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Ambalal Sarabhai Enterprises Limited

**33rd Annual Report
2010-11**

Board of Directors

Mr. Kartikeya V. Sarabhai
Chairman

Dr. Vinodchandra C. Shah

Mr. B.V. Suryakumar

Mr. Govind Das Zalani

Dr. Om Dutt Gulati

Mr. Anil H. Parekh
Whole-time Director

Mr. B.S. Bohra

Mr. K. Mohandas

Mr. Ashwin P. Hathi

Mr. Ketan Adhvaryu
Company Secretary

Auditors

M/s. Sorab S. Engineer & Co.
Chartered Accountants
Ismail Building
381, Dr. D. Naoroji Road
Fort, Mumbai-400 001

Banker :

Punjab National Bank
ICICI Bank Limited
Axis Bank Limited

Registered Office :

Sarabhai Campus
Gorwa Road,
Vadodara-390 023

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Notice

Notice is hereby given that the Thirty-third Annual General Meeting of the Company will be held on Saturday, the 24th September 2011 at 10.00 A.M. at Prof. C.C. Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda, Vadodara-390002 to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Profit and Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date, together with Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. O.D. Gulati, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. Mohandas, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashwin P. Hathi, who was appointed a Director of the Company on 24.6.2010 pursuant to Article 143 of the Articles of Association of the Company to fill the casual vacancy caused due to the resignation of Dr. L. Ramaswamy. Mr. Ashwin P. Hathi retires at the conclusion of this Annual General Meeting under Section 262 of the Companies Act, 1956. However, he is eligible for appointment and offers himself for reappointment
5. Appointment of Auditors:

To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sorab S. Engineer & Co., Chartered Accountants, Mumbai, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration plus reimbursement of service tax, out of pocket expenses, traveling and other expenses, as may be mutually agreed upon between the Board of Directors and the Auditors in connection with the work of audit to be carried out by them."

SPECIAL BUSINESS:

6. Re-appointment of Mr. A. H. Parekh as 'Whole-Time Director & President - Formulations'.

To consider and if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of

Section 198, 269, 309, and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the re-appointment of Mr. A. H. Parekh as "Whole-Time Director & President (Formulation)" for a period of 3 years with effect from 26th December, 2011 on the terms and conditions as stated in Explanatory Statement."

By Order of the Board of Directors,

Ketan Adhvaryu

Company Secretary

Date : 24.8.2011

Place : Ahmedabad

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 A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20.9.2011 to 24.9.2011 (both days inclusive).
4. All the documents referred to in the Notice and Explanatory Statement would be open for inspection at the Registered Office of the Company during business hours on all working days till the date of meeting.
5. Members who hold equity shares in dematerialized form are requested to bring their DPID and client ID numbers for easy identification of attendance at the meeting.
6. Pursuant to SEBI Circular, it is mandatory to quote PAN for transfer / transmission of shares in physical form. Therefore, the transferee(s) / legal heirs are requested to furnish copy of their PAN to the Registrar and Share Transfer Agents - MCS Limited.
7. The information relating to appointment / re-appointment of Directors, as required to be given pursuant to Clause 49 (IV) (E) and 49 (IV) (G) (1) of the Listing Agreement is given in Annexure A to the Explanatory Statement:
8. In accordance with MCA circular No.18/2011 dated 29-04-2011, members who desire to receive their copy of Annual report through email, may register their email address to the Company Secretary at

ketanadhvaryu@sarabhai.co.in or to the Share Transfer Agent of the Company at mcsltbaroda@yahoo.com.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Item 6

Mr. A. H. Parekh is M. Pharma., and holding extensive and varied experience of over 39 years in various areas of Management. He has been associated with the Company for more than 3 decades. At present, he is carrying out over all day to day management functions related to Pharmaceuticals subject to the superintendence and control of the Board of Directors.

The tenure of Mr. Parekh as Whole-Time Director & President (Formulation) would be completed on 25th December 2011.

In view of the involvement and contribution in formulation segment and for restructuring of Company's business, the Remuneration and Compensation Committee and Board of Directors at their respective Meetings held on 24th August, 2011 have subject to requisite approval/s, re-appointed him for a further period of 3 years w. e. f. 26th December, 2011 on the following terms and conditions.

1. a) Basic Salary : Rs.75,000/- p.m. in the grade of 75,000/- 5,000/- 90,000/-
- b) House rent allowance @ 40% of (a) : Rs.30,000/- p.m.
- c) Newspaper allowance : Rs. 400/- p.m.
- d) Perquisites : Total perquisite shall be restricted to 70% of basic salary.
- 2 i) Expenditure : To be valued as per I.T. Rules incurred on gas, and in absence of such rules, electricity, water, to be valued at actual cost. furnishing.
- ii) Medical benefits : Reimbursement of expenses for self and family. actually incurred for self, wife and dependent children. However, such reimbursement as it would exceed maximum limit laid down under I. T. Rules, would be subject to tax, from time to time.
- iii) Leave Travel : Only travel fare, once a year Concession for self and family. to & fro for any place in India.
- iv) Telephone : Personal long distance call to facilities at Residence be paid by himself.
- * v) Reimbursements of actual entertainment expenses incurred for the business of the Company, as per Company's rules.
- * vi) Leave on full pay, as per rules of the Company, but not exceeding one month's leave for every eleven months of service.
- vii) Club fees and personal accident insurance, as per Company's rules.
- * ix) Gratuity would become payable at the rate not excluding half a month's salary for each completed years of service.
- x) Encashment of leave in respect of leave accumulated but not availed of at the end of the tenure, would be permissible.
- * These items would not be considered while computing Managerial remuneration.
- 2) Annual Increment : Entitled to get annual increment as may be decided by the Board of Directors within the basic salary of Rs. 5,000/- per month in the grade of 75,000/- 5,000/- 90,000/-
- 3) Rs.3,00,000/- : Mr. Parekh shall Per annum be entitled for compensation on achieving pre determined Key Performance Area as determined by Remuneration and Compensation committee in proportion to achievement of key performance target both quantitative and qualitative during the year.
- 4) In absence of OR in-adequacy of profits in any financial year, he will be entitled to said salary, perquisites etc. as mentioned above as **minimum remuneration**.
- 5) Other terms and conditions:
 - i) In the capacity of a Whole-time Director, he shall not be paid any sitting fees to attend the meeting of the Board and/or Committee thereof.
 - ii) In the event of cessation of his respective office during any financial year, the aforesaid remuneration will be paid on a pro-rata basis.
 - iii) He shall not so long as he functions as a Whole-time Director of the Company become interested or otherwise concerned directly or through wife/or minor children in any selling

agency of the company further without the prior approval of the Central Government.

- iv) The Company shall deduct all taxes from the remuneration, as per applicable law, from time to time.
 - v) Without the approval of the Board of Directors of the Company, neither he nor any of his relatives nor any firm or private company in which he or any of his relatives are a Director, member or partner shall enter into any contract with the Company for sale, purchase or supply of any goods, materials or services for whatever value. He shall also report to the Board the names of all private companies, firms or proprietorship in which he or any of his relatives as defined in the Companies Act, have any interest as Director, member, partner or proprietor.
 - vi) This appointment is terminable by notice on either side or by payment of three months salary in lieu thereof.
- 6) The Board of Directors / Remuneration Committee of Directors of the Company would be empowered to modify the terms of remuneration as may be required by the Central Government / Shareholders, upon their respective permission / approval/s and also to increase the above remuneration on an annual basis during the tenure and such an increase would be within the limit of Schedule XIII of the Companies Act, 1956 (or any amendment of

reenactment made thereof from time to time) as applicable to the Company and would be subject to other compliance/s, if any, as might be then required.

- 7) Terms of the appointment of Whole-Time Director & President – (Formulation) can be renewed by the Board of Directors before the expiry of the said term and in case the terms are not renewed before the expiry of the existing terms by the Board of Directors, Mr. A.H. Parekh shall cease to be Whole-Time Director & President - (Formulation) on expiration of the present term.

The proposed resolution and explanatory statement may be treated as an abstract of the terms and conditions of the appointment of Mr. Parekh as Whole Time Director & president (Formulation) in terms of section 302 of the Companies, Act 1956

Mr. Parekh may be considered to be concerned or interested in proposed resolution.

None of the other Directors of the Company may be deemed to be concerned or interested in the said resolution.

Your Directors recommend the resolution as set out at Item No. 6 of the Notice for your approval and acceptance.

By Order of the Board of Directors,
Ketan Adhvaryu
Company Secretary

Date : 24.8.2011

Place : Ahmedabad

The information relating to Appointment / Reappointment of Directors as required to be given as per Corporate Governance Code					
Name	Date of Birth	Qualifications	Experience / Expertise	Shareholding in the Company	Other Directorship in Public Limited Company
Dr. O.D. Gulati	31.1.1927	Pharmacologist	He was a professor of Pharmacology and Dean of Medical College of Vadodara. Further, he is a retired Director of Charotar Arogya Mandal, Karamsad which is running a Medical College in Gujarat. He has been making an in-depth study of various new drugs being discovered. He has wide and varied experience in the field of Drugs and Pharmaceuticals. He has been a Director of the Company since 1991.	Nil	1 Haryana Containers Ltd., 2 Mautik Exim Ltd.,
Mr. K. Mohandas	12.5.1948	Graduate with Economics & Diploma in Materials Management.	Joined the organization in 1996 and has vast and varied experience of over 44 years in various areas of management.	Nil	Systronics (India) Limited
Mr. Ashwin P. Hathi	23.8.1940	B.A. LL.B. (Sp), D.L.P.	Practicing Advocate since 1964 with an experience of over 40 years. He is registered in the Gujarat Bar and has had appearances in the Supreme Court of India and various other High Courts, District Courts and Tribunals. His experience besides litigation also encompasses corporate transactional work He specializes in industrial law, arbitration, intellectual property law and other commercial laws. He regularly represents multinationals and other companies in court litigations, arbitrations and at the same time provides opinions etc. He is extensively involved in vetting and negotiation of commercial agreements, legal due diligence reports etc.	-	-
Mr.A.H. Parekh	18.10.1948	M. Pharm (Pharmaceutics) & Pharmaceutical Technology	Experience of Pharma production facilities of more than three decades. Technical expertise in:- -Formulation, Production planning. - Inventory Control -Stores, Distributors & Logistic -Knowledge of Quality Control.	-	1 Vovantis Laboratories Pvt.Ltd., 2 Suvik Hitek Pvt. Ltd.,

Directors' Report

To

The Shareholders,

The Directors hereby present their 33rd Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2011.

	(Rs.lakh)	
	2010-11	2009-2010
Turnover (Net)	3906	5785
Other Income	653	160
Total Income	4559	5925
Interest	1055	158
Depreciation	154	203
Profit/(Loss) before Extra Ordinary Income		(1924)
Extra Ordinary Income	(2178)	
Extraordinary Income net of expenditure	2383	2635
Net Profit/(Loss) before taxation	(57)	711
Net Profit/(Loss)	(108)	211

An extra ordinary income mainly represents Profit on Sale of part of factory building, profit on transfer of Undertaking and other fixed assets.

Your Directors regret their inability to recommend payment of any dividend in view of loss during the year.

Operations:**Pharma Formulations:**

During the year under review, the Formulation activities were managed by making loan license arrangement with other pharmaceutical company to achieve production on more efficient basis.

Your directors have planned to relocate manufacturing activities at Ranoli plant to meet the market demand.

Bulk Drugs

The Bulk Drugs productions were manufactured at Ankleshwar on loan license arrangement by Asence Pharma Pvt. Ltd., a Wholly-owned subsidiary of the company.

Active Pharmaceutical Ingredient plant:

The Bulk Drugs plant of Synbiotics Limited, a Wholly-owned subsidiary of the Company, at Luna has already started its production activity.

Marketing:

Sarabhai Chemicals Marketing Division has pursued actively on Generic business and achieved turn over of

Rs.30 crore.

The Oncology Division is also strengthened by adding new products like GEMSAR, CAPCID, and SFIL and team of field force. During the year under review, the company has conducted marketing and sales training programme. Oncology Division has been registered in many institutions inclusive Government and successfully persuaded key doctors across the country to prescribe products of the company and establish Sarabhai Brand Name in market.

Oncology Division is planning to launch two specialty divisions during the year.

The pharmaceutical formulation plant of Vovantis Laboratories Pvt. Ltd., a company promoted by the Company at Ranoli has already started its production activity. It had teething troubles which will be rectified at the earliest. It has negotiated a very large bulk order with a well established and profitable pharma company. This joint venture will turn into a profitable unit during the current year.

Asence Inc., a wholly-owned subsidiary of the Company, incorporated in US specializes in the supply of quality pharmaceutical preparations (Finished Dosage Forms and Active Pharmaceutical Ingredients) to international markets. Asence Inc., through the company, pursues a multi-layered growth strategy combining internal product development, strategic alliances and collaboration with CGMP manufacturing partners, acquisitions of products and leverage of infrastructure in India and the US.

Real Estate

As a part of restructuring process, the Company has executed documents for sale of part of factory building held in the name of the Company during the year under report.

Corporate Governance:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding Compliance of Conditions of Corporate Governance are made as a part of the Annual Report.

Subsidiaries:

A statement pursuant to Section 212 of the Companies Act, 1956 in respect of Subsidiary companies is appended to the balance sheet. The report and the accounts of the Company may be treated as abridged accounts as contemplated under Section 219 of the Companies Act, 1956. Those shareholders, who are

desirous of receiving full reports and accounts including the report and the accounts of the Subsidiaries of the Company, will be provided the same on receipt of written request / requisition in this regard. This will help to save considerable cost in connection with printing and mailing of the report and accounts in respect of the various subsidiaries of the company. The shareholders who desire to get their Annual Reports through email will register their email address with the Company. It will ensure that all shareholders get copy of the Annual accounts provided a fairly large number of shareholders would opt for email system.

Consolidated Financial Statement:

In compliance of the Accounting Standard AS-21 on Consolidated Financial Statements, the Consolidated Financial Statements, which form part of the Annual Report and Accounts, are attached herewith.

Directorate:

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Dr. O.D. Gulati and Mr.K. Mohandas retire by rotation and being eligible offers themselves for re-appointment.

Mr. Ashwin P. Hathi has been appointed as Director on 24.6.2010. He would continue to be a Director till the conclusion of this Annual General Meeting and being eligible, offers himself for reappointment.

Fixed Deposits:

The Company has not accepted any fixed deposit during the year.

Energy Conservation: Technology Absorption and Foreign Exchange earnings and outgo:

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo required to be given by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure to this Report in the prescribed format.

Particulars of Employees:

information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees Rules 1975) is not given since there was no employee drawing remuneration as prescribed under the said Section.

Directors' Responsibility Statement.

As required under Section 217(2AA) of the Companies Act, 1956, we hereby state:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- (ii) That 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 a true and fair view of the state affairs of the Company as at 31st March, 2011 and its loss for the year ended on that date.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

Insurance:

Building, Plant and machinery and stocks, have been adequately insured. The Company carries a risk for certain assets like goods in transit in respect of which any loss resulting from non-insurance is small because of fairly large drop in production and sales.

Auditors:

M/s. Sorab S. Engineers, Chartered Accountants, Mumbai, retires in the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

Acknowledgement:

Your Directors would like to take this opportunity to express their deep sense of gratitude to the Banks, Government Authorities, Customers and Shareholders for their continuous guidance and support. Further, they would also like to place on record their sincere appreciation for the dedication and hard work put in by one and all employees of Sarabhai Pariwar

For and on behalf of the Board

Kartikeya V. Sarabhai

Chairman

Date : 24.8.2011

Place : Ahmedabad

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of additional particulars as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, forming part of the Directors' report for the year ended 31st March 2011.

(A) Conservation of Energy &**(B) Technology absorption.**

During the year under report, there was no production activities carried out in the factory of the Company and therefore, details are not required to be given.

(C) Foreign exchange earnings and outgo:

i) The company is making all efforts to boost up the exports of its various products. In this direction, the Company is endeavoring to improve the quality of various products for export market. Company is also forging ties with various foreign parties to strengthen the exports.

ii) Total foreign exchange earned and used

Rs. Lakh

Foreign exchange earned	38.32
Foreign exchange used	138.67

Management Discussions and Analysis Report**a) Industry structures and developments:****About Pharmaceuticals....**

The pharmaceutical industry in India is among the most highly organized sectors. This industry plays an important role in promoting and sustaining development in the field of global medicine. Due to the presence of low cost manufacturing facilities, educated and skilled manpower and cheap labor force among others, the industry is set to scale new heights in the fields of production, development, manufacturing and research. In 2010, the domestic pharma market in India was estimated to be about US\$ 13 billion and this is likely to increase at a compound annual growth rate and is expected to grow at 9.5 per cent till the year 2015.

Industry Trends:

- The pharma industry generally grows at about 1.5-1.6 times the Gross Domestic Product growth.
- Globally, India ranks third in terms of manufacturing pharma products by volume.
- The Indian pharmaceutical industry is expected to grow at a rate of 9.9 % till 2010 and after that 9.5 % till 2015.
- In 2009-10, India exported drugs worth US\$ 8.7 billion in to the US and Europe followed by Central and Eastern Europe, Africa and Latin America
- The retail pharmaceutical market in India is expected to cross US\$ 12-13 billion by 2012

Risks and Concerns:

Every industry has its own sets of advantages and disadvantages under which they have to work; the pharmaceutical industry is no exception to this. Some of the challenges the industry faces are:

- Regulatory obstacles
- Lack of proper infrastructure
- Lack of qualified professionals
- Expensive research equipments
- Lack of academic collaboration
- Underdeveloped molecular discovery program
- Divide between the industry and academia.

Government Initiatives:

The government of India has undertaken several including policy initiatives and tax breaks for the growth of the pharmaceutical business in India. Some of the measures adopted are:

- Pharmaceutical units are eligible for weighted tax

reduction at 150% for the research and development expenditure.

- Two new schemes namely, New Millennium Indian Technology Leadership Initiative and the Drugs and Pharmaceuticals Research Program have been launched by the Government.
- The Government is contemplating the creation of SRV or special purpose vehicles with an insurance cover to be used for funding new drug research
- The Department of Pharmaceuticals is mulling the creation of drug research facilities which can be used by private companies for research work on rent.

Pharma Export:

In the recent years, despite the slowdown witnessed in the global economy, exports from the pharmaceutical industry in India have shown good buoyancy in growth. Export has become an important driving force for growth in this industry with more than 50 % revenue coming from the overseas markets. For the financial year 2008-09 the export of drugs was estimated to be \$8.25 billion as per the Pharmaceutical Export Council of India, which is an organization, set up by the Government of India. A survey undertaken by FICCI, the oldest industry chamber in India has indicated 16% growth in the export of India's pharmaceutical growth during 2009-2010.

Future Scenario:

With several companies slated to make investments in India, the future scenario of the pharmaceutical industry looks pretty promising. The country's pharmaceutical industry has tremendous potential of growth considering all the projects that are in the pipeline. Some of the future initiatives are:

- According to a study by FICCI-Ernst & Young India will open a probable US\$ 8 billion market for MNCs selling expensive drugs by 2015.
- The study also says that the domestic pharma market is likely to reach US\$ 20 billion by 2015.
- The Ministry of Commerce estimates that US\$ 6.31 billion will be invested in the domestic pharmaceutical sector.
- Public spending on healthcare is likely to rise from 7 per cent of GDP in 2007 to 13 per cent of GDP by 2015.
- Due to the low cost of R&D, the Indian pharmaceutical off-shoring industry is designated to turn out to be a US\$ 2.5 billion opportunity by 2012.

Performance of your Company:

Your Company operates in an area where a large market exists and offers ample opportunities for growth. As per the statistic available, Indian pharmaceutical export will have potential to increase around 9% by the end of financial year 2011 to attain its total export volume of about 9 billion US \$. In order to sustain the future growth, the Indian companies must achieve the right product-mix. The Indian Pharmaceutical industry has witnessed some regulatory and much awaited patent law changes. Due to expansion of patent law covering products into new patent system, MNCs have shown much interest to acquire skill and infrastructure for their research and manufacturing activities. The Indian companies had to make extra efforts to match with the international standard of pharmacy.

During the year 2010-11, the Indian Pharmaceutical industry has significantly exported to regulated markets of US and Europe in Generic Drugs Markets, wherein your Company has also exported substantially its products through Asence Pharma Private Limited, a wholly-owned subsidiary of the Company.

Segment-wise Performance:

Segment-wise performance has been enumerated in the Directors' Report

Real Estate:

The Company had executed documents for sale of part of factory building.

Internal control systems and their adequacy:

The internal control systems are continuously being fine-tuned in line with the changing requirements in the industry.

With regular review of the systems by the Audit Committee of the Board, the internal control within the organization continues to be further strengthened.

Financial performance:

Financial performance of the Company has been indicated in the Directors' Report.

Human resources/Industrial relations:

The focus of the management is on the organizational development such as imbibing new entrepreneurship, team work relating to commitment to achieve targeted growth.

The relations between the management and workmen continue to remain cordial.

As on date of the report, total employees strength of the Company is 628.

**ANNEXURE TO
THE DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE**

I. Corporate Governance Philosophy:

Good Corporate Governance calls for transparency and accountability of a company's management. Your company remains committed to these basic tenets of good governance by full disclosure of its policies and operational practices as will be evident below:-

a) Composition of the Board:

The Company's Board at present has 9 Directors comprising of 2 Executive Directors and 7 Non-executive Directors. Names and categories of the Directors on the Board and the numbers of Directorships and the Committee position held by them in other public limited companies are given below:

Name of Director	Category / Designation	No. of Directorships held in other Public Ltd. companies	No. of Committee Memberships in other companies
Kartikeya V. Sarabhai	Chairman and Whole-time Director	2	-
V.C. Shah	Non-Executive/ Independent	4	-
B.V. Suryakumar	Non-Executive	2	2
G.D. Zalani	Non-Executive/ Independent	-	-
O.D. Gulati	Non-Executive/ Independent	2	-
B.S. Bohra	Non-Executive/ Independent	3	-
K. Mohandas *	Non-Executive	1	-
A.H. Parekh	Whole-Time Director & President (Formulations)	-	-
Ashwin P. Hathi	Non-Executive/ Independent	-	-

*Ceased to be Whole-Time Director w.e.f. 14.10.2010

** Joined the Board of Directors w.e.f. 24.6.2010.

b) Board Meetings:

The Board met 10 times on the following dates during the financial year 2010-2011 and the maximum time-gap between the two meetings did not exceed four months.

02.4.2010	31.12.2010
19.4.2010	28.1.2011
20.8.2010	7.2.2011
14.10.2010	3.3.2011
06.12.2010	28.3.2011

The Agenda papers were circulated to the Directors well in advance before the meetings with sufficient information. The details of attendance of each Directors at the Board Meeting held during the financial year 2010-2011 and at the last Annual General Meeting held on 31.12.2010, together with the sitting fees paid to each Director are given below:

Name of Director	No. of Meetings held during the tenure	No. of Meetings attended	Sitting fees paid for Board Meetings & other Committee Meetings (Rs.)	Attendance at the last AGM	Date of Appointment
Kartikeya V. Sarabhai	10	10	Nil	Yes	30.07.1992
Dr. V.C. Shah	10	7	49000	Yes	30.07.1998
B.V. Suryakumar	10	8	39000	Yes	18.05.2005
G.D. Zalani	10	8	33000	Yes	01.04.1996
Dr. O.D. Gulati	10	9	45000	Yes	26.06.1991
B.S. Bohra	10	8	2400	Yes	20.4.2007
K. Mohandas	10	5	Nil	Yes	19.07.2005
A.H. Parekh	10	8	Nil	Yes	03.01.2006
Ashwin P. Hathi	10	5	15000	No	26.6.2010

III Committees of Directors :

The involvement of non-executive Directors in providing guidance on policy matters to the operating management is formalized through constitution of committees of the Board. These committees provide periodical and regular guidance, have exchange of information and ideas between the Non-Executive Directors and the operating management.

The Board has accordingly as required under the Code of Corporate Governance, constituted following Committees:

A) Audit Committee:

The Company has complied with requirements of Clause 49(ii)(D) with regard to composition of the Audit Committee. The composition of the Audit

Committee as on 31st March 11 and details of attendance of Audit Committee Meetings held during the financial year 2010-2011 are as under:

Name of Director	Status	No. of Meetings held	No. of Meetings attended
Dr. V.C. Shah	Chairman	7	6
Dr. O.D. Gulati	Member	7	6
B.V. Suryakumar	Member	7	5
G. D. Zalani	Member	7	3

The broad terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement and under the Companies Act.

B) Shareholders / Investors' Grievance Committee:

The composition of the Shareholders / Investors' Grievance Committee as on 31st March 2011 and details of attendance of Shareholders / Investors' Grievance Committee Meetings held during the financial year 2010-2011 are as under::

Name of Director	Status	No. of Meeting held	No. of Meeting attended
Dr.V.C. Shah	Chairman	1	1
Kartikeya V. Sarabhai	Member	1	1

C) Remuneration Committee :

The composition of the Remuneration and Compensation Committee as on 31st March 2011 is as under:

Name of Director	Status
Dr. V.C. Shah	Chairman
Dr. O.D. Gulati	Member
G.D. Zalani	Member

There was no Remuneration and Compensation Committee meeting held during the year.

IV) Details of Terms of Contracts of Whole time Directors :

- The Contract of Mr. Kartikeya V. Sarabhai, Whole-Time Director and Chairman is for a period of 3 years w. e. f. 1.4.2009 and the terms of remuneration were approved by the shareholders at the Annual General Meeting held on 30.11.2009.
- The Contract of Mr. A.H. Parekh, Whole-Time Director is for a period of 3 years w. e. f. 26.12.2008 and the terms of remuneration were approved by the shareholders at the Annual General Meeting held on 28.11.2008.

His tenure would be expired on 25.12.2011. The Company has renewed his terms for another 3 years w.e.f. 26.12.2011. A necessary resolution in this

respect will be incorporated in this notice of Annual General Meeting for approval of the shareholders.

V) General Body Meetings:

The last three Annual General Meetings of the Company were held at Mahatma Gandhi Nagar Grih, Near Jubilee Baug, Vadodara on the following dates and time.

Year	Date	Time	Location
2007-08	30th AGM 28th November, 2008	11.00 A.M.	Mahatma Gandhinagar Grih, Vadodara-
2008-09	31st AGM 30th November, 2009	11.00 A.M.	Prof. C. C. Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda
2009-10	32nd AGM 31st December, 2010 which was adjourned on 28.3.2011	11.00 A.M. & 10.00 A.M.	Prof. C. C. Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda

The 32nd AGM was adjourned and adjourned AGM was held on 28.3.2011 where the shareholders have considered, adopted and approved Annual Accounts for the year ended 31.3.2011.

VI) Disclosures:

- As required under the Companies Act, the Directors disclose the name of the Companies / parties in which they are interested and accordingly the Register of Contracts Under Section 301 of the Companies Act, 1956 is tabled and signed at the Board Meeting/s.
- Transactions with the "related parties" are disclosed in detail in note forming part of Accounts' annexed to the financial statements for the year ended 31st March 2011. Adequate care was taken by the Board to ensure that the potential conflict of interest did not harm the interest of the Company.
- The Company has tried to comply with the provisions of Stock Exchange / SEBI / Statutory Authorities on all matters related to Capital Markets. There was no non-compliance during the year 2010-11 by the Company on any matter related to Capital Markets.

However, during the year under report, the Company could not comply fully with the provisions of Clause 41 of the Listing Agreement within a stipulated time for the reasons, which are beyond control of the management of the Company.

4) Means of Communications:

- Quarterly/Half yearly Financial Result of the

Company are being submitted to the Bombay Stock Exchange Limited and published in Loksatta (Gujarati Language) and the Business Standard (English Language).

- b) Management Discussion & Analysis Report is a part of this Directors' Report to the shareholders.

VII) General Shareholder Information:

- | | |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Registered Office | Sarabhai Campus
Gorwa Road, Vadodara-390 023 |
| 2 Venue, Day & Date of 33rd Annual General Meeting. | Prof. C.C. Mehta Auditorium,
General Education Centre,
The Maharaja Sayajirao
University of Baroda,
Vadodara-390002.
Saturday, 24th September 2011
at 10.00 a.m. |
| 3 Financial Calendar | From 1st April 2010 to
31st March 2011 |
| 4 Book Closure dates | From 20.09.2011 to
24.09.2011 (Both days inclusive) |
| 5 Dividend Payment Date | Not applicable |
| 6 Listing on stock exchange: | BSE Ltd.
Stock Code No. - 500009 |

VIII) Stock Price Data:

MONTH	HIGH (BSE) (Rs.)	LOW (BSE) (Rs.)	BSE SENSEX	
			High	Low
April-2010	12.75	10.1	18,047.86	17,276.80
May-2010	11.87	8.8	17,536.86	15,960.15
June-2010	12.68	9.6	17,919.62	16,318.39
July-2010	13	11.15	18,237.56	17,395.58
August-2010	13.25	10.5	18,475.27	17,819.99
September-2010	11.7	10.45	20,267.98	18,027.12
October-2010	11.08	9.81	20,854.55	19,768.96
November-2010	13.35	9.25	21,108.64	18,954.82
December-2010	10.99	7.3	20,552.03	19,074.57
January-2011	8.98	7.32	20,664.80	18,038.48
February-2011	9.27	6.41	18,690.97	17,295.62
March-2011	6.95	8	19,575.16	17,792.17

IX) Share Transfer System:

The shares of the Company are compulsorily traded in dematerialization form, w.e.f. 28.8.2000, as per SEBI's directive. The Company has already appointed MCS Ltd., Vadodara as its RTA for dematerialization purposes and has also set up the requisite facilities for dematerialization of shares with National Securities Depositories Ltd. (NSDL) and Central Depository Securities (India) Ltd. (CDSL).

For physical Share Transfer, if the share transfer documents are in order, share transfers are registered upon approval by the Share Transfer Committee of Directors, the meetings of which Committee of Directors are generally held at regular intervals of about 15 / 20 days. Thereafter, duly transferred share certificates are dispatched to the respective shareholders.

Total shares transferred during financial year 2010-11	66924
Total Transfer Deeds received and processed during financial year 2010-11	547
Total No. of shares(s) Demated as on 31st March 2011	61406993
% of total Equity shares in Demat as on 31st March 2011	80.13%

X) Distribution of Shareholding - as on 31st March, 2011:

Category	No. of Shares	%
Promoters	23318951	30.43
FII/NRI	367791	0.48
Public Financial		
Institutions & Nationalized Banks	358912	0.47
Mutual Funds/UTI	-	-
Bodies Corporate	20058932	26.18
Indian Public	32588710	42.45
Total	76633296	100.00

XI) Distribution of Shareholding as on 31st March, 2011 (both in physical & electronic form):

No. of Equity Shares held	No. of Share holders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 500	162600	93.3388	12096467	15.7849
501 to 1000	7759	4.4540	5928289	7.7359
1001 to 2000	2422	1.3903	3585560	4.6789
2001 To 3000	498	0.2859	1276136	1.6653
3001 To 4000	207	0.1188	740059	0.9657
4001 To 5000	211	0.1211	1000361	1.3054
5001 To 10000	244	0.1401	1830645	2.3888
Over 10000	263	0.151	50175777	65.4800
Total.....	174204	100.0000	76633294	100.0000

XII) Dematerialization of Shares:

During the year under review, 160359 (0.34%) shares were dematerialized in National Securities Depository Ltd. and Central Depository Services (India) Ltd.

ISIN No. : E432A01017

XIII) Plant Locations:

Village Ranoli, Dist. Vadodara.

XIV) Address for Correspondence:

Shareholders can correspond either at the office of its Common Agency viz. MCS limited, Neelam Apartment, 88 Sampatrao Colony, Alkapuri, Vadodara-390007 or at the Company's Registered Office, situated at Sarabhai Campus, Gorwa Road, Vadodara-390 023.

Queries of shareholders shall be addressed to Mr. Ketan Adhvaryu, Company Secretary - Email - ketanadhvayu@sarabhai.co.in and queries relating to the financial statements of the Company to be addressed to Mr. Deven V. Shah, CFO Email - devenshah@sarabhai.co.in.

The Company Secretary is designated by the Company as 'Compliance Officer'.

AUDITORS' CERTIFICATE

To the Members of

Ambalal Sarabhai enterprises Limited

Vadodara

We have examined the compliance of conditions of Corporate Governance by Ambalal Sarabhai Enterprises Limited, for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuing the compliance of the conditions of the 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 compliance with the provisions of Clause 41 within a stipulated time.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the

management has conducted the affairs of the Company.

For and on behalf of

For **Sorab S. Engineer & Co.**
Firm Registration No. 110417 W
Chartered Accountants

C.A. M.P. Antia

Partner

Membership No.7825

Date : 24-08-2011

Place : Ahmedabad

AUDITORS' REPORT

To the Members of Ambalal Sarabhai Enterprises Limited

1. We have audited the attached Balance Sheet of Ambalal Sarabhai Enterprises Limited as at 31st March, 2011, the Profit and Loss Account and 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (a) 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;
 - (b) 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;

(c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except as stated in para (f) below;

(e) on the basis of written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(f) 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 notes thereon, subject to:

i) Adjustment in 1992-93 of debit balance in Profit and Loss Account amounting to Rs. 2519.31 lakh against revaluation reserve which was not in accordance with the accounting practice recommended by the Institute of Chartered Accountants of India;

ii) The Company has not considered impairment of Goodwill and other Assets as per Accounting Standard AS - 28 "Impairment of Assets" Amount unascertained;

Due to uncertainties regarding the amounts in respect of the above point we are unable to opine on the effect of the same on the loss for the year.

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 March 31, 2011;

b) in the case of Profit and Loss Account, of Loss for the year ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Sorab S. Engineer & Co.**
Firm Registration No. 110417 W
Chartered Accountants

C.A. M.P. Antia
Partner

Membership No. 7825

Date : 24-08-2011
Place : Ahmedabad

ANNEXURE TO THE AUDITORS' REPORT

Re: **Ambalal Sarabhai Enterprises Limited**

Referred to in Paragraph 3 of our Report of even date,

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

(b) All the major assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed on such verification.

(c) Though the Company has disposed off considerable portion of its fixed assets during the year, its ability to continue as a going concern, we are informed by the management, is not affected by such disposals.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. No material discrepancy noticed on verification between the physical stocks and the book records.

(iii) The Company has not granted/taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii, b), to iii(g) of paragraph 4 of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) (a) On the basis of the audit procedures performed by us, and according to the information and explanations given to us, we are of the opinion that, the transactions in which directors were interested as contemplated under section 297 and section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under section 301 of the said Act, have been so entered;

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which

are reasonable having regard to prevailing market price at the relevant time;

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Act and the rules framed there under. No order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company does not have formal internal auditors.
- (viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of these records with a view to determine whether they are complete.
- (viii) (a) The Company is generally not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Service Tax, and Sales Tax. The extent of arrears of such outstanding statutory dues as at 31.03.2011 for a period of more than six months from the date they became payable are as under:

Particulars	Rs. in Lakh
Income Tax	7.71
Sales Tax	29.79
ESIC	34.61
PF	58.68
Service Tax	2.78

Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956.

- (b) Following disputed statutory dues have not been deposited:

Nature of the Statute	Nature of the dues	Rs. in Lakh	Period to which the amount relates	Forum where matter is pending
Sales Tax Act	Sales Tax	18.90	1985-1986, 1989-1990, 1999-2000, 2000-2001, 2003-2004, 2004-2005, 2005-2006	Appellate Tribunal, Commissioner of Sales tax

Central Excise Act	Excise Duty	61.69	2007-08, 2008-09	Commissioner (Appeal) Central Excise & Customs. CESTAT - Delhi
		54.36	1985-1986, 1986-1987, 1987-1988, 1988-1989	
Income Tax Act	Income Tax	173.17	1979-1980, 1980-1981, 1982-1983, 2003-2004	High Court

- (x) Accumulated losses at the end of the financial year are not more than fifty percent of Company's net worth. Company has incurred cash losses in the financial year under report. The Company has incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial Institutions are not prejudicial to the interest of the Company.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) According to the information and explanations given to us, funds raised on short term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) According to the information and explanations given to us, the Company has not issued any Secured Debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Sorab S. Engineer & Co.**
Firm Registration No. 110417 W
Chartered Accountants
C.A. M.P. Antia

Date : 24-08-2011
Place : Ahmedabad

Partner
Membership No. 7825

Balance Sheet

as at 31st March, 2011

	Schedule	As at 31.03.11 Rs. Lakh	As at 31.03.10 Rs. Lakh
SHARE CAPITAL AND LIABILITIES			
Share Capital	1	7663.33	7663.33
Reserves and Surplus	2	1638.02	1876.44
Secured Loans	3	742.38	578.34
Unsecured Loans	4	582.15	261.98
Current Liabilities and Provisions	5	14845.91	13530.55
Total		25471.79	23910.64
ASSETS			
Fixed Assets (Net Block)	6	6265.18	6576.65
Investments	7	5693.67	4416.43
Current Assets, Loans and Advances	8	9944.85	9249.98
Profit and Loss Account	9	3568.09	3667.58
Total		25471.79	23910.64

Significant Accounting Policies and
Notes to Accounts

12

As per our Report attached

For Sorab S Engineer & Co.
Firm Registration No 110417 W
Chartered Accountants
M. P. Antia
Partner
Membership No. 7825
Date : 24-08-2011
Place : Ahmedabad

K. Jitendra V. Sarabhai
Chairman
V. C. Shah
Director
Ketan Adhvaryu
Company Secretary
Date : 24-08-2011
Place : Ahmedabad

Profit & Loss Account for the year ended 31st March, 2011

	Schedule	2010-11 Rs. Lakh	2009-10 Rs. Lakh
Sales and Services		3,990.25	5,911.70
Less: Excise Duty		<u>83.90</u>	<u>146.53</u>
		3,906.35	5,765.17
Other Income	10	<u>652.67</u>	<u>159.85</u>
INCOME		<u>4,559.02</u>	<u>5,925.02</u>
Cost of Sales and Services	11	<u>5,504.86</u>	<u>7,488.65</u>
EXPENDITURE		<u>5,504.86</u>	<u>7,488.65</u>
Gross Margin / (Loss)		<u>(945.84)</u>	<u>(1,563.63)</u>
Interest			
Term Loans		250.15	27.61
Others		<u>805.29</u>	<u>130.25</u>
		<u>1,055.44</u>	<u>157.86</u>
Diminution			
Diminution of Value of Investment		22.72	-
Depreciation		185.76	233.70
Less: Transfer from Capital Reserve		<u>31.42</u>	<u>30.50</u>
		<u>154.34</u>	<u>203.20</u>
Operating Profit / (Loss) before extraordinary income / expenditure		<u>(2,178.34)</u>	<u>(1,924.69)</u>
Excess provision of Taxation		-	0.95
Short Provision of Taxation		262.32	-
Extraordinary Expenses(Refer Note No: 14)		-	472.07
Extraordinary Income(Refer Note No: 14)		<u>2,383.49</u>	<u>3,106.76</u>
Net Extraordinary Income		<u>2,383.49</u>	<u>2,634.69</u>
Net Profit/ (Loss) before taxation		<u>(57.17)</u>	<u>710.95</u>
Provision for taxes			
Current Taxes		50.00	500.00
Wealth Tax		0.34	-
Net Profit/ (Loss) after taxation		<u>(107.51)</u>	<u>210.95</u>
Balance as per last year's Balance Sheet		<u>(8,577.09)</u>	<u>(8,788.04)</u>
Balance carried to Balance Sheet		<u>(8,684.60)</u>	<u>(8,577.09)</u>
Earning Per Share (Refer Note No: 18)			
Face value of RS. 10/- per Equity Share			
Basic/Diluted before Extra-ordinary item [in Rs.]		(3.25)	(3.16)
Basic/Diluted after Extra-ordinary item [in Rs.]		(0.14)	0.28

Significant Accounting Policies and Notes to Accounts 12
As per our Report attached

For Sorab S Engineer & Co.
Firm Registration No 110417 W
Chartered Accountants
M. P. Antia
Partner
Membership No. 7825
Date : 24-08-2011
Place : Ahmedabad

Kartikeya V. Sarabhai
Chairman
V. C. Shah
Director
Ketan Adhvaryu
Company Secretary
Date : 24-08-2011
Place : Ahmedabad

SHARE CAPITAL	SCHEDULE 1	
	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Authorised Capital		
9,50,00,000 Equity Shares of Rs. 10 each	9500.00	9,500.00
Issued, Subscribed and Paid-up Capital		
76633296 Equity Shares of Rs. 10 each fully paid	7663.33	7,663.33
	7663.33	7663.33

Of the above shares:

31,36,504 shares were issued and allotted as fully paid-up bonus shares by capitalisation of reserves.

RESERVES AND SURPLUS	SCHEDULE 2	
	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Capital Reserves		
Balance as per last Balance Sheet	815.52	850.04
Less: Transferred to General Reserve - Account	207.00	4.02
Less: Transferred to Profit and Loss Account	31.42	30.50
	577.10	815.52
Share Premium Account		
Balance as per last Balance Sheet	1060.92	1060.92
	1060.92	1060.92
General Reserve		
Balance as per last Balance Sheet	4,909.51	4905.49
Add: Transferred from Capital Reserve	207.00	4.02
Less Debit balance In Profit and Loss Account to adjusted	5116.51	4905.49
	-	-
Total	1638.02	1876.44
SECURED LOANS	SCHEDULE 3	
	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Loans from Banks		
Term Loan (1)	1.56	4.71
Loans from Others including interest accrued and due (2)	740.82	573.63
Total	742.38	578.34

Notes

- 1 Secured by hypothecation of vehicles.
- 2 Inter Corporate Loans :
 - a Secured by charge on one of the immoveable properties of the company of Rs. 180.86 Lakh
 - b Pledge of 9,41,975 Equity Shares of ORG Informatics Ltd. in favour of the lender for outstanding amount of Rs. 28.91 Lakh
 - c Loans from Others;
 - Secured by charge on one of the immoveable property of the Company and by pledge of 80,946 equity shares of Synbiotics Limited and Charge on certain portion of immoveable property for loans outstanding amount Rs. 531.05 Lakh

UNSECURED LOANS	SCHEDULE 4	
	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Short Term Loans		
Short-term Loans from others	577.99	257.82
Interest Accrued and Due	4.16	4.16
Total	582.15	261.98
Current Liabilities and Provisions	SCHEDULE 5	
	As at 31-3-11 Rs. Lakh	As at 31-3-10 Rs. Lakh
Current Liabilities		
Sundry Creditors:		
Due to Small and Medium Enterprises(Refer Note No:19)	-	-
Due to Others	2212.88	3401.27
Sundry Creditors	2212.88	3401.27
Other Liabilities	6368.27	3633.83
Due to Subsidiaries	781.17	1023.06
Book Overdraft	20.62	-
Interest accrued but not due	3.08	-
	9386.02	8058.16
Provisions		
Provision for Taxation	4346.42	4034.77
Accrued Gratuity Liability	935.37	1188.29
Accrued Leave		
Encashment Liability	178.10	249.33
	5459.89	5472.39
Total	14845.91	13530.55

FIXED ASSETS

SCHEDULE 6 Rs. Lakh

Asset	Gross Block at Cost/ Revaluation				Depreciation				Net Block	
	As at 01.04.10	Additions during the year	Deductions during the year	As at 31.03.11	As at 01.04.10	for the year	Adjust- ments	As at 31.03.11	As at 31.03.11	As at 31.03.10
Goodwill	2,277.62	-	-	2,277.62	-	-	-	-	2,277.62	2,277.62
Land	2,287.92	-	-	2,287.92	-	-	-	-	2,287.92	2,287.92
Leasehold Land	32.93	-	32.93	-	14.53	0.17	14.70	-	-	18.40
Buildings	1,391.86	-	565.43	826.43	817.19	37.21	362.84	491.56	334.87	574.67
Plant and Machinery	4,419.88	232.82	401.32	4,251.38	3,179.36	136.97	338.92	2,977.41	1,273.97	1,240.52
Furniture and Fixture	394.99	5.32	86.86	313.45	326.30	5.98	59.34	272.94	40.51	68.69
Vehicles	94.52	-	30.26	64.26	70.74	5.43	18.72	57.45	6.81	23.78
Library	0.10	-	-	0.10	0.09	-	-	0.09	0.01	0.01
Capital Work-in-progress	10,899.82	238.14	1,116.80	10,021.16	4,408.21	185.76	794.52	3,799.45	6,221.71	6,491.61
									43.47	85.04
Previous year	11004.53	28.99	133.70	10899.82	4197.73	233.70	23.22	4408.21	6265.18	6576.65

* Deduction includes Gross value of Rs.573.29 Lacs and accumulated depreciation of Rs. 420.38 Lacs on account of transfer to Systronics India Ltd (SIL) and Syntibotics Ltd (SYN) comprising of Systronics, Telerad, SERC Division to SIL and Sarabhai Chemicals Bulk Drugs Division to SYN on 01.10.2010.

Investments

SCHEDULE 7

(Long Term - At cost/Book Value)

	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
--	-------------------------------	-------------------------------

I Trade Investments (Quoted)

- 2051275 Ordinary shares of Rs.10 each fully paid of ORG Informatics Limited	-	205.49
	-	205.49

(Unquoted)

- 20,51,275 Ordinary shares of Rs.10 each fully paid of ORG Informatics Limited	205.49	-
Less: Diminution in Value of Investment	(22.72)	-
	182.77	-

II Other Investments (Unquoted)

- 1,100 Ordinary shares of Rs.25 each fully paid of Co-operative Bank of Baroda Limited	0.28	0.28
- 1 Ordinary share of Rs.1000 fully paid of Baroda Industrial Development Corporation Ltd.	0.01	0.01
- 1,204 Ordinary shares of Rs.25 each fully paid of Manekchowk Co-operative Bank Limited	0.30	0.30
- 73,498 "B" class shares of 1 pound each fully paid of Teknoserv (Jersey) Limited	36.33	36.33
- 9 Ordinary shares of 1 pound		

each of Asence Limited (Rs.445)	*	*
- 40 Ordinary shares of Rs. 25 each fully paid of Sardar Vallabhai Sahkari Bank Limited	0.01	-
	36.93	36.92

III In Subsidiaries (Unquoted)

35,000 Ordinary shares of Rs.1000 each Rs.100 paid up of Synbiotics Limited.	35.00	35.00
- 80946 Ordinary shares of Rs.1000 each fully paid up of Synbiotics Limited.	3804.46	3804.46
- 50,000** Ordinary shares of Rs. 10 each fully paid of Mautik Exim Limited	5.00	5.00
- 50,000 Ordinary shares of Rs.10 each fully paid of Haryana Containers Limited	8.53	8.53
- 500 Non-assessable shares of US\$10 each of Asence Inc.	2.34	2.34
- 1,19,85,018 Ordinary shares of Rs. 10 each fully paid of Systronics (India) Limited	1198.50	10.00
- 250,000 Ordinary shares of Rs.10 each fully paid of Suvik Hi-tek P Limited	1.00	1.00
	5054.83	3866.33

IV In Joint Venture Company

32,66,355 Ordinary shares of Rs.10 each fully paid of Vovantis Laboratories P. Ltd:	326.64	307.69
Share Application Money	92.50	-
	419.14	307.69
Total	5693.67	4416.43

* Less than Rs. 500

** 240 shares are in the name of nominees of the Company

Aggregate of Quoted Investments:

Cost	-	205.49
Market Value	-	229.95
Aggregate of Unquoted Investments	5693.67	4210.94

Balances with Customs,

Port Trust etc.	7.80	31.86
Advance payment of Tax	3,480.09	3469.21
	7,519.06	5313.66
Total	9,944.85	9249.98

**CURRENT ASSETS,
LOANS AND ADVANCES**

SCHEDULE 8

	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Inventories (as certified by the Management)		
Stores and Spares	9.78	11.63
Raw materials and Packing materials	51.51	109.87
Stock-in-process	-	218.38
Finished Goods	25.58	347.92
Goods in transit	1.15	37.86
	88.02	725.66
Sundry Debtors (Unsecured)		
Considered Good		
Over six months	103.07	32.10
Others	1,515.43	1784.39
	1618.50	1816.49
Considered Doubtful		
Over six months	491.41	543.28
Less: Provision for doubtful debts	491.41	543.28
	-	-
	1618.50	1816.49
Cash and Bank Balances		
Cash and Cheques on hand	1.06	8.06
Balance with Scheduled Banks in:		
Current Accounts	373.33	951.45
Margin Money Account	-	239.62
Fixed Deposits	344.88	195.04
	719.27	1394.17
Loans and Advances (Unsecured and considered good unless otherwise stated)		
Due from Subsidiaries	2,454.23	469.09
Advances recoverable in cash or kind or for value to be received	1,576.94	1343.50
Unsecured and Considered Doubtful	301.53	311.16
Less: Provision for doubtful advances	301.53	311.16

PROFIT AND LOSS ACCOUNT

SCHEDULE 9

	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Balance as per Last Year's Balance Sheet	(8577.09)	(8788.04)
Profit for the year	(107.51)	210.95
	(8684.60)	(8577.09)
Less: Adjusted from General Reserve	5116.51	4909.51
Balance Carried to Balance Sheet	(3568.09)	(3667.58)

OTHER INCOME

SCHEDULE 10

	2010-11 Rs. Lakh	2009-10 Rs. Lakh
Miscellaneous Income	68.75	43.82
Sundry Balances Written off (Net)	464.40	19.60
Bad Debts Recovered	-	1.86
Dividend	0.04	-
Bank and Other Interest (1)	111.43	74.37
Profit on Sale of Assets	-	8.31
Foreign Exchange difference (Net)	0.58	-
Scrap Sales	1.47	2.43
Royalty	6.00	9.46
	652.67	159.85
1. Tax Deducted at Source	3.82	7.98

COST OF SALES AND SERVICES

SCHEDULE 11

	2010-11 Rs. Lakh	2009-10 Rs. Lakh
Raw and Process		
Materials consumed	418.45	704.48
Trading Products purchased	2515.94	3260.93
Salaries, Wages and Bonus	1391.67	1840.89
Contribution to provident and other funds	108.43	134.59
Welfare Expenses	74.23	97.22
Remuneration to Directors	42.14	53.41

Stores and Spares	8.81	18.41
Power and Fuel	78.25	123.03
Repairs to Buildings	5.27	40.32
Repairs to Machinery	4.50	26.51
Factory Overheads	91.46	107.63
Selling Commission	17.81	50.54
Wholesalers' / Distributors'		
Discount	0.63	3.08
Selling Expenses	17.91	25.63
Sales Tax	66.29	2.42
Distribution Expenses	13.91	32.77
Traveling	99.92	147.11
Rent	42.20	78.35
Rates and Taxes	77.18	58.09
Miscellaneous Expenses	313.94	371.75
Liquidated Damages	7.99	8.91
Research and Development	0.41	1.55
Insurance	3.09	3.38
Legal Charges	48.80	80.45
Loss on sale of Fixed Assets (Net)	17.67	-
Foreign Exchange difference (Net)	-	2.49
Audit Fees	5.52	5.52
Brokerage Charges	96.93	-
Directors' Fees	1.98	1.80
Donation	-	0.05
Excise duty - others	21.50	8.56
Bad Debts/Advances	41.48	26.70
Provision for Bad and Doubtful		
Debts and advances	0.14	234.94
	5634.45	7551.51
Less:		
Adjustments for Past Provision	96.22	46.94
	5538.23	7504.57
(Increase) in Stock-in-trade		
Opening Stock:		
Stock in Process	218.38	246.94
Finished Goods	347.92	300.59
	566.30	547.53
Closing Stock:		
Stock in Process	194.63	218.38
Finished Goods	405.04	347.92
	599.67	566.30
Inventory Variance	(33.37)	(18.77)
Excise duty in value of Stocks		
(Increase)/Decrease	-	2.85
Total	5504.86	7488.65

SCHEDULE 12

Significant Accounting Policies and Notes to Accounts

I. SIGNIFICANT ACCOUNTING POLICIES:

(A) ACCOUNTING CONVENTION

The Company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention (except so far as they relate to revaluation of fixed assets and providing for depreciation on revalued amounts) and accounting principles generally accepted in India.

The preparation of financial Statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

(B) INFLATION

Assets and liabilities are recorded at historical cost to the Company (except so far as they relate to revaluation of fixed assets and providing for depreciation on revalued amounts)

(C) REVENUE RECOGNITION

(C.1) Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated inclusive of excise duty and net of returns & Sales Tax/VAT.

(C.2) Revenue from job work services is recognized based on the services rendered in accordance with the terms of contracts.

(D) VALUATION OF INVENTORY

(D.1) The stock of Raw Materials and finished goods have been valued at the lower of cost and net realizable value. The cost has been measured on weighted average cost basis and includes cost of materials and cost of conversion.

(D.2) All other inventories of stores and consumables are valued at cost. Cost is measured on weighted average cost basis. Excise duty wherever applicable is provided on finished goods-lying within the factory.

(E) FIXED ASSETS & DEPRECIATION

(E.1) Fixed assets are stated at their original cost of acquisition/revalued cost wherever applicable less accumulated depreciation. Cost comprises of all costs incurred to bring the assets to their location and working condition.

(E.2) Depreciation on Revalued Fixed Assets is calculated on **Straight Line Method** based on their expected life as determined by the valuers or lives as determined on Straight Line Method as per Schedule XIV to the Companies Act, 1956 whichever is lower.

(E.3) Depreciation on additions other than vehicles and few other assets is calculated on Straight Line Method as per Schedule XIV to the Companies Act, 1956. Depreciation of vehicles and few other assets is calculated on Written Down Value Method as per Schedule XIV to the Companies Act, 1956.

(E.4) Difference between depreciation calculated on revalued cost and historical cost of assets is withdrawn from capital reserve.

(E.5) Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchases.

(F) IMPAIRMENT OF ASSETS

An Asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value. An impairment loss is charged to profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable value.

(G) INVESTMENTS

Long Term investments are stated at cost/book value. Fall in the value, other than temporary, has been charged to Profit & Loss Account.

(H) FOREIGN CURRENCY TRANSACTIONS

(H.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(H.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.

(H.3) Non monetary foreign currency items are carried at cost / book value.

(H.4) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

(I) EMPLOYEE BENEFITS

(I.1) The Company has Defined Contribution Plans for post employment benefits namely (a) Superannuation Fund which is administered through trustees and (b) Provident Fund which is administered through trust and / or to the Government. The Company's contributions thereto are charged to revenue every year. The Company's Contribution to State Plans namely Employee's State Insurance Fund and Employee's Pension Scheme are charged to revenue every year.

(I.2) The Company has Defined Benefit Plans namely leave encashment / compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. Gratuity scheme is unfunded.

(I.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(J) TAXES ON INCOME

(J.1) Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable in respect of taxable income for the year.

(J.2) Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

(J.3) Deferred tax asset is recognised and carried forward to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(K) EARNING PER SHARE

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year.

II. NOTES TO ACCOUNTS

1. Figures for the previous year have been re-grouped wherever necessary and are shown below those of

current year or in brackets in the 'Notes'.

2. 9,41,975 Ordinary Shares of Rs. 10 each fully paid of ORG Informatics Limited and 35,000 Ordinary Shares of Rs.1,000/- each Rs. 100 paid up of Synbiotics Limited have been pledged for financial assistance and 3,00,000 shares of Rs. 10 each fully paid of ORG Informatics Ltd. are pledged with a bank on behalf of another company. 9,41,975 ordinary share of Rs. 10/- each fully paid of ORG Informatics Limited are transferred in the name of the lender till repayment of this dues made by the Company.
3. (a) Transfer of Rs. 31.42 lakh (Rs. 30.50 lakh) from Capital Reserve to Profit and Loss Account represents the difference between depreciation charged on "revalued amount" of assets and depreciation calculated on "historical cost" of assets;
- (b) Further a sum of Rs. 207.00 lakh (Rs. 4.02 Lakh) has been transferred to general reserve from capital reserve on account balance of Revaluation Surplus in respect of assets sold / otherwise disposed off during the year.

4. Remuneration to Directors:

	2010-11 Rs. Lakh	2009-10 Rs. Lakh
Salary	37.15	44.08
Contribution to Provident Fund and Superannuation Fund	2.36	4.26
Benefits including perquisites	2.63	5.07
	<u>42.14</u>	<u>53.41</u>
Sitting fees	1.98	1.80
	<u>44.12</u>	<u>55.21</u>

5. Hon'ble Supreme Court has allowed Company's Civil Appeals against the judgment and order of the Division Bench of Gujarat High Court vide which Division Bench by its order had set aside the order of the Single Judge sanctioning Scheme of Arrangement relating to Company's erstwhile Swastik Division and Electronics Division. While allowing the appeals, Hon'ble Supreme Court has directed that Company shall execute a guarantee favouring the Central Bank of India and Bank of Baroda in respect of their dues in the suit filed by them which is pending before the Debts Recovery Tribunal. The Company has accordingly given the guarantee. BIFR passed an order for winding up of Swastik Surfactants Limited (SSL) since the Revival Scheme had failed. However, SSL appealed this order in AAIFR, which has

remanded the case to BIFR with appropriate directives.

In all the earlier Revival Schemes, SSL had acknowledged liabilities of banks as well as liabilities towards ASE. In view of this, ASE had approached BIFR and AAIFR to be imp leaded in the matter, which has been allowed by AAIFR.

With regard to the Guarantee given by the Company favouring Central Bank of India and Bank of Baroda, the Company has received on 31.12.2010, a notice from Kotak Mahindra Bank Limited, Mumbai, invoking the guarantee dated 16.12.2003 on behalf of Bank of Baroda in its capacity as trustee of IARC-BOB-01/07 trust on behalf of International Asset Reconstruction Company Pvt Ltd. The Company has not accepted the demand made of Rs. 37770.51 Lakh and based on legal advice, the Company has taken necessary action required in the matter.

6. Uncalled liability in respect of party paid shares held as investments Rs. Nil (Previous Year Rs 90 Lakh).
7. No provision is considered necessary for following contingent liabilities:

	2010-11 Rs. Lakh	2009-10 Rs. Lakh
(i) Disputed demand of Customs and Excise	116.05	128.03
(ii) Disputed demand of Income Tax	173.17	173.17
(iii) Disputed demand of Sales Tax	18.90	21.96
(iv) Claims not acknowledged as debt	39315.24	39830.68
(v) Claims by Government for payment into DPEA	39.25	716.09
(vi) Guarantee given by banks on behalf of the Company	293.30	301.64
(vii) Guarantee given by company on behalf of other Companies	420.73	—
8. Contracts on Capital Account remaining to be executed amount to Rs. Nil (Rs. 33.53 lakh).		
9. Sales and Services' comprise of Sales Rs. 3832.14 lakh (Rs. 5633.17 lakh) and recovery of share in cost of various utilities, expenses, etc. Rs.158.11 lakh (Rs. 278.53 lakh).		
10. Miscellaneous expenses include fees to Auditors for other services of Rs.7.65 lakh (Rs. 6.05 lakh) and reimbursement of out of pocket expenses of Rs.Nil (Rs. 1.30 lakh).		

11. Deferred Tax

In terms of the provisions of the Accounting Standard – 22 “Accounting for Taxes on Income” notified by Companies (Accounting Standards) Rules, 2006, there is a net deferred tax asset on account of accumulated business losses and unabsorbed depreciation.

In compliance with provisions of Accounting Standard and based on General Prudence, the Company has not recognized the deferred tax asset while preparing the accounts of the year under review.

12. Employee benefits AS-15(Revised)

(I) Define benefit Plans – As per Actuarial Valuation as on 31.03.11

Sr.No.	Particulars	Rs. Lakh	
		31.03.2011	31.03.2010
I	Expense recognized in the Statement of Profit & Loss		
	Account for the year ended		
1.	Current Service Cost	35.52	40.56
2.	Interest Cost	79.10	79.35
3.	Expected Return on Plan Assets	-	-
4.	Past Service Cost (Non Vested Benefit) Recognized	-	-
5.	Past Service Cost (Vested Benefit) Recognized	-	-
6.	Actuarial (Gain)/Loss	52.82	91.68
7.	Total Expenses	167.44	211.59
II	Amount recognized in the Balance Sheet as on	31.03.2011	31.03.2010
1.	Liability at the end of the year	935.37	1188.29
2.	Fair Value of Plan Assets	-	-
3.	Amount recognized in the Balance Sheet under “Provision for Gratuity”	(935.37)	(1188.29)
III	Change in Obligation during The year ended	31.03.2011	31.03.2010
1.	Liability at the beginning of the year	1188.29	1104.74
2.	Less: Adjustment due to de merger	206.66	-
3.	Liability at the beginning of the year after de merger	981.63	1104.74
4.	Interest Cost	79.10	79.35
5.	Current Service Cost	35.52	40.56
6.	Benefit Paid	(213.70)	(123.58)

7.	Actuarial (Gain)/ Loss on obligation	52.82	87.22
8.	Liability at the end of the year	935.37	1188.29

IV	Change in Fair value of Plan Assets during the year ended	31.03.2011	31.03.2010
1.	Fair Value of Plan Assets at the beginning of the year	-	-
2.	Expected Return on Plan Assets	-	-
3.	Contribution by Employer	213.70	123.58
4.	Actual Benefit Paid	(213.70)	(123.58)
5.	Actuarial gain / (loss) on Plan Assets	-	-
6.	Fair Value of Plan Assets at the end of the year	-	-
7.	Actuarial Gain/(Loss) to be recognized	(52.82)	(87.22)
V	Balance Sheet Reconciliation	31.03.2011	31.03.2010
1.	Opening Net Liability	981.63	1104.74
2.	Expenses Recognised in Profit & Loss Account	167.44	211.59
3.	Employer’s Contribution	(213.70)	(123.58)
4.	Amount Recognised in Balance Sheet	935.37	1188.29

(II) **Actuarial Assumptions:**

1.	Discount Rate:	8%	8%
2.	Salary Growth Rate:	4%	4%

13. During the year, Company has divested by way of slump sale, its Electronic Undertaking at a lumpsum consideration of Rs. 23,77,00,000 to its wholly owned subsidiary Systronics India Ltd (Systronics) and its Bulk Drugs Undertaking at a lumpsum consideration of Rs. 2,67,00,000 to its wholly owned subsidiary Synbiotics Ltd (Synbiotics) as going concerns w.e.f. 1.10.2010 on the terms, conditions and stipulations as per separate Memorandum of Understanding entered into by Company with Systronics and Synbiotics. Divestment of said Undertakings is with the consent of shareholders of Company in the General Meeting as required under the provisions of Sec 293(1)(a) of the Companies Act, 1956. Extraordinary income includes surplus on sale and transfer of said Undertakings.

14. Extra ordinary income mainly represents Profit on Sale of part of factory Building & other fixed assets and Rs.621.96 lakhs on account of Profit on transfer of Undertakings.

15. Segment Reporting:

	Rs. Lakh	
Particulars	2010-11	2009-10
Segment Revenue		
a) Pharmaceuticals	2,231.11	2,543.94
b) Electronics	1,675.24	3,221.23
Total Sales	3,906.35	5,765.17

Less : Inter Segment Revenue	-	-
Net Sales	3,906.35	5,765.17
Segment Results		
Segment Results before Interest & Finance Cost		
a) Pharmaceuticals	(1,419.08)	(2,016.99)
b) Electronics	33.84	251.11
Total Segment Results	(1,385.24)	(1,765.88)
Less : Interest & Finance Cost	1055.44	157.86
Profit / (Loss) from Ordinary Activities	(2,440.68)	(1,923.74)
Extra Ordinary Items (Net)	2,383.49	2,634.69
Profit / (Loss) before Tax	(57.17)	710.95
Other Information		
Segment Assets		
a) Pharmaceuticals	16,210.03	13,065.56
b) Electronics	-	2,761.07
c) Unallocable	5,693.67	4,416.43
Total Assets	21,903.70	20,243.06
Segment Liabilities		
a) Pharmaceuticals	14,845.91	12,875.36
b) Electronics	-	655.19
c) Unallocable	-	-
Total Liabilities	14,845.91	13,530.55
Segment Depreciation		
a) Pharmaceuticals	142.85	164.29
b) Electronics	11.49	38.91
c) Unallocable	-	-
Total Depreciation	154.34	203.20
Capital Expenditure		
a) Pharmaceuticals	196.57	40.62
b) Electronics	-	5.31
c) Unallocable	-	-
Total Capital Expenditure	196.57	45.93
Non Cash Expenses other than Depreciation		
a) Pharmaceuticals	-	197.26
b) Electronics	41.62	64.38
c) Unallocable	-	-
Total Non Cash Expenses other than Depreciation	41.62	261.64
B Secondary Segment (Geographical by customers)		
Particulars	2010-11	2009-10
Segment Revenue		
a) In India	3,868.03	5,682.11
b) Out side India	38.32	83.06
	3,906.35	5,765.17

Carrying Cost of Assets by location of assets		
a) In India	21,903.70	20,243.06
b) Out side India	-	-
Total	21,903.70	20,243.06
Addition to Assets		
a) In India	196.57	45.93
b) Out side India	-	-
Total	196.57	45.93

Notes:

1. The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the Organizational structure and internal reporting system. The Company's operations predominantly relate to manufacturing of Drugs, Formulation, Electronics Instrument and Services.
2. Types of Products and Services in each business segment :

Pharmaceuticals : Drugs, Formulations

Electronics : Electronics Instruments and Services

3. Inter-segment Revenues are recognised at sales price.

16. Related Party Disclosures:

As per the Accounting Standard on "Related Party Disclosures (AS 18)" notified by Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follow:

1 List of Related Parties Relationship

(A) Name of Related Party Description of relationship

Synbiotics Limited	Subsidiary Company
Haryana Containers Limited	Subsidiary Company
Asence Inc. USA	Subsidiary Company
Asence Pharma Pvt. Ltd.	Sub. of Sub. Company
Mautik Exim Limited	Subsidiary Company
Systronics (I) Ltd.	Subsidiary Company
Suvik Hitek Pvt. Ltd.	Subsidiary Company
Vovanties Lab. Pvt. Ltd.	Joint Venture Company

(B) Key Management Personnel:

Name of the related party	Nature of relationship
Mr. Kartikeya V. Sarabhai	Chairman
Mr. K Mohandas	Whole time Director*
Mr. A.H. Parekh	Whole time Director

* Ceased to be whole time director w.e.f. 14-10-2010

Note:

Related party relationship is as identified by the Company and relied upon by the Auditors.

2 Related Party Transactions:

Particular Expenses	Rs. in Lakh			
	Related Parties		Key Personnel	
	Related Parties (1A) above	Related Parties (1B) above		
Subsidiary Companies	Joint Venture Company			
Purchase of Goods / Services	124.95 (52.54)	0.76 (-)		
Processing Charges paid	0.11 (-)	- (-)		
Interest paid	- (-)	4.32 (-)		
Income				
Recovery of Salaries etc. of seconded employees	15.25 (17.12)	16.56 (42.72)		
Sales of goods	116.32 (91.79)	0.60 (0.54)		
Sales of Fixed Assets	- (-)	12.23 (-)		
Recovery of share in cost of various utilities and expenses etc.	14.64 (24.34)	3.52 (5.17)		
Processing Income	- (0.60)	- (-)		
Remuneration to key management personnel	- (-)	- (-)	42.14 (53.41)	
Interest received	65.52 (-)	- (-)		
Finance				
Loans Given	1094.27 (200.00)	- (-)		
Receivable in respect of Current Assets	1359.96 (523.12)	22.45 (2.89)		
Loans	1094.27 (200.00)	- (-)		
Shares received on transfer of Undertaking	1188.50 (-)	- (-)		
Sale of Undertaking	1455.50 (-)	- (-)		
Payable in respect of Current Liabilities	781.17 (1023.39)	0.00 (-)	1.83 (2.89)	

17. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.

18. Earning Per Share :

Calculation of EPS (Basic & Diluted)

Particulars		2010-11	2009-10
Profit / (Loss) available to Equity Shareholder before Extra Ordinary Item	(Rs. in Lakh)	(2491.00)	(2423.74)
Profit / (Loss) available to Equity Shareholder after Extra Ordinary Item	(Rs. in Lakh)	*(107.51)	210.95
Weighted average no. of Equity Shares for Basic and Diluted EPS	Nos.	76633296	76633296
Nominal value of Equity Shares	Rs.	10	10
Basic and Diluted Earning per Equity Share before Extra Ordinary Item	Rs.	(3.25)	(3.16)
Basic and Diluted Earning per Equity Share after Extra Ordinary Item	Rs.	(0.14)	0:28

(Rs.in Lakh)

(A)		2010-11	2009-10
Reconciliation of the profit/(loss) for the year, used for calculating Earning per Share			
Profit / (Loss) for the year before Extra Ordinary Items		(2491.00)	(2423.74)
Net Extra Ordinary Income		2383.49	2634.69
Profit / (Loss) available to Equity Shareholder after Extra Ordinary Item		(107.51)	210.95

19. Small and Small and Medium Enterprises Dues:

The Company has not received any intimation from "Suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence disclosures, regarding:

- Amount due and outstanding to suppliers as at the end of accounting year,
- Interest paid during the year
- Interest payable at the end of the accounting year
- Interest accrued and unpaid at the end of the accounting year, has not been provided.

The Company is making efforts to get the confirmation from the suppliers as regards their status under the Act.

20. Information pursuant to schedule VI of Companies Act, 1956 in respect of goods manufactured

A. Class of goods manufactured

	Unit	Licensed capacity	Installed capacity (Note 4)	Opening stock Qty.	Production Qty. (Note 1)	Stock transfer to SIL 01.10.10	Closing stock Qty.	Turnover Qty. (Note 2)	Rs. Lakh
I. Drug and Pharmaceuticals:									
a) Bulk Drugs and Intermediates									
1. Vitamin C	MT	1000 (1000)	600 (600)	-- (2.30)	-- (-)	-- (-)	-- (-)	-- (-)	-- (-)
b) Formulation:									
1. Injectables:	M.Vials	-	-	-- (0.174)	3,098 (3,690)	-- (-)	-- (0.000)	3,098 (3,864)	219.14 (171.83)
2. Liquid	KL	-	-	-- (-)	4,945 (-)	-- (-)	-- (-)	4,945 (-)	11.69 (-)
3. Ointments	MT	-	-	-- (-)	-- (-)	-- (-)	-- (-)	-- (-)	-- (-)
4. Powders	MT	-	-	-- (-)	-- (0.073)	-- (-)	-- (-)	-- (0.073)	-- (69.23)
5. Tablet and Capsules	M.Nos	-	-	-- (-)	7,342 (10,311)	-- (-)	-- (-)	6,930 (10,311)	91.93 (142.00)
II. Electronics									
1. Oscilloscopes	Pieces	1500 (1500)	1500 (1500)	21 (16)	-- (24)	21 (-)	-- (21)	-- (16)	0.82 (3.18)
2. Test Instruments	Pieces	1500 (1500)	1500 (1500)	97 (89)	359 (513)	323 (-)	-- (97)	133 (504)	10.02 (35.52)
3. Textile Analytical Instruments Pieces	Pieces	6000 (6000)	6000 (6000)	513 (555)	2930 (5266)	1141 (-)	-- (513)	2302 (5267)	642.28 (1424.52)
III. Others									
									30.46 (74.15)
									1006.34 (1920.43)

1. Includes production for captive consumption.

2. Includes free samples.

3. In terms of Press Note No.4 (1994) dated October 25, 1994 issued by the Department of Industrial Development, Ministry, Government of India, and Notification no. S.O.137 (E) dated March 1, 1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, Industrial licencing has been abolished in respect of Bulk Drugs and Formulation.

4. Installed capacity is as certified by management except manufacturing of formulation at Baroda factory is discontinued on account of sale/discarding of plant & machinery since 2008-09, hence installed capacity for formulation activity is not mentioned.

B. Class of goods Traded

	Unit	Opening Stock		Purchases		Stock transfer to SIL 01.10.10	Closing Stock		Turnover	
		Qty.	Rs.Lakh	Qty.	Rs. Lakh		Qty.	Rs. Lakh	Qty.	Rs. Lakh
I. Drug and Pharmaceutical										
a) Formulations										
1. Injectables	Th.Nos	4.00 (5.94)	24.16 (6.80)	8097.60 (90.98)	472.63 (583.98)	-- (-)	3.30 (4.00)	16.10 (24.16)	8098.38 (92.60)	525.68 (621.55)
2. Liquid	KL	- (-)	- (-)	625.110 (512.78)	465.95 (392.82)	-- (-)	39. (-)	3.07 (-)	586.11 (512.78)	488.39 (414.37)
3. Ointments	MT	0.00 (-)	- (-)	7.210 (7.81)	20.97 (27.08)	-- (-)	- (-)	- (-)	7.210 (7.81)	22.15 (28.66)
4. Powders	MT	0.00 (-)	- (-)	146.67 (448.71)	81.97 (119.28)	-- (-)	- (-)	- (-)	126.67 (448.71)	46.58 (125.84)
5. Tablets and Capsules	Th.Nos	528 (74)	10.54 (1.)	396172 (6599.26)	671.83 (781.68)	-- (-)	389. (528)	7.56 (10.54)	396311.06 (6145.26)	782.60 (949.47)
II. Electronics										
Video Equipment	Nos	20 (23.00)	32.34 (18.86)	182 (318)	285.71 (420.96)	-- (-)	-- (20.00)	-- (32.34)	175.00 (309.00)	300.52 (455.11)
III. Others										
					516.88 (935.13)					659.88 (1117.74)
					2515.94 (3260.93)					2825.80 (3712.74)

C. Raw Materials Consumed. @

	Unit	2010-11		2009-10	
		Quantity	Rs.Lakh	Quantity	Rs.Lakh
Antibiotics	KG	6	28.58	8	32.67
Board and Paper	MT	5,475	1.33	9,474	1.78
Chemotherapeutic Agents	KG	753	116.82	887	174.27
Gelatine Capsules	TH	3000	1.86	4000	2.35
Sugar	KG	3,216	0.94	0,300	0.06
Anti Cancer	KG	225	3.24	1250	17.97
Others			225.54		422.53
Packing Materials			40.14		52.85
			418.45		704.48

@ Includes captive consumption.

D. Consumption of Raw and Process Materials and Stores and Spares:

	2010-11		2009-10	
	Rs. Lakh	%	Rs. Lakh	%
Raw and Process Materials				
Imported	181.05	43.27	307.07	43.59
Indigenous	237.40	56.73	397.41	56.41
	<u>418.45</u>	<u>100.00</u>	<u>704.48</u>	<u>100.00</u>
Stores and Spares				
Imported	-	-	-	-
Indigenous	4.51	100.00	6.00	100.00
	<u>4.51</u>	<u>100.00</u>	<u>6.00</u>	<u>100.00</u>

E. CIF Value of Imports:

	2010-11	2009-10
	Rs. Lakh	Rs. Lakh
Raw Materials	81.26	120.29
Components and Spares	46.02	168.44
Other Items	4.54	24.08

F. Expenditure in foreign currencies:

	2010-11	2009-10
	Rs. Lakh	Rs. Lakh
Travelling	3.09	5.16
Others	3.16	3.42
Fix Assets	0.60	-

G. Earning in foreign currencies:

	2010-11	2009-10
	Rs. Lakh	Rs. Lakh
FOB Value of Exports	-	0.57
Commission	38.32	82.49

Signature to schedules 1 to 12

As per our report attached
 For, Sorab S. Engineer & Co.
 Firm Registration No. 110417 W
 Chartered Accountant
 M. P. Anita
 Partner
 Membership No. 7825
 Date : 24-08-2011
 Place : Ahmedabad

Kartikeya V. Sarabhai
 Chairman
 V. C. Shah
 Director
 Ketan Adhvaryu
 Company Secretary
 Date : 24-08-2011
 Place : Ahmedabad

Cash Flow Statement for the year ended on 31st March, 2011

	2010-11 Rs. Lakh	2009-10 Rs. Lakh
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after tax and extra-ordinary items	(107.51)	210.95
Adjustments for:		
Depreciation	154.34	203.20
Provision for Taxation	50.00	500.00
Short/(Excess) Provision for Taxation	262.32	(0.95)
Income from Investments	(0.04)	0.00
Sundry Credit written off (Net)	(464.40)	0.00
Provision for Diminution on Investments	22.72	0.00
Bad Debts / Advances Written Off	41.48	0.00
Provision for Doubtful Debts/Advances	0.14	261.64
Interest (Net)	944.01	83.49
Extra Ordinary Income	(2383.49)	(2634.69)
Loss/(Profit) on Sale of Fixed Assets	17.67	(8.31)
Operating Profit before Working Capital Changes	(1462.76)	(1384.67)
Working Capital Changes:		
Changes in Inventories	299.32	100.49
Changes in Trade Receivables	(217.97)	158.07
Changes in Current Liabilities	1811.09	(1304.00)
Net Changes in Working Capital	1892.44	(1045.44)
Cash Generated From Operations	429.68	(2430.11)
Advance Tax / TDS (Net of Income Tax Refund)	(11.55)	73.58
Net Cash from Operating Activities	418.13	(2356.53)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(196.57)	(45.93)
Sale of Fixed Assets	237.67	118.79
Changes in Investments	(111.46)	(306.68)
Changes in Loans & Advances	(2385.00)	0.00
Income from Investments	0.04	0.00
Extra Ordinary Income	1819.01	2634.69
Interest Income	111.43	74.37
Net Cash Flow from Investing Activities	(524.88)	2475.24
C Cash Flow from Financing Activities		
Changes in Borrowings	484.21	308.01
Interest Paid	(1052.36)	(164.49)
Net Cash Flow from Financing Activities	(568.15)	143.52
Net Increase/(Decrease) in Cash & Cash Equivalents	(674.90)	262.23
Cash & Cash Equivalent at the beginning of the Period	1394.17	1131.94
Cash and Cash Equivalent at the end of the Period	719.27	1394.17

Notes:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard – 3 on Cash Flow Statements notified by Companies (Accounting Standards) Rules, 2006.
- Figures in bracket represent outflow of cash.
- Demerger of Electronics division of the company under the scheme is considered as non-cash transaction to the extent of non-cash consideration.

For Sorab S.Engineer & Co.
Firm Registration No 110417 W
Chartered Accountants
M. P. Anita
Partner
Membership No. 7825
Date : 24-08-2011
Place : Ahmedabad

Kartikeya V. Sarabhai
Chairman
V. C. Shah
Director
Ketan Adhvaryu
Company Secretary
Date : 24-08-2011
Place : Ahmedabad

Statement pursuant to Section 212 of the Companies Act, 1956

Name of Subsidiary	Haryana Containers Limited	Synbiotics Limited	Asence Inc. USA	Mautik Exim Limited	Asence Pharma P. Ltd.	Vovantis Laboratories P. Ltd.	Systronics (India) Ltd.	Suvik Hitek P. Ltd.
Financial year of the subsidiary ended on	31.03.2011	31.03.2011	31.12.2010	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011
Percentage of Ordinary share capital of the subsidiary held by the holding company at the above date	100%	100%	100%	100%	100%	50%	100%	100%
The net aggregate amount of Profits/(Losses) of the subsidiary so far as they concern the members of Ambalal Sarabhai Enterprises Limited:								
(i) Dealt with in the accounts of Ambalal Sarabhai Enterprises Limited for the subsidiary's financial year and the previous financial years. Rs Lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Ambalal Sarabhai Enterprises Limited:								
(a) For the subsidiary's financial year Rs. Lakh	(0.06)	(367.39)	10.76	(0.07)	9.49	(112.07)	20.61	(88.77)
(b) For the previous financial year(s) of the subsidiary since it became subsidiary of the Company Rs. Lakh	(1.87)	(21.27)	7.88	(1.10)	554.29	(0.67)	(22.57)	(275.26)
Change in the interest of Ambalal Sarabhai Enterprises Limited in the subsidiary between end of financial year of subsidiary and that of Ambalal Sarabhai Enterprises Limited	NA	NA	NA	NA	NA	NA	NA	NA
Material changes between the end of the financial year of subsidiary and that of Ambalal Sarabhai Enterprises Limited in respect of subsidiary's fixed assets, investments, lending and borrowing for any purpose other than meeting current liabilities	NA	NA	NA	NA	NA	NA	NA	NA

Kartikeya V. Sarabhai
Chairman
V. C. Shah
Director
Ketan Adhvaryu
Company Secretary
Date : 24-08-2011
Place : Ahmedabad

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF AMBALAL SARABHAI ENTERPRISES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AMBALAL SARABHAI ENTERPRISES LIMITED AND ITS SUBSIDIARIES.

1. We have examined the attached Consolidated Balance Sheet of Ambalal Sarabhai Enterprises Limited and its subsidiaries ("ASE Group") as at 31st March 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.
2. These consolidated 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 have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one Joint Venture Company whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of Rs. 617.38 lakh as at 31st March 2011 and total Revenue of Rs. 39.72 lakh for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of this Joint Venture Company, is based solely on the report of the other auditors.
4. Financial Statements of a foreign subsidiary in USA have been compiled and certified by Mark R Weksler & Company, Certified Public Accountant for the year ended 31st December 2010. This report has been furnished to us. They have reported that, "We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them." We are informed that audit is not necessary under the USA law considering the size of the Company. These financial statements reflect total assets of Rs.

116.87 lakh as at 31st December 2010 and total revenue of Rs. 102.58 lakh for the year ended on that date.

5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' with reference to note mentioned in para 4 above and on the basis of the separate audited financial statements of the ASE Group included in the consolidated financial statements.
6. On the basis of information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of the ASE Group and subject to :
 - i) Adjustment in parent company in 1992-93 of debit balance in Profit and Loss Account amounting to Rs. 2519.31 lakh against revaluation reserve which was not in accordance with the accounting practice recommended by the Institute of Chartered Accountants of India;
 - ii) The Company has not considered impairment of Goodwill and other assets, as per Accounting Standard AS - 28 "Impairment of Assets" Amount unascertained;
 - iii) Note No. 17 Regarding non provision of doubtful debt of Rs. 27.49 lakh and doubtful advances of Rs. 8.23 lakh;

Due to uncertainties regarding the amounts in respect of the above point we are unable to opine on the effect of the same on the profit for the year.

we are of the opinion that :

 - (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the ASE Group as at 31st March, 2011;
 - (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated loss of the ASE Group for the year then ended and
 - (c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the ASE Group for the year then ended.

For and on behalf of
For Sorab S. Engineer & Co.
 Firm Registration No. 110417 W
 Chartered Accountants

C.A. M.P. Antia
 Partner

Membership No.7825

Date : 24-08-2011
 Place : Ahmedabad

Consolidated Balance Sheet as at 31st March, 2011

	Schedule	As at 31.03.11 Rs. Lakh	As at 31.03.10 Rs. Lakh
SHARE CAPITAL AND LIABILITIES			
Share Capital	1	7,663.33	7,663.33
Reserves and Surplus	2	1,638.02	1876.44
Secured Loans	3	1,261.71	868.48
Unsecured Loans	4	856.40	549.82
Current Liabilities and Provisions	5	17,189.83	14,802.68
Deferred Tax Liability		19.23	11.20
Total		28,628.52	25,771.95
ASSETS			
Fixed Assets (Net Block)	6	11,334.19	11,290.52
Investments	7	223.31	244.14
Current Assets, Loans and Advances	8	12,507.89	10,589.82
Miscellaneous Expenditure	9	0.02	0.03
Profit and Loss Account	10	4,563.11	3,647.44
Total		28,628.52	25,771.95

Significant Accounting Policies and

Notes to Accounts 13

As per our Report attached

For Sorab S Engineer & Co.
Firm Registration No 110417 W
Chartered Accountants
M. P. Antia
Partner
Membership No. 7825
Date : 24-08-2011
Place : Ahmedabad

Kartikeya V. Sarabhai
Chairman
V. C. Shah
Director
Ketan Adhvaryu
Company Secretary
Date : 24-08-2011
Place : Ahmedabad

Consolidated Profit & Loss Account for the year ended 31st March, 2011

	Schedule	2010-11 Rs. Lakh	2009-10 Rs. Lakh
Sales and Services		8,158.73	7,679.61
Less: Excise Duty		<u>180.15</u>	<u>158.61</u>
		7,978.58	7,521.00
Other Income	11	<u>693.56</u>	<u>251.29</u>
INCOME		<u>8,672.14</u>	<u>7,772.29</u>
Cost of Sales and Services	12	<u>9,739.17</u>	<u>9,463.59</u>
EXPENDITURE		<u>9,739.17</u>	<u>9,463.59</u>
Gross Margin / (Loss)		<u>(1,067.03)</u>	<u>(1,691.30)</u>
Interest			
- Term Loans		288.05	36.33
- Others		<u>841.97</u>	<u>158.87</u>
		1,130.02	195.20
Diminution			
Diminution in value of Investment		22.72	-
Depreciation		309.32	298.98
Less: Transfer from Capital Reserve		<u>31.42</u>	<u>30.50</u>
		277.90	268.48
Operating Profit / (Loss) before extraordinary income / expenditure		(2,497.67)	(2,154.98)
Excess provision for taxation		-	0.95
Short Provision for taxation		262.32	-
Extraordinary Expenses (Refer Note No: 11)		-	472.07
Extraordinary Income (Refer Note No: 11)		<u>1,761.53</u>	<u>3,106.76</u>
Net Extraordinary Income		<u>1,761.53</u>	<u>2,634.69</u>
Net Profit (Loss) before taxation		(998.46)	480.66
Current Tax		115.84	500.83
Wealth tax		0.34	-
Deferred Tax		<u>8.03</u>	<u>5.44</u>
Net Profit / (Loss) after taxation		(1,122.67)	(25.61)
Balance as per last year's Balance Sheet		(8,557.34)	(8,531.73)
Balance carried to Balance Sheet		(9,680.01)	(8,557.34)
Earning Per Share (Refer Note No: 15)			
Face value of Rs.10/- per Equity Share			
Basic/Diluted before Extra-ordinary item [in Rs.]		(3.76)	(3.47)
Basic/Diluted after Extra-ordinary item [in Rs.]		(1.46)	(0.03)

Significant Accounting Policies and Notes to Accounts 13
As per our Report attached

For Sorab S Engineer & Co.
Firm Registration No 110417 W
Chartered Accountants
M. P. Anita
Partner
Membership No. 7825
Date : 24-08-2011
Place : Ahmedabad

Kartikeya V. Sarabhai
Chairman
V. C. Shah
Director
Ketan Adhvaryu
Company Secretary
Date : 24-08-2011
Place : Ahmedabad

SHARE CAPITAL	SCHEDULE 1		SECURED LOANS	SCHEDULE 3	
	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh		As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Authorised Capital 9,50,00,000 Equity Shares of Rs. 10 each (Previous Year 9,50,00,000 Equity Shares)	<u>9500.00</u>	<u>9,500.00</u>	Loans from Banks Cash Credit (1)	63.71	121.30
Issued, Subscribed and Paid-up Capital 76633296 Equity Shares of Rs. 10 each fully paid	<u>7663.33</u>	<u>7,663.33</u>	Overdraft Secured by Pledge of FD Rs. Term Loan (2)	183.92 <u>273.26</u>	15.08 <u>189.57</u>
	<u>7663.33</u>	<u>7663.33</u>	Loans from Others including interest accrued and due (3)	<u>740.82</u>	<u>542.53</u>
Of the above shares: 31,36,504 shares (previous year 31,36,504 Shares) were issued and allotted as fully paid-up bonus shares by capitalisation of reserves.			Total	<u>1261.71</u>	<u>868.48</u>
RESERVES AND SURPLUS	SCHEDULE 2		Notes		
	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh	1 Secured by hypothecation of tangible movable assets such as stocks, stores and book debts and also secured by second charge on the fixed assets of the Company.		
Capital Reserves Balance as per last Balance Sheet	815.52	850.04	2. Secured by hypothecation of vehicles.		
Less: Transferred to General Reserve	207.00	4.02	3. Secured by charge on one of the properties and pledge of 941975 Equity shares of ORG Informatics Ltd.		
Less: Transferred to Profit and Loss Account	31.42	30.50	UNSECURED LOANS	SCHEDULE 4	
	<u>577.10</u>	<u>815.52</u>		As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Share Premium Account Balance as per last Balance Sheet	1060.92	1060.92	Short Term Loans From others	856.40	545.66
General Reserve Balance as per last Balance Sheet	4909.90	4905.88	Interest Accrued and Due	-	4.16
Add: Transferred from Capital Reserve	207.00	4.02	Total	<u>856.40</u>	<u>549.82</u>
	5116.90	4909.90	Current Liabilities and Provisions	SCHEDULE 5	
Less: Debit Balance in Profit & Loss Account adjusted	<u>5116.90</u>	<u>4909.90</u>		As at 31-3-11 Rs. Lakh	As at 31-3-10 Rs. Lakh
Total	<u>1638.02</u>	<u>1876.44</u>	Current Liabilities Sundry Creditors: Due to Small and Medium Enterprises (Refer Note No:16)	-	-
			Due to Others	<u>3169.91</u>	<u>3159.45</u>
				3169.91	3159.45
			Other Liabilities	7,077.49	5,079.06
			Book Overdraft	20.67	-
			Interest accrued but not due	<u>3.08</u>	-
			Provisions Accrued Gratuity Liability	<u>10271.15</u>	<u>8238.51</u>
			Accrued Leave	1,378.46	1379.20
			Encashment Liability	294.16	290.87
			Provision for Tax	<u>5246.06</u>	<u>4894.10</u>
			Total	<u>6918.68</u>	<u>6564.17</u>
				<u>17189.83</u>	<u>14802.68</u>

FIXED ASSETS

SCHEDULE 6

Rs. Lakh

Asset	Gross Block at Cost / Revaluation					Depreciation					Net Block	
	As at 01.04.10	Adjust- ment on consolidation	Addi- ons during	Dedu- ctions during	As at 31.03.11	As at 01.04.10	Adjust- ment on consolidation	for the year	Adjust- ment	As at 31.03.11	As at 31.03.11	As at 31.03.10
Goodwill	4731.57				4731.57					0.00	4731.57	4731.57
Land	2358.43				2358.43					0.00	2358.43	2358.43
Leasehold Land	32.93	(32.93)	18.23		18.23	14.53	(14.70)	0.34		0.17	18.06	18.40
Buildings	2244.43	(133.79)	211.36	431.64	1890.36	847.90	(87.09)	73.16	275.75	558.22	1332.14	1396.53
Plant and Machinery	5495.67	(292.52)	669.83	109.95	5763.03	3307.26	(242.18)	208.04	96.98	3176.14	2586.89	2188.41
Furniture and Fixture	514.87	(87.20)	70.04	0.00	497.71	396.97	(59.34)	17.79	0.00	355.42	142.29	117.90
Vehicles	117.05	(25.95)	30.81	4.50	117.41	76.49	(16.91)	9.28	1.82	67.04	50.37	40.56
Library	0.10				0.10	0.09				0.09	0.01	0.01
Intangible Assets	5.00				5.00	2.16		0.71		2.87	2.13	2.84
Total	15500.05	(572.39)	1000.27	546.09	15381.84	4645.40	(420.22)	309.32	374.55	4159.95	11221.89	10854.65
Capital Work-in-progress											112.30	435.87
Total Previous year	13659.83	324.82	1673.90	158.50	15500.05	4374.21	-	298.98	27.79	4645.40	10854.65	

Investments

SCHEDULE 7

Sundry Debtors (Unsecured)

At cost/Book Value

	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
1 Government Securities (Unquoted)	0.31	0.31
2 Trade Investments		
Equity - (Quoted)	184.65	205.49
Equity - (Unquoted)	0.94	0.94
Gold Coins	0.48	0.48
3 Other Investments (Unquoted)	36.93	36.92
	<u>223.31</u>	<u>244.14</u>

Considered Good

Over six months	453.29	176.63
Others	2680.33	2109.25
	<u>3133.62</u>	<u>2285.88</u>

Considered Doubtful

Over six months	557.79	546.33
Less: Provision for doubtful debts	530.30	543.28
	<u>27.49</u>	<u>3.05</u>
	<u>3161.11</u>	<u>2288.93</u>

Cash and Bank Balances

Cash and Cheques on hand	17.84	16.10
Balance with Scheduled Banks in Current Accounts	1074.90	1091.70
Margin Money Account	-	239.62
Fixed Deposits	657.26	333.81
	<u>1750.00</u>	<u>1681.23</u>

CURRENT ASSETS,

SCHEDULE 8

LOANS AND ADVANCES

	As at 31-03-11 Rs. Lakh	As at 31-03-10 Rs. Lakh
Inventories (as certified by the Management)		
Stores and Spares (at cost)	22.86	24.64
Stock-in-trade:		
Raw materials and Packing materials (at lower of cost or net realizable value)	237.26	175.04
Stock-in-process (at cost)	279.72	283.02
Finished Goods (at lower of cost or net realizable value)	456.74	428.47
Goods in transit (at cost)	17.93	41.91
	<u>1014.51</u>	<u>953.08</u>

Loans and Advances

Unsecured and considered good

Advance recoverable in cash or kind or for value to be received.	2151.87	1506.06
Unsecured and Considered Doubtful		
Advances recoverable in cash or kind or for value to be received	338.98	335.16
	<u>338.98</u>	<u>335.16</u>
Less: Provision for doubtful advances	330.75	327.22
	<u>8.23</u>	<u>7.94</u>

Balances with Customs,

Port Trust etc.	18.57	37.67
Advance payment of Tax	4403.60	4114.91
	<u>6582.27</u>	<u>5666.58</u>
Total	<u>12507.89</u>	<u>10589.82</u>

MISCELLANEOUS EXPENDITURE SCHEDULE 9		SCHEDULE 9			
	As at	As at			
	31-03-11	31-03-10			
	Rs. Lakh	Rs. Lakh			
Preliminary Expenses	<u>0.02</u>	<u>0.03</u>	Repairs to Buildings	12.20	40.45
	<u>0.02</u>	<u>0.03</u>	Repairs to Machinery	34.25	38.42
			Factory Overheads	262.85	162.59
			Selling Commission	126.24	57.52
			Wholesalers' / Distributors' Discount	9.84	4.34
			Selling Expenses	188.11	153.81
			Sales tax	66.29	2.42
			Distribution Expenses	31.00	38.81
			Travelling	208.13	253.63
			Rent	90.73	108.96
			Rates and Taxes	85.49	67.42
			Miscellaneous Expenses	596.37	631.37
			Liquidated Damages	7.99	8.91
			Research and Development	0.96	1.55
			Insurance	7.87	6.60
			Legal Charges	63.76	87.75
			Brokerage Charges	96.93	
			Loss/(Profit) on sale of		
			Fixed Assets (net)	17.81	-
			Exchange difference (Net)	5.39	43.53
			Audit Fees	12.77	8.21
			Directors' Fees	1.98	1.80
			Royalty	38.61	36.79
			Miscellaneous Expenditure Written off -	0.01	0.01
			Excise Duty - Others	27.24	18.25
			Bad Debts/Advances	44.14	26.70
			Provision for Bad and Doubtful		
			Debts and advances	1.80	234.94
			Donation	-	0.05
				<u>9912.41</u>	<u>9853.64</u>
			Less:		
			Expenses Capitalised	-	149.19
			Adjustments for Past Provision	180.02	145.74
				<u>9732.39</u>	<u>9558.71</u>
			(Increase) / Decrease in Stock-in-trade		
			Opening Stock:		
			Stock in Process	283.02	250.15
			Finished Goods	428.47	363.37
				<u>711.49</u>	<u>613.52</u>
			Adjustment due to consolidation		
			Stock in Process	378.31	-
			Finished Goods	194.63	-
				<u>572.94</u>	-
			Closing Stock:		
			Stock in Process	474.34	283.02
			Finished Goods	803.31	428.47
				<u>1277.65</u>	<u>711.49</u>
			Inventory Variance	6.78	(97.97)
			Excise duty in value of Stocks		
			(Increase)/Decrease	-	2.85
			Total	<u>9739.17</u>	<u>9463.59</u>

PROFIT AND LOSS ACCOUNT SCHEDULE 10		SCHEDULE 10	
	As at	As at	
	31-03-11	31-03-10	
	Rs. Lakh	Rs. Lakh	
Balance as per last years			
Balance Sheet	(8,557.34)	(8,531.73)	
Profit / (Loss) for the year	<u>(1,122.67)</u>	<u>(25.61)</u>	
	<u>(9,680.01)</u>	<u>(8,557.34)</u>	
Less: Adjusted against			
General Reserve	5,116.90	4,909.90	
Balance carried to			
balance Sheet	<u>(4,563.11)</u>	<u>(3,647.44)</u>	
OTHER INCOME SCHEDULE 11			
	2010-11	2009-10	
	Rs. Lakh	Rs. Lakh	
Miscellaneous Income	133.86	117.91	
Dividend	0.14	-	
Bank and Other Interest (1)	62.53	89.51	
Profit on Sale of Assets (Net)	-	8.39	
Sundry Balances Written			
Back (Net)	487.35	21.64	
Bad Debts Recovered	0.27	1.86	
Scrap Sales	4.69	2.52	
Royalty	3.36	9.46	
Commission	1.36	-	
	<u>693.56</u>	<u>251.29</u>	
1. Tax Deducted at Source	5.91	9.18	
COST OF SALES AND SERVICES SCHEDULE 12			
	31-03-11	31-03-10	
	Rs. Lakh	Rs. Lakh	
Raw and Process			
Materials consumed	734.25	851.63	
Trading Products purchased	4273.22	3993.07	
Salaries, Wages and Bonus	2280.28	2384.89	
Contribution to provident			
and other funds	164.68	165.05	
Welfare Expenses	120.68	124.57	
Remuneration to Directors	42.14	53.41	
Stores and Spares	35.04	25.06	
Power and Fuel	223.36	221.13	

SCHEDULE 13

Significant Accounting Policies and Notes to Accounts of Consolidated Accounts:

A. Basis of Consolidation

1. The consolidated Financial Statements relate to Ambalal Sarabhai Enterprises Limited, its Subsidiaries and Joint Venture Company. The Subsidiaries/ Joint Venture company considered in consolidated financial statements are hereunder:

I. Subsidiary Companies & Country of ownership % of Incorporation as on 31.03.2011

a) Synbiotics Limited, India	100%
b) Haryana Containers Limited, India	100%
c) Mautik Exim Limited, India	100%
d) Asence Inc., USA	100%
e) Asence Pharma Pvt. Ltd., India	100%
f) Systronics India Ltd, India	100%
g) Suvik Hitek Pvt. Ltd., India	100%

II. Joint Venture Company & Country of Incorporation

Vovantis Lab Ltd. India	50%
-------------------------	-----

2. The consolidation is in accordance with the Accounting Standard 21 -Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006.

3. Principles

(i) The financial statements of the Company, its subsidiary companies and Joint Venture Company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses are fully eliminated.

(ii) The difference between cost to the Company of its investment in the subsidiary companies/ Joint Venture company and its share of the equity of the subsidiary companies/ Joint Venture company, at the dates on which the investment in the subsidiary companies are made, is recognized as Goodwill or Capital Reserve as the case may be.

(iii) In case of Foreign Subsidiaries, revenue items are consolidated at the average rate

prevailing during the year. All assets and Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on translation is charged to Profit & Loss Account.

Significant Accounting Policies and Notes to Accounts

I. SIGNIFICANT ACCOUNTING POLICIES:**(A) ACCOUNTING CONVENTION**

The Company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention (except so far as they relate to revaluation of fixed assets and providing for depreciation on revalued amounts) and accounting principles generally accepted in India.

The preparation of financial Statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

(B) INFLATION

Assets and liabilities are recorded at historical cost to the Company (except so far as they relate to revaluation of fixed assets and providing for depreciation on revalued amounts).

(C) REVENUE RECOGNITION

(C.1) Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated inclusive of excise duty and net of returns & Sales Tax/VAT.

(C.2) Revenue from job work services is recognized based on the services rendered in accordance with the terms of contracts.

(D) VALUATION OF INVENTORY

(D.1) The stock of Raw Materials and finished

goods have been valued at the lower of cost and net realizable value. The cost has been measured on weighted average cost basis and includes cost of materials and cost of conversion.

(D.2) All other inventories of stores and consumables are valued at cost. Cost is measured on weighted average cost basis. Excise duty wherever applicable is provided on finished goods lying within the factory.

(E) FIXED ASSETS & DEPRECIATION

(E.1) Fixed assets are stated at their original cost of acquisition/revalued cost wherever applicable less accumulated depreciation. Cost comprises of all costs incurred to bring the assets to their location and working condition.

(E.2) Depreciation on Revalued Fixed Assets is calculated on Straight Line Method based on their expected life as determined by the valuers or lives as determined on Straight Line Method as per Schedule XIV to the Companies Act, 1956 whichever is lower.

(E.3) Depreciation on additions other than vehicles and few other assets is calculated on Straight Line Method as per Schedule XIV to the Companies Act, 1956. Depreciation on vehicles and few other assets is calculated on Written Down Value Method as per Schedule XIV to the Companies Act, 1956.

(E.4) Difference between depreciation calculated on revalued cost and historical cost of assets is withdrawn from capital reserve.

(E.5) Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchases.

(F) IMPAIRMENT OF ASSETS

An Asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value. An impairment loss is charged to profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable value.

(G) INVESTMENTS

Long Term investments are stated at cost/book value. Fall in the value, other than temporary, has been charged to Profit & Loss Account.

(H) FOREIGN CURRENCY TRANSACTIONS

(H.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(H.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.

(H-3) Non monetary foreign currency items are carried at cost / book value

(H.4) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

(I) EMPLOYEE BENEFITS

(I.1) The Company has Defined Contribution Plans for post employment benefits namely (a) Superannuation Fund which is administered through trustees and (b) Provident Fund which is administered through trust and / or to the Government. The Company's contributions thereto are charged to revenue every year The Company's Contribution to State Plans namely Employee's State Insurance Fund and Employee's Pension Scheme are charged to revenue every year.

(I.2) The Company has Defined Benefit Plans namely leave encashment / compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. Gratuity scheme is unfunded.

(I.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(J) TAXES ON INCOME

(J.1) Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable in respect of taxable income for the year.

(J2) Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

(J.3) Deferred tax asset is recognised and carried forward to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(K) EARNING PER SHARE

The company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year.

II. NOTES TO ACCOUNTS

1. Figures for the previous year have been re-grouped wherever necessary to make them comparable with those of previous year and are shown below those of current year or in brackets in the 'Notes'.
2. 941,975 Ordinary Shares of Rs. 10 each fully paid of ORG Informatics Limited have been pledged for financial assistance and 3,00,000 shares of Rs. 10 each fully paid of ORG Informatics Ltd. are pledged with a bank on behalf of another company.

9,41,975 ordinary shares of Rs. 10/- each fully paid of ORG Informatics Limited are transferred in the name of the lender till repayment of this dues made by the Company.
3. (a) Transfer of Rs.31.42 lakh (Rs. 30.50 lakh) from Capital Reserve to Profit and Loss Account represents the difference between depreciation charged on "revalued amount" of assets and depreciation calculated on "historical cost" of assets.

(b) Further a sum of Rs. 207.00 Lakhs (Rs. 4.02 lakh) has been transferred to general reserve from capital reserve on account balance of

Revaluation Surplus in respect of assets sold / otherwise disposed off during the year.

4. Remuneration to Directors

	2010-11	2009-10
	Rs. Lakh	Rs. Lakh
Salary	37.15	44.08
Contribution to Provident		
Fund and Superannuation Fund	2.36	4.26
Benefits including perquisites	2.63	5.07
	<u>42.14</u>	<u>53.41</u>
Sitting fees	1.98	1.80
	<u>44.12</u>	<u>55.21</u>

5. Hon'ble Supreme Court has allowed Company's Civil Appeals against the judgment and order of the Division Bench of Gujarat High Court vide which Division Bench by its order had set aside the order of the Single Judge sanctioning Scheme of Arrangement relating to Company's erstwhile Swastik Division and Electronics Division. While allowing the appeals, Hon'ble Supreme Court has directed that Company shall execute a guarantee favouring the Central Bank of India and Bank of Baroda in respect of their dues in the suit filed by them which is pending before the Debts Recovery Tribunal. The Company has accordingly given the guarantee. BIFR passed an order for winding up of Swastik Surfactants Limited (SSL) since the Revival Scheme had failed. However, SSL appealed this order in AAIFR, which has remanded the case to BIFR with appropriate directives.

In all the earlier Revival Schemes, SSL had acknowledged liabilities of banks as well as liabilities towards ASE. In view of this, ASE had approached BIFR and AAIFR to be imp leaded in the matter, which has been allowed by AAIFR.

With regard to the Guarantee given by the Company favouring Central Bank of India and Bank of Baroda, the Company has received on 31.12.2010, a notice from Kotak Mahindra Bank Limited, Mumbai, invoking the guarantee dated 16.12.2003 on behalf of Bank of Baroda in its capacity as trustee of IARC – BOB – 01/07 trust on behalf of International Assets Reconstruction Company Pvt. Ltd. The Company has not accepted the demand made of Rs. 37,770.51

Lakhs and based on legal advice, the Company has taken necessary action required in the matter.

6. No provision is considered necessary for following contingent liabilities:

	2010-11	2009-10
	Rs. Lakh	Rs. Lakh
Disputed Demand in respect of		
(i) Customs and Excise	119.69	128.03
(ii) Income Tax	336.25	216.11
(iii) Sales Tax	20.28	21.96
(iv) Claims not acknowledged as debt	39318.22	39830.68
(v) Claims by Government for payment into DPEA	68.67	745.51
(vi) Guarantee given by banks on behalf of the company	358.26	321.45
(vii) E.S.I.C.	1.56	--
(viii) Guarantee given by banks on behalf of other companies	1.88	--

7. Contracts on Capital Account remaining to be executed amount to Rs. 60.27 Lakhs (Rs. 84.77 Lakhs)

8. 'Sales and Services' comprise of Sales Rs. 7762.03 lakh (Rs. 7399.39 lakh) and recovery of share in cost of various utilities, expenses, etc. Rs.216.55 lakh (Rs. 280.22 lakh).

9. Miscellaneous expenses include fees to Auditors for other services of Rs. 8.16 lakh (Rs. 6.93 lakh) and reimbursement of out of pocket expenses of Rs. 0.42 lakh (Rs. 1.75 lakh).

10. Deferred Tax

In terms of the provisions of the Accounting Standard – 22 "Accounting for Taxes on Income" notified by Companies (Accounting Standard) Rules 2006, there is a net deferred tax asset on account of accumulated business losses and unabsorbed depreciation.

In compliance with provisions of Accounting Standard and based on General Prudence, the Company has not recognized the deferred tax asset, while preparing the accounts of the year under review.

11. Extra ordinary income represents profit on sale of part of factory land and other fixed assets.

12. Segment Reporting

Segment information for the year ended 31.03.2011

Particulars	2010-11	2009-10
	Rs. Lakh	Rs. Lakh
Segment Revenue		
a) Pharmaceuticals	4206.18	4458.38
b) Electronics	3952.55	3221.23
Total Sales	8158.73	7679.61
Less: Inter Segment Revenue	0.00	0.00
Net Sales	8158.73	7679.61
Segment Results		
Segment Result before Interest & Finance Cost		
a) Pharmaceuticals	(1895.76)	(2209.94)
b) Electronics	265.79	251.11
Total Segment Results	(1629.97)	(1958.83)
Less: Interest & Finance Cost	1130.02	195.20
Profit/(Loss) from Ordinary Activities	(2759.99)	(2154.03)
Extra Ordinary Items (Net)	1761.53	2634.89
Profit/(Loss) before tax	(998.46)	480.66
Other Information		
Segment Assets		
a) Pharmaceuticals	20918.52	19363.41
b) Electronics	3139.57	2761.07
c) Unallocable	--	--
Total Assets	24058.09	22124.48
Segment Liabilities		
a) Pharmaceuticals	16387.28	14147.49
b) Electronics	802.55	655.19
c) Unallocable	--	--
Total Liabilities	17189.83	14802.68
Segment Depreciation		
a) Pharmaceuticals	248.10	229.57
b) Electronics	29.80	38.91
c) Unallocable	--	--
Total Depreciation	277.90	268.48
Capital Expenditure		
a) Pharmaceuticals	82.08	867.70
b) Electronics	22.23	5.31
c) Unallocable	--	--
Total Capital Expenditure	104.31	873.01

Non Cash Expense other than Depreciation

a) Pharmaceuticals	64.35	197.26
b) Electronics	4.32	64.38
c) Unallocable	--	--
Total Non cash expenses other than Depreciation	68.67	261.64

(B) Secondary Segment

(Geographical by customers)

Particulars	2010-11	2009-10
	Rs. Lakh	Rs. Lakh

Segment Revenue

a) In India	8120.41	6266.78
b) Out side India	38.32	1412.83
Total Sales	8158.73	7679.61

Carrying Cost of Assets by location of assets

a) In India	23951.24	22036.22
b) Out side India	106.85	88.26
Total	24058.09	22124.48

Addition to assets

a) In India	104.31	871.98
b) Out side India	0.00	1.03
Total	104.31	873.01

Notes :

1. The Company has disclosed business segments as the primary segment.

Segments have been identified taking into account the nature of the products, differential risks and returns, the Organizational structure and internal reporting system. The Company's operation predominantly relate to manufacturing of Drugs, Formulation, Electronics Instruments & Services.

2. Types of Products and Services in each business segment:

Pharmaceuticals : Drugs, Formulations
Electronics : Electronics Instruments and Services

3. Inter-segment Revenues are recognized at sales price.

13. Related Party Disclosures:

As per the Accounting Standard on "Related Party

Disclosures (AS 18)" notified by the Companies (Accounting Standards) Rules 2006, the related parties of the Company are as follows:

Key Management Personnel:

Name of the related party	Nature of relationship
Mr. Kartikeya V. Sarabhai	Chairman
Mr. K Mohandas	Whole time Director*
Mr. A.H. Parekh	Whole time Director

* Ceased to be whole time director w.e.f. 14-10-2010

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

Transaction with Key management Personnel:

Particulars	Key Management Personnel	Rs. Lakh
Remuneration to key management personnel		42.14
		(53.41)
Payable in respect of Current Liabilities		1.83
		(2.89)

14. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.

15. Earning Per Share

Particulars	2010-11	2009-10
Profit/(Loss) available to Equity Shareholder before Extra Ordinary Item	(Rs. Lakh) (2884.20)	(2660.30)
Profit/(Loss) available to Equity Shareholder after Extra Ordinary Item	(Rs. Lakh) (1122.67)	(25.61)
Weighted average no. of Equity Shares for Basic and Diluted EPS	Nos. 76633296	76633296
Nominal value of Equity Shares	Rs. 10	10

Basic and Diluted Earning per Equity Share before Extra Ordinary Item	Rs.	(3.76)	(3.47)
Basic and Diluted Earning per Equity Share after Extra Ordinary Item	Rs.	(1.46)	(0.03)
(A) Reconciliation of the profit/(loss) for the year, used for calculating Earning per Share			(Rs.in Lakh)
		2010-11	2009-10
Profit / (Loss) for the year before Extra Ordinary Items		(2884.20)	(2660.30)
Net Extra Ordinary Income		1761.53	2634.69
Profit / (Loss) available to Equity Shareholder after Extra Ordinary Item		(1122.67)	(25.61)

16. Small and Small and Medium Enterprises Dues

The Company has not received any intimation from "Suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence disclosures, regarding:

- (a) Amount due and outstanding to suppliers as at the end of accounting year,
- (b) Interest paid during the year
- (c) Interest payable at the end of the accounting year
- (d) Interest accrued and unpaid at the end of the accounting year, has not been provided.

The Company is making efforts to get the confirmation from the suppliers as regards their status under the Act.

17. No provision is made for doubtful debts of Rs. 27.49 Lakh (Rs. 3.05 Lakh) and doubtful advances of Rs. 8.23 Lakh (Rs. 7.94 Lakh).

Signature to schedules 1 to 13

As per our report attached

For, Sorab S. Engineer & Co.	Kartikeya V. Sarabhai
Firm Registration No. 110417 W	Chairman
Chartered Accountant	V. C. Shah
M. P. Anita	Director
Partner	Ketan Adhvaryu
Membership No. 7825	Company Secretary
Date : 24-08-2011	Date : 24-08-2011
Place : Ahmedabad	Place : Ahmedabad

**Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile**

1 Registration Details
 Registration No. : 3159
 State Code : 05
 Balance Sheet Date : 31.03.2011

2 Capital raised during the year (Amount in Rs. Thousands)
 Public issue : Nil
 Right issue : Nil
 Bonus issue : Nil
 Private placement : -

3 Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)
 Total liabilities : 2547179
 Total assets : 2547179

Sources of Funds
 Paid-up Capital : 766333
 Reserves and Surplus : 163802
 Secured Loans : 74238
 Unsecured Loans : 58215
 Net Current Liabilities : 490106

Application of Funds
 Net Fixed Assets : 626518
 Investments : 569367
 Accumulated Losses : 356809

4 Performance of Company (Amount in Rs. Thousands)
 Turnover : 390635
 Total Expenditure : 550486
 Profit/(Loss) Before Tax : (5717)
 Profit/(Loss) After Tax : (10751)
 Earning per share (Rs.) : (0.14)
 Dividend Rates (%) : Nil

5 Generic names of Principal Products/ Services of the Company (as per monetary terms)

Item Code No. (ITC Code) : 29225090
 Product Description : Tramadol Hcl Capsules, Injections, Tablets etc.

Kartikeya V. Sarabhai
 Chairman
 V. C. Shah
 Director
 Ketan Adhvaryu
 Company Secretary

Date : 24-08-2011
 Place : Ahmedabad

Consolidated Cash Flow Statement for the year ended on 31st March, 2011

	2010-11 Rs. Lakh	2009-10 Rs. Lakh
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after tax and extra-ordinary items	(1122.87)	(25.61)
Adjustments for:		
Depreciation	277.90	268.48
Provision for Taxation	386.53	505.32
Income from Investments	(0.14)	0.00
Provision for Diminution on Investments	22.72	0.00
Bad Debts / Advances Written Off	44.14	26.70
Provision for Doubtful Debts/Advances	1.80	234.94
Interest income	(62.53)	0.00
Interest expense	1130.02	105.69
preliminary exp.written off	0.01	0.01
Extra Ordinary Income	(1761.53)	(2634.69)
Loss/(Profit) on Sale of Fixed Assets	17.81	(8.39)
Operating Profit before Working Capital Changes	(1065.94)	(1527.55)
Working Capital Changes:		
Changes in Inventories	(61.43)	5.50
Changes in Trade Receivables	(918.12)	1889.06
Changes in Current Liabilities	2032.11	(2730.66)
Net Changes in Working Capital	1052.56	(836.10)
Cash Generated From Operations	(13.38)	(2363.65)
Advance Tax / TDS (Net of Income Tax Refund)	(315.23)	43.72
Net Cash from Operating Activities	(328.61)	(2319.93)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(524.53)	(873.01)
Sale of Fixed Assets	153.73	139.10
extra ordinary income	1761.53	2634.69
Changes in Investments	(1.89)	(1.23)
Changes in Loans & Advances	(627.00)	
Income from Investments	0.14	
Interest Income	62.53	89.51
Net Cash Flow from Investing Activities	824.51	1989.06
C Cash Flow from Financing Activities		
Changes in Borrowings	699.81	547.32
Interest Paid	(1126.94)	(214.80)
Net Cash Flow from Financing Activities	(427.13)	332.52
Net Increase/(Decrease) in Cash & Cash Equivalents	68.77	1.65
Cash & Cash Equivalent at the beginning of the Period	1681.23	1679.58
Cash and Cash Equivalent at the end of the Period	1750.00	1681.23

Notes:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard – 3 on Cash Flow Statements notified by Companies (Accounting Standards) Rules, 2006.
- Figures in bracket represent outflow of cash.

For Sorab S Engineer & Co.
Firm Registration No 110417 W
Chartered Accountants
M. P. Anita
Partner
Membership No. 7825
Date : 24-08-2011
Place : Ahmedabad

Kartikeya V. Sarabhai
Chairman
V. C. Shah
Director
Ketan Adhvaryu
Company Secretary
Date : 24-08-2011
Place : Ahmedabad

ase**Ambalal Sarabhai Enterprises Limited**
Regd. Office : Sarabhai Campus, Gorwa Road Vadodara-390 023**PROXY FORM**

DP Id*	
Client Id*	

No. of Shares	
Folio No.	

I / We _____
of _____
being a member(s) of the above named Company hereby appoint
_____ of _____ or failing him
_____ of _____ or failing him
_____ of _____
as my / our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 24.09.2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011

Signature _____

*Applicable for investors holding shares in electronic form.

Affix 0.15 Paise Revenue Stamp here

Note: This instrument of Proxy shall be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time of holding the meeting.

ase**Ambalal Sarabhai Enterprises Limited**
Regd. Office : Sarabhai Campus, Gorwa Road Vadodara-390 023**ATTENDANCE SLIP**Annual General Meeting
to be held on

Saturday, 24th September 2011 at 10.00 A.M.

at

Prof. C. C. Mehta Auditorium, General Education Centre,
The Maharaja Sayajirao University of Baroda
Vadodara-390002

DP Id*	
Client Id*	

No. of Shares	
Folio No.	

Name of Shareholder/Proxy Holder

Signature

*Applicable for investors holding shares in electronic form.

Only shareholders or their proxies are allowed to attend meeting. Shareholders are requested to bring their Annual Reports along with them to the Meeting, as extra copies will not be supplied due to high cost of paper and printing.

Book-Post

If undelivered please return to :
Ambalal Sarabhai Enterprises Limited
Share Department,
Sarabhai Campus, Gorwa Road,
Vadodara - 390 023.