	438,008	909,844
VAT/ CST / Entry Tax payable	366,211	161,385
Provision for Gratuity	242,437	235,344
Provision for Bonus	70,300	110,560
PF and ESI payable	25,656	13,216
Audit Fee payable	744,525	305,848
Total	1,887,137	1,736,197
Hotel Division		
PF and ESI payable	83,660	74,026
Provision for Bonus	-	325,000
VAT Payable	225,422	227,223
Import Liquor Tax Payable	37,938	36,885
Luxury Tax Payable	216,525	198,427
Urban Land Tax Payable	-	-
Sales Tax Payable	-	-
Service Tax Payable	8,598	2,672
TDS Payable	28,345	90,923
Total	600,489	955,156
Construction Division		
TDS Payable	-	522,237
Works Contract Tax (TDS) Payable	2,205,388	2,205,388
Total	2,205,388	2,727,625
Grand Total	4,693,014	5,418,978
6.1 Miscellaneous Expenses not written off		
Hotel Division		
Preliminary Expenses	4,748	4,748
Pre Operative Expenses	97,781	97,781
Total	102,529	102,529



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED-31st MARCH, 2011

Particulars	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
7.1 Sales		
Agarbathi Division		
Ambica Durbar Bathies	398,024,643	354,307,802
Ambica Scented Bathies	203,918,051	189,464,912
Total	601,942,694	543,772,713
Hotel Division		
Food Sales	58,966,333	44,013,620
Rent Receipts	30,801,301	27,382,522
Hospitality Income	27,287,493	23,053,418
Total	117,055,127	94,449,560
Grand Total	718,997,821	638,222,273
7.2 Accretion/ (Decretion) to Stock		
Closing Balnace	24,984,935	24,763,841
Opening Balnce	24,763,841	24,821,764
Total	221,094	(57,923)
7.3 Miscellaneous income		
Agarbathi Division		
Duty Drawback	75,153	231,454
Interest Income	1,650,553	1,234,149
Miscellaneous income	456,578	3,275,433
Profit on sale of shares	25,500	-
Wind Power Sale Proceeds	6,048,217	6,727,849
Total	8,256,001	11,468,885
Hotel Division		
Rental Income	4,938,690	5,412,281
Income from Forex Services	134,343	43,979
Insurance Claims	-	-
Interest Income	199,273	5,086
Miscellaneous income	4,437,750	2,425,366
Total	9,710,055	7,886,712
Grand Total	17,966,056	19,355,597



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED-31st MARCH, 2011

Particulars	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
8.1 Material Consumed		
Agarbathi Division		
Opening Stock		
Raw Material	107,424,256	99,811,465
Packing Material	14,495	9,234,495
	<u>107,438,751</u>	<u>109,045,960</u>
ADD: Purchases		
Raw Material	92,233,558	64,666,949
Packing Material	27,952,371	27,758,641
	<u>120,185,929</u>	<u>92,425,590</u>
Total	<u>227,624,680</u>	<u>201,471,550</u>
Less: Closing Stock		
Raw Material	136,419,094	107,424,256
Packing Material	716,905	14,495
	<u>137,135,999</u>	<u>107,438,751</u>
Total	<u>90,488,681</u>	<u>94,032,799</u>
Hotel Division		
Opening Stock		
Provisions and Other Raw Material	1,332,660	1,466,135
	<u>1,332,660</u>	<u>1,466,135</u>
ADD: Purchases	27,526,871	20,647,294
	<u>28,859,531</u>	<u>22,113,429</u>
Sub total		
Less: Closing Stock		
Provisions and Other Raw Material	2,049,965	1,332,660
	<u>2,049,965</u>	<u>1,332,660</u>
Total	<u>26,809,566</u>	<u>20,780,769</u>
Grand Total	<u>117,298,247</u>	<u>114,813,568</u>
8.2 Mfg./ Opere., Admin. & Selling and Dist. Expenses		
Manufacturing/ Operating Expenses		
Agarbathi Division		
Bathi Making and Packing Charges	10,806,440	7,645,013
Electricity Charges	2,881,026	2,811,172
Generator Maintenance	585,236	923,499
	<u>14,272,702</u>	<u>11,379,684</u>
Total	<u>14,272,702</u>	<u>11,379,684</u>



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31st MARCH, 2011

Particulars	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Administrative Expenses		
Agarbathi Division		
Audit Fee	827,250	413,625
Charities & Donations	1,009,015	1,491,673
Consultancy Charges	2,192,562	2,400,501
Directors Remuneration	2,100,000	2,100,000
Insurance Premium	1,444,666	1,292,403
Listing Fees	82,725	220,600
Miscellaneous Expenses	98,088	204,230
Office Maintenance	860,841	169,327
Postage and Courier Expenses	207,590	194,886
Printing & Stationery	394,503	280,839
Rates & Taxes	826,933	2,225,486
Rent	345,748	587,549
Repairs to Building	2,495,236	970,240
Repairs to Machinery	1,954,247	2,334,221
Repairs to Other Assets	1,195,332	1,714,511
Share Registrar Fees	164,508	133,174
Staff Cost	1,295,741	677,508
Subscription	106,623	110,557
Telephone and Communication Expenses	2,306,203	2,213,948
Travelling Expenses	6,021,326	4,937,913
Vehicle Maintenance	5,940,414	6,613,202
Total	31,869,550	31,286,393
Hotel Division		
Computer Maintenance	164,650	175,841
Consulatancy Charges	171,015	213,618
Conveyance	333,038	115,258
Electricity Charges	10,297,421	11,194,539
Fuel Expenses	5,411,799	3,947,797
House Keeping Charges	12,592,561	11,717,453
Insurance	486,176	571,187
Kitchen Expenses	2,500,827	1,915,408
Miscellaneous Expenses	1,612,013	663,150
Postage and Courier Expenses	72,374	78,637
Printing & Stationary	1,129,424	734,783
Rates and Taxes	1,455,681	1,264,688
Rent	4,426,711	6,128,321
Repair to Building	1,550	-
Repair to Machinery	367,100	303,444
Repairs to Other Assets	2,573,669	2,981,278
Staff Cost	7,208,028	6,171,422
Newspaper and Subscriptions	128,922	137,093
Telephone Expenses	808,270	834,475



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31st MARCH, 2011

Particulars	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Transport Expenses	780,107	619,906
Travelling Expenses	373,771	15,479
Uniform and Linen	439,795	318,516
Vehicle Maintenance	1,236,614	948,166
Total	54,571,515	51,050,458
Selling & Distribution Expenses		
Agarbathi Division		
Advertisement and Business Promotion Expenses	16,234,243	13,530,032
Freight and Despatch Expenses	7,085,144	6,536,969
Trade Discounts on sales	86,201,903	78,513,425
Turnover and Entry Taxes	18,385,040	16,208,067
Baddebts Written Off	72,707	180,389
Total	127,979,037	114,968,883
Hotel Division		
Advertisement Expenses	2,641,125	2,681,950
Discounts allowed	4,351	88,672
Turnover and Other Taxes	8,180,138	5,691,030
Others	-	3,049,630
Total	10,825,614	11,511,282
Grand Total	239,518,418	220,196,699
8.3 Finance Charges		
Agarbathi Division		
Bank Charges	10,155,070	2,313,360
Interest on Term Loan	5,277,266	5,538,347
Interest on CC Loan	30,527,312	22,335,145
Forex Fluctuations	-	-
Others	2,941,892	1,950,853
Total	48,901,541	32,137,705
Hotel Division		
Bank Charges	927,061	793,235
Interest on Term Loan	10,205,757	10,312,667
Other Interest	84,927	576,414
Total	11,217,746	11,682,316
Grand Total	60,119,286	43,820,022



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED - 31st MARCH, 2011

Particulars	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
8.4 Miscellaeous Expenses Written off		
Hotel Division		
Preliminary Expenses	-	-
Preoperative Expenses	-	-
Total	-	-

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 : 30-05-2011

Sd/-
AMBICA RAMACHANDRA RAO
Director



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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 up to 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.

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.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

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.

B. NOTES FORMING PART OF ACCOUNTS

- 1) Loans & Advances, Sundry debtors and creditors balances are subject to confirmation.
- 2) Secured Loans: During the year the Term Loans outstanding to State Bank of India, Chennai have been repaid in full and taken over by Corporation Bank, Eluru.

Agarbathies Division:

- a) Working Capital Loan of Rs.2003.99 Lakhs from Corporation Bank, 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 Sudarsan, Ambica Ramachandra Rao and their relatives.
- b) Term Loan of Rs. 481.61 Lakhs from Corporation Bank, Eluru is against the first



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

charge of the Agarbathi Rolling Machinery and of Rs.86.37 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 Sudarsan, Ambica Ramachandra Rao and their relatives.

- c) Term Loan of Rs. 1001.10 Lakhs from Indian Overseas Bank, Pondicherry is against the first charge of future rent receivables and collateral security of personal properties and personal guarantee of the directors i.e., Ambica Krishna, Ambica Sudarsan, Ambica Ramachandra Rao and their relatives.
- d) Vehicle finance and Top-up loans of Rs.93.34 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. 390.59 Lakhs from Corporation Bank, Eluru 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 Sudarsan, Ambica Ramachandra Rao and their relatives.
- b) Term Loan of Rs.173.50 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 Sudarsan, Ambica Ramachandra Rao and their relatives.
- c) Term Loan of Rs. 41.73 Lakhs from L & T Finance, Chennai is against the first charge on fixed assets [Air-Conditioning Plant] financed by them.
- d) Vehicle finance loans of Rs.14.59 Lakhs from AXIS Bank and Tata Motor Finance Ltd., are against the security of charge of vehicles respectively financed by them.

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.NIL/-)

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	
	31-03-2011	31-03-2010
Segment Revenue		
Agarbathi Division	6,041.50	5,485.14
Hotel Division	1,267.65	1,023.36
Windmill Division	60.48	67.28
Increase/ (Decrease) in Stock	2.21	(0.58)
Total	7,371.84	6,575.20
Less: Inter Segment Revenue	-	-
Net Sales/ Income from Operation	7,371.84	6,575.20
Segment Results		
Agarbathi Division	583.68	450.73
Hotel Division	227.75	52.78
Windmill Division	32.59	36.27
Total	844.02	539.78
Less: Financial Charges	601.19	345.47
Profit before Tax	242.83	194.31
Capital Employed		
Agarbathi Division	5,610.26	3,571.83
Hotel Division	1,562.15	1,531.09
Windmill Division	345.03	417.58
Construction Division	2,025.91	2,202.85
Total	9,543.35	7,723.35



AMBICA KRISHNA AROMA & INDUSTRIES LIMITED

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

(Rs. in Lakhs)

PARTICULARS	ACCRETION/ (DECRETION) TO STOCK	OTHER INCOME
Agarbathi Division	2.21	89.85
Hotel Division	Nil	97.10

6) Earning per Share (EPS):

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

Particulars	2010-11	2009-10
Profit after Tax (Rs. In Lakhs)	139.99	133.26
No. of Equity Shares	17,177,400	16,377,400
Face Value per Share (Rs.)	10	10
Basic/ (Diluted) Earning per Share (Rs.)	0.85	0.81

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	2010-11	2009-10
Deferred Tax Liability/ (Asset): On account of depreciation under Companies Act, 1956 and Income Tax Act, 1961 (Timing Difference)	18.88	(12.60)

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)

9) Payments to Statutory Auditor:

- a) As Auditors Rs.8,27,250/- (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. 21.24 Lakhs (Rs.17.39 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.10,427,064 (Rs.64,10,000)
 - to Comm., Warangal Municipal Corporation, Warangal : Rs.10,00,000 (Rs.10,00,000)
 - 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)

Note: For the above Bank Guarantees availed from Andhra Bank, State Bank of India issued Counter Guarantee. Further Corporation bank has given Counter Guarantee to State Bank of India.

The company is in the process of obtaining the Bank Guarantee Released which was availed from Dhanalakshmi Bank for an amount of Rs.21,57,500/- and issued to Visakhapatnam Urban Development Authority on behalf of M/s. Ambica Infra Ventures Pvt. Ltd., which was the subsidiary at the time when the Bank Guarantee was issued by the company.



AMBICA AGARBATHIES AROMA & INDUSTRIES LIMITED

III. Taxation matters under appeals are as follows:

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	Asst. made u/s 143(3) r.w.s 147	87,75,480/-	AY 2003-04	CIT(A) Chennai, Tamil Nadu.

The corporate guarantee given to Indian Overseas Bank on behalf of Ambica Infraventures Pvt. Ltd., which was a subsidiary of the company at the time when the Corporate Guarantee was issued by the company, the process of substitution of the said Corporate Guarantee by the new management of Ambica Infraventures Pvt Ltd., is in progress



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	Nil	Nil
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 P A Y Madhavi A Santoshi A Lavanya	MD Director- Operation Director- Works Brother of MD Brother of MD Brother's Son of MD Brother's Son of MD Daughter in Law of MD 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 Wife of Director Daughter in Law of MD Daughter in Law 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., Ambica Windsun, Power Pvt. 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 P V V P Krishna Rao - Director A V Ambica Prasad - Director A Rajeswara Rao - Director



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

(Rs.in Lakhs)

Relation ship Index	Name of the Related Party	Nature of Relationship	Nature of Transaction	Transaction Amount
D	Ambica Krishna	MD	Remuneration	9.00
	Ambica Sudarsan	Director	Remuneration	6.00
	Ambica Ramachandra Rao	Director	Remuneration	6.00
	P A Y Madhavi	wife of Director	Allotment of Equity Shares on preferential basis	40.00
	Alapati Santhoshi	Daughter in Law of MD	Allotment of Equity Shares on preferential basis	40.00
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	2676.75
			2. Trade cum Caution Deposit	950.00
			3. Inter corporate Deposit	409.03
E	Ambica Deluxe Theatre	– Do –	Interest (Income)	0.10
E	Ambica Family Holdings	– Do –	Interest (Income)	2.63
E	Ambica windsun power pvt. Ltd.,	– Do –	Interest (Income)	3.36
E	Ambica Complex, Chennai	– Do –	Interest (Expense)	1.56
E	Ambica Complex, Eluru	– Do –	Intrest (Income)	0.004
E	Ambica Bullions	– Do –	Interest (Income)	0.50



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 31-03-2011 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 entered 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 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. 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 the 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) Allotment of Preferential 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 SEBI(ICDR) Regulations, 2009 the Company has allotted 8,00,000 Equity Shares as on 30-03-2011 to (a) Mrs. P. A.Y. Madhavi - Nos. 4,00,000 and (b) Mrs. Alapati Santoshi- Nos. 4,00,000.

All the formalities regarding the above preferential allotment has been duly complied with by the company and the said 8,00,000 Equity shares of Rs. 10/- each allotted issued on preferential basis made by the company are listed and admitted to dealings on stock exchanges vide Notice dt. 29.06.2011 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.



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

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, 2011	-	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	170.799 (96.781)	1077.467 (1144.191)		82.456 (170.799)
Ambica Durbar Bathies	Sticks	31.876 (1.122)	- -	1886.534 (1676.897)	123.155 (31.876)

c) Sales:

[In Millions]

Product	Unit	Quantity [In Millions]	Amount in Rs.
Ambica Scented Bathies	Sticks	1165.810	203,918,051
		(1070.173)	(189,464,912)
Ambica Durbar Bathies	Sticks	1795.255	398,024,643
		(1646.143)	(354,307,802)



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

d) Details of materials consumed:

Product	Unit	Quantity (In Millions)	Amount in Rs.
Raw Bathies and Bamboo Sticks	Tons	662.460 (713.989)	21,287,679 (22,943,534)
Compounds	Tons	3.625 (3.891)	9,017,865 (9,680,218)
Chemicals, Perfumes and Others			32,933,176 (24,430,406)
Paper Board	Tons	543.545 (617.233)	14,675,678 (16,665,276)
Posters & Liners	Tons	91.402 (99.422)	6,309,732 (6,863,418)
Other Packing Materials			6,264,551 (13,449,947)
Total			90,488,681 (94,032,799)

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

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

Particulars	2010-11 (In Rs.)	%	2009-10 (In Rs.)	%
Imported	-	-	-	-
Indigenous	90,488,681	100.00	94,032,799	100.00
Total	90,488,681	100.00	94,032,799	100.00

f) CIF Value of Imports : Nil (Nil)

g) Expenditure in foreign currency: Nil (Nil)



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

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 : 30.05.2011

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 2010-2011

Particulars	As at 31.03.2011 (Rs.In Lacs)	As at 31.03.2010 (Rs.In Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxes and Extraordinary Items	241.48	194.30
ADD/(DEDUCT)		
Depreciation	278.27	293.43
Profit on Sale of Equity Shares in AIVL	(0.26)	(92.73)
Interest (income)	-	-
Loss on Sale of Assets	3.20	6.43
Operating Profit before Working Capital Adjustment	522.69	401.43
ADJ:		
Inventories	(306.36)	17.76
Trade Receivable & Other Receivable	(191.79)	121.64
Loans and Advances	(49.11)	4.56
Trade Payable & Other Payables	168.20	(20.89)
Prepaid Expenses	6.89	12.63
Loss/ (Profit) on Sale of Assets	-	-
Cash Generated from Operations	150.52	537.13
LESS		
Direct Taxes Paid	58.26	50.29
Cash Flow before Extra Ordinary Items	92.25	486.84
LESS		
Extra Ordinary Items	-	-
	<u>92.25</u>	<u>486.84</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/ transfer of Fixed Assets	(387.99)	(249.19)
Advances for Capital Works	296.53	301.20
Sale of Fixed Assets	6.74	4.62
Sale proceeds from sale of Equity Shares in AIVL	2.81	-
Deposits	(533.26)	(430.37)
	<u>(505.92)</u>	<u>(373.74)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase/ (Decrease) in		
Working Capital Loan & Bills Disc. Loan	(191.17)	588.29
Term Loans	945.39	(767.77)
Vehicle Finance Loan	16.30	(23.02)
Receipts from Issue of Shares [Preferential Allotment]	80.00	79.05
Increase in share premium	24.00	-
P & L (Debits) of Discontinued Flavours Divisions	(68.61)	-
	<u>805.90</u>	<u>(123.45)</u>
Total (A) + (B) + (C)	392.23	(10.35)
Opening Cash and Cash Equivalent	61.11	71.46
Closing Cash and Cash Equivalent	<u>453.34</u>	<u>61.11</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, 2011. 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, 2011.

As per our Report of even date

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

Place: Hyderabad
Date : 30-05-2011

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 GENERAL BUSINESS PROFILE

1. Registration Details :

REGISTRATION NO: 20077 STATE CODE: 01
BALANCE SHEET DATE : DATE MONTH YEAR
31 03 2011

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

PUBLIC ISSUE : NIL RIGHT ISSUE : NIL
BONUS ISSUE : NIL PRIVATE PLACEMENT : 8,000
SHARE APPLICATION MONEY : NIL

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

TOTAL LIABILITIES	TOTAL ASSETS
77,52,84	77,52,84
SOURCES OF FUNDS:	
PAID-UP CAPITAL	RESERVES AND SURPLUS
17,12,95	13,13,80
SECURED LOANS	UNSECURED LOANS
42,86,78	Nil
SHARE APPLICATION MONEY	DIFERRED TAX
200	4,37,32
APPLICATION OF FUNDS:	
NET FIXED ASSETS	INVESTMENTS
40,57,71	NIL
NET CURRENT ASSETS	MISC. EXPENDITURE
36,94,11	103
ACCUMULATED LOSSES	
Nil	

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

TURNOVER	TOTAL EXPENDITURE
73,71,85	71,29,02
PROFIT BEFORE TAX	PROFIT AFTER TAX
2,42,83	1,39,99
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.

As per our Report of even date

Sd/-
T.S. Ajai
Chartered Accountant
M.No. : 25524
Place : Hyderabad
Date : 30-05-2011

for and on behalf of the Board

Sd/-	Sd/-
AMBICA KRISHNA	AMBICA SUDARSAN
Chairman & Managing Director	Director
Sd/-	
AMBICA RAMACHANDRA RAO	
Director	



**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 Sixteenth Annual General Meeting of the Company
to be held on **THURSDAY 29TH SEPTEMBER, 2011 at 11.00 AM** and at any adjournment thereof.

Signed this..... day of 2011.

Name

Address

Revenue
Stamp

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.

**SIXTEENTH ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

Folio No.
(To be filled by the Shareholder)

No. of Shares

I hereby record my presence in the Sixteenth Annual General Meeting of the Company held on the
THURSDAY 29TH SEPTEMBER, 2011 at 11.00 AM 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.

PRINTED MATTER

BOOK - POST

STAMP

if undelivered please return to :

AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED
SHANKAR TOWERS, POWERPET,
ELURU, WEST GODAVARI DIST,
ANDHRA PRADESH



16th

Annual Report

2010 - 2011



**AMBICA AGARBATHIES
AROMA & INDUSTRIES LIMITED**

