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**Ambalal Sarabhai Enterprises Limited**

**35th Annual Report  
2012-13**

## Board of Directors

**Mr. Kartikeya V. Sarabhai**  
Chairman

**Mr. B.V. Suryakumar**

**Mr. Govind Das Zalani**

**Mr. Anil H. Parekh**  
Whole-time Director

**Mr. K. Mohandas**

**Mr. Ashwin P. Hathi**

**Ms. Chaula Shastri**  
Whole Time Director

**Mr. Chandra Shekhar Bohra**

**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

**Registered Office :**  
Sarabhai Campus  
Gorwa Road,  
Vadodara-390 023

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## Notice

Notice is hereby given that the Thirty-fifth Annual General Meeting of the Company will be held on Monday, 30th September, 2013 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 2013 and 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 Mr. G.D. Zalani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. B.V. Suryakumar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.H. Parekh, who retires by rotation and being eligible offers himself for re-appointment.

### 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:

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

6. To appoint a Director in place of Ms. Chaula Shastri, who holds office of a Director upto conclusion of this Annual General Meeting and being eligible offers herself for re-appointment.
7. To appoint a Director in place of Mr. Chandra

Shekhar Bohra, who holds office of Director upto conclusion of this Annual General Meeting and being eligible offers himself for re-appointment.

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

Appointment of Ms. Chaula Shastri as Whole-Time Director:

"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 appointment of Ms. Chaula Shastri as "Whole-Time Director" for a period of 3 years with effect from 16th October, 2012 on the terms and conditions as stated in Explanatory Statement."

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

Date : 23.8.2013

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 25.9.2013 to 30.9.2013 (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

Therefore, the transferee(s) / legal heirs are required to furnish copy of their PAN to the Registrar and Share Transfer Agents - MCS Limited.

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 of the Company at ketanadhvaru@sarabhai.co.in or to Registrar of the Company at mcsLtdbaroda@yahoo.com.

### Explanatory Statement

Required under section 173 of the Companies Act 1956 to accompany the Notice of the 35th Annual General Meeting.

#### Item 6 & 7

The Board of Directors of the Company had at its meeting held on 27.9.2012 and 13.8.2013 appointed Ms. Chaula Shastri and Mr. Chandra Shekhar Bohra as Additional Directors on the Board of Directors of the Company respectively. In terms of the provisions of section 260 of the Companies Act, 1956 each of the aforesaid Directors hold the office of a Director only upto the date of ensuing Annual General Meeting of the Company but they are eligible for the appointment.

As required under Section 257 of the Companies Act, 1956, notices have been received from member/s signifying the intention to propose candidature of each of them for the office of a Director.

Ms. Chaula Shastri and Mr. Chandra Shekhar Bohra may be considered to be interested in the respective resolutions as appearing in the accompanying notice.

#### Item 8

Ms. Chaula Shastri is B.Com. LL.B, Diploma in Business Management. She is in the organization since 1979 and her last designation was GM (Admn.) in the Company. Ms. Shastri has wide and varied experience of over 33 years.

The Board of Directors at its meeting held on 27.9.2012 and the Remuneration & Compensation Committee of Directors held on 6.11.2012 had subject to requisite approval/s, appointed her as Whole-Time Director w.e.f. 16.10.2012 on following terms and conditions.

1. Period : From 16th October 2012 to 15th October 2015.
2. a) Basic Salary : Rs. 40,000/- p.m. in the grade of 40,000 - 2,500 - 42,500/-
- b) House rent allowance @ 40% of (a) : Rs. 16,000/- p.m.

- c) Perquisites : In addition to the above, the following perquisites / allowances shall be allowed to Whole Time Director
- i) Expenditure incurred on gas, electricity, water, furnishing, : To be valued as per I.T. Rules and in absence of such rules, to be valued at actual cost.
- ii) Medical benefits for self and family. : Reimbursement of expenses actually incurred for self, spouse 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 Concession for self and family. : Only travel fare, once a year to & fro for any place in India.
- iv) Additional allowance. : In the form of conveyance / petrol / miscellaneous expenses.
- v) Telephone facilities at residence : Personal long distance call to be charged to Whole Time Director.
- v) Club fees and personal accident insurance, as per Company's rules.

Ms. Shastri shall also be entitled for the following benefits. However the same will not be taken into account while computing Managerial Remuneration.

#### Other Benefits:

- A) Reimbursements of actual entertainment expenses incurred for the business of the Company, as per Company's rules.
- B) Leave on full pay, as per rules of the Company, but not exceeding one month's leave for every eleven months of service.
- C) Company's contribution towards provident fund and superannuation fund as per rules of the Company.
- D) Gratuity would become payable at the rate not exceeding half a month's salary for each completed year of service as applicable under provisions of payment of Gratuity Act.
- E) Encashment of leave in respect of leave accumulated but not availed of at the end of the tenure, would be permissible.

- 3) Annual Increment : Entitled to get annual increment as may be decided by the Board of Directors within the basic salary of Rs.40,000/- p.m. in the grade of 40,000 - 2,500 - 42,500/-.
- 4) Rs. 1,00,000/- Per annum : Ms. Shastri shall 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.
- 5) In absence of or in-adequacy of profits in any financial year, she will be entitled to said salary, perquisites etc. as mentioned above as **minimum remuneration.**
- 6) Other terms and conditions:
- In the capacity of a Whole-time Director, she shall not be paid any sitting fees to attend the meeting of the Board and/or Committee thereof.
  - In the event of cessation of her respective office during any financial year, the aforesaid remuneration will be paid on a pro-rata basis.
  - She shall not so long as she functions as a Whole-time Director of the Company become interested or otherwise concerned directly or through spouse minor children in any selling agency of the company.
  - The Company shall deduct all taxes from the remuneration, as per applicable law, from time to time.
  - Without the approval of the Board of Directors of the Company, neither she nor any of her relatives nor any firm or private company in which she or any of her 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. She shall also report to the Board the names of all private companies, firms or proprietorship in which she or any of her relatives as defined in the Companies Act, have any interest as Director, member, partner or proprietor.
  - This appointment is terminable by three months notice on either side or payment of salary in lieu thereof.
- 7) The Board of Directors / Remuneration and Compensation 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 ~~within the limit of Schedule XIII of the Companies Act, 1956 or any amendment of reenactment made there of from time to time~~ as applicable to the Company and ~~would be~~ subject to other compliance/s, if any, as ~~might be~~ required.

8. Ms. Shastri's terms of the appointment of Whole-Time Director 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, Ms. Shastri shall cease to be Whole-Time Director 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 Ms. Shastri as Whole Time Director in terms of section 302 of the Companies, Act 1956.

Ms. Shastri 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 resolutions.

Your Directors commend the resolutions as set out in the Notice for your approval and acceptance.

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

Date : 23.8.2013

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	
Mr. G.D. Zalari	15.1.1927	Master of Pharmacy (M. Pharm.)	Associated with the company for last more than four decades. Expertise in Commercial aspects and liaison with Government authorities.	10	Asence Inc.	
Mr. B.V. Suryakumar	30.5.1943	B.Com., ICWAI	At Essar Projects Limited, he was Whole-Time Director & CEO. Experience in finance and General Management. Total experience of 5 decades in different capacities.	374	1. ORG Informatics Ltd., 2. Sarabhai M Chemicals Ltd., 3. Medico Interfarm Ltd., 4. ORG Telecom Ltd.	
Mr. A.H. Parekh	18.10.1948	M. Pharm (Pharmaceuticals & Pharmaceutical Technology)	Experience of Pharma production facilities of more than three decades. Technical Expertise in: -Formulation, Production, Planning -Inventory Control -Stores, Distribution & Logistic -Knowledge of Quality Control	-	-	
Ms. Chaula Shastri	19.1.1959	B.Com. LL.B, Diploma in Business Management	Administration, Communication, Public Relation. Inter-action with people of different segment	-	-	
Mr. C.S. Bohra	9.9.1972	B.Com.	Above 18 years of vast experience in Manufacturing, Marketing, Brand building and Supply Chain Management in national and international pharmaceutical industry. Expertise lies in Pharmaceutical Exports to Southeast Asian countries (ASEAN region), CIS countries and West African Countries. Associated with several WHO GMP certified pharma formulation. Resourceful in the Indian Pharmaceutical industry as an advisor and has been instrumental in many strategic deals among companies. Expertise will help in strengthening and stabilizing future prospects of the Company	-	1. JULIE (INDIA) LTD 2. CHIRANJILALJIFINANCE LTD	

## Directors' Report

To

The Shareholders,

The Directors hereby present their 35th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2013.

	(Rs.lakh)	
	2012-13	2011-2012
Turnover (Net)	1669	2128
Other Income	1883	610
Total Income	3552	2739
Financial Cost	675	842
Depreciation	1248	140
Loss before Extra Ordinary Income		
Extraordinary Income	(1722)	(1784)
net of expenditure	-	1119
Net Profit/(Loss) before taxation	(1722)	(665)
Net Profit/(Loss)	(1722)	(665)

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

### Operations:

#### Pharma Formulations:

The Company continues to manufacture formulations under license and market these through established companies in the market. The Company also manufactures and sells a wide range of Formulations through its distributors and Generic channels.

The marketing of various pharmaceutical products of Oncology and Infertility is now being undertaken through subsidiary of the company viz. **Senaru Formulations Pvt. Ltd.**, from 1st April 2013. For the purpose, Senaru has opened a new division viz. **Sarabhai Chemicals (Specialties) Division.**

**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 leverages of infrastructure in India and the US.

**Asence Pharma Pvt.Ltd.**, a wholly-owned subsidiary of Asence Inc., has grown in sales by over 75% in turnover. Asence has made significant inroads into growth related projects through investment and

partnerships in group companies as well as external manufacturing sites. This has shown significant increase in sales and relatively high impact on profitability. Asence is expected to grow well even in the current year and is planning to sustain its growth. Asence is making full efforts to boost up the international activities as well as domestic sales and endeavor to improve the performance of various current and new products.

### Bulk Drugs:

The Turnover of **Synbiotics Limited**, a wholly-owned subsidiary of the Company at Luna has increased by about 93% as compared to previous year. Synbiotics has also achieved 83% of its budgeted Turnover of Rs.10 crores. Synbiotics has successfully passed the audit inspection from various international and domestic Companies. Upon completion of these formalities, Synbiotics expects lucrative orders within a short span of time and will enable to reach a sales turnover of about Rs.13 crores. Synbiotics has observed all the norms of Gujarat Pollution Control Board (GPCB) and discharged effluent as per consent conditions of GPCB. Synbiotics has made an application to GPCB to increase Discharge Permission of Effluent considering increased production activity. Synbiotics's manufacturing facilities have got recognition from overseas authorities and also received approval from PMDA (Japan), WHO-GMP, EU, and USFDA. Synbiotics continuously strives to improve its efficiency in the production process and this should improve its future.

The product of Synbiotics is established and demand is increasing in both International and domestic markets.

### Electronics:

**Systronics India Limited (SIL)** a wholly-owned subsidiary of the Company, have two divisions viz. Systronics as well as Telerad. During the year under report, the sales of Systronics division increased by 4% as compared to previous year. Similarly, service income of Systronics division has increased by 29%. Sales of TELERAD division, has decreased by 2% and service income of the said division has decreased by 10%. Therefore, there was overall increase in sales by 0.65%. The turnover of SIL for the year under report reached to Rs.4663.44 lakhs

### Corporate Governance:

Pursuant to clause 49 of the Listing Agreement with the BSE Ltd, 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 may register their email address with the Company or its STA.

**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, Messers G.D. Zalani. and B.V. Suryakumar and A.H. Parekh retire by rotation and being eligible offers themselves for re-appointment.

During the current year Mr. B.S. Bohra ceased to be a Director due to death on 6.5.2013. Your Directors have taken note of the contribution made by him during his association with the Company.

During the current year Ms. Chaula Shastri and Mr. Chandra Shekhar Bohra have joined the Board of Directors w.e.f. 16.10.2012 and 13.8.2013 respectively.

**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 along with 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, 2013 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. Engineer & Co. 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 members of Sarabhai Pariwar including workers.

For and on behalf of the Board

Date : 23.8.2013

Kartikeya V. Sarabhai

Place : Ahmedabad

Chairman

**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 2013.

**(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	--
Foreign exchange used	56.73

**Management Discussions and Analysis****Industry structures and developments:**

Overview of Indian Pharmaceutical Industry...  
India is among the fastest growing pharmaceutical markets in the world and Indian Pharmaceutical Industry is the largest contributor after the Agriculture sector. 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. The Indian Pharmaceutical Industry ranks very high amongst all third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. India is now among the top five pharmaceutical emerging markets. The Indian Pharma industry has been growing at a compounded annual growth rate (CAGR) of more than 15 per cent over the last five years and has significant growth opportunities. To the Indian economy, it is growing at the rate of 10 to 11 %. Present global market share is USD 825 billion growing at the rate of 4 to 6%. India is third largest producers of pharmaceuticals having 10% of the global share. 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.

The Indian domestic pharmaceutical market is expected to register a strong double-digit growth of 13-14 per cent in 2013. The year 2012 closed with a growth of 12 per cent, according to data from a research firm

The country now ranks 3rd in terms of volume of production (10 per cent of global share) and 14th largest by value (1.5 per cent of global share). One reason for lower value share is the lowest cost of drugs in India ranging from 5 per cent to 50 per cent less as compared to developed countries. Indian pharmaceutical industry growth has been fuelled by exports and its products are exported to a large number of countries with a sizeable share in the advanced regulated markets of the US and Western Europe.

**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 9.5 % till 2015.
- The global pharmaceutical market sales are expected to grow at a 4 - 7% compound annua

growth rate (CAGR) through 2013.

Global pharmaceutical market value is expected to expand to \$975+ billion by 2013. Different regions of the world will influence the pharmaceutical industry trends in different ways.

#### Challenges:

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:

Considering that the pharmaceutical industry involves sophisticated technology and stringent "Good Manufacturing Practice (GMP) requirements, major share of Indian Pharma exports going to highly developed western countries bears testimony to not only the excellent quality of Indian pharmaceuticals but also its price competitiveness. 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. India's exports of drugs and pharmaceuticals grew by 27 per cent to Rs 60,000 crore (US\$ 11.19 billion) for the year ended March 2012, according to data compiled by Pharmaceutical Exports Council of India (Pharmexcil).

#### 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:

- The Indian domestic pharmaceutical market is expected to register a strong double-digit growth of 13-14 per cent in 2013. The year 2012 closed with a growth of 12 per cent, according to data from a research firm
- 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 raise to 13 percent of GDP by 2015
- Future trends of Indian pharmaceutical industry seem to be in positive tone. Consumer spending on healthcare services and products has increased in India due to the increasing affordability, shifting disease patterns and modest healthcare reforms. Healthcare budget of an average Indian household is expected to grow from 7% in 2005 to 13% in 2025.

#### 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 9.5 % by the end of financial year 2013. 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 2012-13, 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

**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 459.

## **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 8 Directors comprising of 3 Executive Directors and 5 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	1	-
B.V. Suryakumar	Non-Executive	4	2
G.D. Zalani	Non-Executive/ Independent	1	-
K. Mohandas	Non-Executive/	1	-
A.H. Parekh	Whole-Time Director & President (Formulations)	-	-
Ashwin P. Hathi	Non-Executive/ Independent	-	-
Ms. Chaula Shastri	Whole-Time Director		
Chandra Shekhar Bohra*	Non-Executive-Independent	2	

\* Joined the Board of Director w.e.f. 13/08/2013

**b) Board Meetings:**

The Board met 6 times on the following dates during the financial year 2012-2013 and the maximum time-gap between the two meetings did not exceed four months.

30.5.2012	27.9.2012
27.7.2012	6.11.2012
13.8.2012	12.2.2013

The Agenda papers were circulated to the Directors in advance before the meetings with sufficient information. The details of attendance of each Directors at the Board Meeting held during the financial year 2012-2013 and at the last Annual General Meeting held on 27.9.2012, 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	6	6	Nil	Yes	30.07.1992
B.V. Suryakumar	6	3	30,000	-	18.05.2005
G.D. Zalani	6	2	15,000	Yes	01.04.1996
B.S. Bohra(*)	6	4	12,000	Yes	20.04.2007
K. Mohandas	6	3	Nil	-	19.07.2005
A.H. Parekh	6	6	Nil	Yes	03.01.2006
Ashwin P. Hathi	6	4	15,000	Yes	26.06.2010
Ms. Chaula Shastri	6	2	NIL	N.A.	16.10.2012

(\*) Mr. B.S. Bohra ceased to be a director due to death on 6.5.2013.

**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 details of attendance of Audit

Committee Meetings held during the financial year 2012-2013 are as under:

Name of Director	Status	No. of Meetings held	No. of Meetings attended
B.V. Suryakumar	Chairman	4	3
G.D. Zalani	Member	4	2
Ashwin Hathi	Member	4	1

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 details of attendance of Shareholders / Investors' Grievance Committee Meetings held during the financial year 2012-2013 are as under:

Name of Director	Status	No. of Meeting held	No. of Meeting attended
Mr. BS Bohra*	Chairman	1	1
Kartikeya V. Sarabhai	Member	1	1

\* Upon death of Mr. B S Bohra, the committee is reconstituted by appointing Mr. Chandra Shekhar Bohra as Member and Chairman of the Committee with effect from 13/08/2013

**C) Remuneration & Compensation Committee :**

The details of attendance of Remuneration & Compensation Committee Meetings held during the financial year 2012-2013 are as under:

Name of Director	Status	No. of Meeting held	No. of Meeting attended
G.D. Zalani	Member	1	1
BV Suryakumar	Member	1	1

**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. 1.4.2012 and the terms of remuneration were approved by the shareholders at the Annual General Meeting held on 27.9.2012.

The Contract of Mr. A.H. Parekh, Whole-Time Director is for a period of 3 years w. e. f. 26.12.2011 and the terms of remuneration were approved by the shareholders at the Annual General Meeting held on 24.9.2011.

- The Contract of Ms. Chaula Shastri, Whole-Time Director is for a period of 3 years w. e. f. 16.10.2012. Necessary resolution for her appointment and terms of remuneration is 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 Prof. C. C. Mehta Auditorium, General Education Centre, The Maharaja Sayajirao - University of Baroda Vadodara on the following dates and time.

Year	Date	Time	Location
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
2010-11	33rd AGM 24th September, 2011	10.00 A.M.	Prof. C. C. Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda
2011-12	34th AGM 27th September, 2012	11.00 A.M.	Prof. C. C. Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda

**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 2013. 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 2012-13 by the Company on any matter related to Capital Markets.
- Means of Communications:**
  - Quarterly/Half yearly Financial Result of the Company are being submitted to the BSE Limited and published in Loksatta (Gujarati Language) and Business Standard (English Language).
  - Management Discussion & Analysis Report is a part of this Directors' Report to the shareholders.

**VII) General Shareholder Information:**

- Registered Office: Sarabhai Campus Gorwa Road, Vadodara - 390023
- Venue, Day & Date of 35th Annual General Meeting: Prof. C.C. Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda, Vadodara-390002. Monday, 30.09.2013 at 10.00 a.m.
- Financial Calendar: From 1st April 2012 to 31st March 2013
- Book Closure dates: From 25.09.2013 to 30.09.2013 (Both days inclusive)
- Dividend Payment Date: Not applicable
- 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-2012	4.72	3.60	17,664.10	17,010.16
May-2012	4.25	3.56	17,432.33	15,809.71
June-2012	3.99	3.50	17,448.48	15,748.98
July-2012	6.58	3.60	17,631.19	16,598.48
August-2012	4.89	3.81	17,972.54	17,026.97
September-2012	4.30	3.73	18,869.94	17,250.80
October-2012	5.94	3.91	19,137.19	18,393.42
November-2012	5.88	4.15	19,372.70	18,255.70
December-2012	4.50	3.95	19,612.18	19,149.03
January-2013	4.35	3.66	20,203.66	19,508.93
February-2013	3.99	3.16	19,966.69	17,793.97
March-2013	3.43	2.29	19,754.66	18,568.43

**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 2012-13	404144
Total Transfer Deeds received and processed during financial year 2012-13	330
Total No. of shares(s) Demated as on 31st March 2013	61677151
% of total Equity shares in Demat as on 31st March 2013	80.48

**X) Distribution of Shareholding - as on 31st March, 2013:**

Category	No. of Shares	%
Promoters	23318951	30.43
FII/NRI	313323	0.41
Public Financial		
Institutions & Nationalized Banks	358912	0.47
Mutual Funds/UTI	-	-
Bodies Corporate	19777591	25.81
Indian Public	32864519	42.88
<b>Total</b>	<b>76633296</b>	<b>100.00</b>

**XI) Distribution of Shareholding as on 31st March, 2013 (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	159979	93.4075	11777882	15.3691
501 to 1000	7524	4.3931	5744840	7.4965
1001 to 2000	2331	1.3610	3437730	4.4859
2001 To 3000	489	0.2855	1247349	1.6276
3001 To 4000	211	0.1232	751523	0.9807
4001 To 5000	208	0.1214	980032	1.2789
5001 To 10000	260	0.1518	1953019	2.5485
Over 10000	268	0.1569	50741019	66.2128
Total.....	171270	100.0000	76633294	100.0000

**XII) Dematerialization of Shares:**

During the year under review, 97591 (0.13%) 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 Share Transfer Agent 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.

Any Queries of shareholders shall be addressed to Mr. Ketan Advharyu , Company Secretary - Email - ketanadvharyu@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, 2013 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 ensuring 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.

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. 110417W  
Chartered Accountants

**C.A. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Date : 23-08-2013  
Place : Ahmedabad

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF AMBALAL SARABHAI ENTERPRISES LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **AMBALAL SARABHAI ENTERPRISES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion and to the best of our information, and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**C.A. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Date: 31-05-2013  
Place: Ahmedabad

## ANNEXURE TO THE AUDITORS' REPORT

### NANALAL SARABHAI ENTERPRISES LIMITED

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date,

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets except for Furnitures.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of 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. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.
- (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), (iii,c), (iii,d), (iii,e), (iii,f) and (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 exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase 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 controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 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 provisions of the Act and rules framed thereunder. 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 made and maintained. We have not however made a detailed examination of these records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax and Service Tax. The extent of arrears of such outstanding statutory dues as at 31.03.2013 for a period of more than six months from the date they became payable are as under:

Particulars	Rs. in Lakh
Income Tax	32.48
Sales Tax	1338.84
ESIC	31.89
PF	139.27
Service Tax	1.56

(b) Following amounts have not been deposited as on March 31, 2013 on account of any dispute :

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	54.36	1985-1986, 1986-1987, 1987-1988, 1988-1989	CESTAT
		8.62	2003-2004	Jt. DGFT
Finance Act	Service Tax	70.84	2006-2007, 2007-2008, 2008-2009, 2009-2010	Commissioner (Appeal)
Income Tax Act	Income Tax	172.42	1978-1979, 1980-1981, 1981-1982	High Court
		2096.31	2002-2003, 2008-2009	ITAT
		356.20	2009-2010	CIT (A)

- (ix) Accumulated losses at the end of the financial year are more than fifty percent of Company's net worth. The Company has incurred cash losses in the financial year under report. The Company has incurred cash losses in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks.
- (xi) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.
- (xiii) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.

- (xiv) 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.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not taken any term loans during the year.
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not prima facie, been used during the year for long-term investments.
- (xvii) During the year, the Company has not made any preferential allotment of shares to persons covered in the register maintained under section 301 of the Act.
- (xviii) According to the information and explanations given to us and the records examined by us, the Company has not issued any Secured Debentures during the year.
- (xix) The Company has not raised any money by public issue during the year.
- (xx) Based upon the audit procedure performed by us and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**C.A. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Date : 31-05-2013  
Place : Ahmedabad

## Balance Sheet

	Notes	As at 31.03.13 Rs. Lakh	As at 31.03.12 Rs. Lakh
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	1	7,663.33	7,663.33
Reserves and Surplus	2	(4,357.15)	(2,616.03)
<b>Non-current liabilities</b>			
Long Term Borrowings	3	-	-
Long Term Provisions	4	738.58	761.09
<b>Current liabilities</b>			
Short Term Borrowings	5	2,363.87	1,688.11
Trade Payables	6	1,184.45	2,428.87
Other Current Liabilities	7	6,404.19	5,687.69
Short Term Provisions	4	273.39	277.99
<b>Total</b>		<b>14,270.66</b>	<b>15,891.05</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible Assets	8	3,555.05	3,725.52
Intangible Assets	9	1,252.70	2,277.62
Capital Work-in-progress		10.09	10.09
Non-current Investments	10	5,798.52	5,849.24
Long Term Loans and Advances	11	128.16	55.72
Other Non-current Assets	12	279.82	625.08
<b>Current assets</b>			
Inventories	13	183.50	161.80
Trade Receivables	14	381.92	359.58
Cash and Bank Balances	15	84.27	64.69
Short Term Loans and Advances	11	2,596.63	2,761.71
Other Current Assets	12	-	-
<b>Total</b>		<b>14,270.66</b>	<b>15,891.05</b>

Significant Accounting Policies  
and Notes to Accounts

27

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For **Sorab S. Engineer & Co.**

Firm Registration No. 110417W

Chartered Accountants

**CA. Chokshi Shreyas B.**

Partner

-Membership no. 100892

Date : 31.05.2013

Place : Ahmedabad

Kartikeya V. Sarabhai

Chairman

A. H. Parekh

Director

Ketan Adhvaryu

Company Secretary

Date : 31.05.2013

Place : Ahmedabad

**Statement of Profit & Loss**

	Notes	Year Ended 31st March, 13 Rs. Lakh	Year Ended 31st March, 12 Rs. Lakh
Revenue from operations (Gross)	16	1,718.73	2,214.94
Less : Excise Duty		49.60	86.50
Revenue from operations (Net)		1,669.13	2,128.44
Other Income	17	1,882.69	610.40
<b>Total Revenue</b>		<b>3,551.82</b>	<b>2,738.84</b>
<b>Expenses:</b>			
Cost of materials consumed	18	201.38	371.55
Purchases of Stock in Trade	19	1,104.61	1,412.07
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(56.58)	(52.03)
Employee benefits expense	21	1,411.56	1,256.59
Finance costs	22	675.40	842.06
Depreciation and amortization expense	23	1,247.57	139.64
Other expenses	24	689.48	552.52
<b>Total Expenses</b>		<b>5,273.42</b>	<b>4,522.40</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>(1,721.60)</b>	<b>(1,783.56)</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>(1,721.60)</b>	<b>(1,783.56)</b>
Extraordinary Items	25	-	1,118.97
<b>Profit/(Loss) before Tax</b>		<b>(1,721.60)</b>	<b>(664.59)</b>
<b>Tax expense:</b>			
Current Tax		-	-
<b>Profit/(Loss) for the year</b>		<b>(1,721.60)</b>	<b>(664.59)</b>
<b>Earnings per equity share</b> (Face Value per Share Rs. 10/- (Previous year Rs. 10/-):	26		
Before Extraordinary Items			
Basic and Diluted		(2.25)	(2.33)
After Extraordinary Items			
Basic and Diluted		(2.25)	(0.87)
<b>Significant Accounting Policies and Notes to Accounts</b>	27		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For **Sorab S. Engineer & Co.**

Firm Registration No. 110417W

Chartered Accountants

**CA. Chokshi Shreyas B.**

Partner

Membership no. 100892

Date : 31.05.2013

Place : Ahmedabad

Kartikeya V. Sarabhai

Chairman

A. H. Parekh

Director

Ketan Adhvaryu

Company Secretary

Date : 31.05.2013

Place : Ahmedabad

SHARE CAPITAL	NOTE 1	
	As at March 31, 2013 Rs. Lakh	As at March 31, 2012 Rs. Lakh
<b>Authorised Equity Shares</b>		
95000000 Shares (Previous Year 95000000) Par Value of Rs. 10/- per share	<b>9,500.00</b>	9,500.00
	<u>9,500.00</u>	<u>9,500.00</u>
<b>Issued Equity Shares</b>		
76633296 Shares (Previous Year 76633296) Par Value of Rs. 10/- per share	<b>7,663.33</b>	7,663.33
	<u>7,663.33</u>	<u>7,663.33</u>
<b>Subscribed and fully paid up Equity Shares</b>		
76633296 Shares (Previous Year 76633296) Par Value of Rs. 10/- per share fully paid up	<b>7,663.33</b>	7,663.33
<b>Total</b>	<u><b>7,663.33</b></u>	<u><b>7,663.33</b></u>

**(a) Reconciliation of Number of Equity Shares**

	As at		As at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	No. of Share	Rs. Lakh	No. of Share	Rs. Lakh
Balance at the beginning of the year	76,633,296	7,663.33	76,633,296	7,663.33
<b>Balance at the end of the year</b>	<u>76,633,296</u>	<u>7,663.33</u>	<u>76,633,296</u>	<u>7,663.33</u>

**(b) Rights, Preferences and Restrictions attached to Shares****Equity Shares:**

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Details of Shares held by Shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2013 Rs. Lakh	As at March 31, 2012 Rs. Lakh
a. Sarabhai Holdings Pvt. Ltd.	<b>1,93,03,972</b>	1,93,03,972
% of Share holding	<b>25.19%</b>	25.19%
b. Navtech Farm Products Pvt. Ltd.	--	41,96,167
% of Share holding	--	5.48%
c. Caplin Vuniyog Pvt. Ltd.	<b>42,22,789</b>	42,22,789
% of Share holding	<b>5.51%</b>	5.51%

**RESERVES AND SURPLUS**

	As at March 31, 2013 Rs. Lakh	As at March 31, 2012 Rs. Lakh
<b>Capital Reserve</b>		
Balance as per last financial statements	<b>550.86</b>	577.10
Less: Transfer to General Reserve	--	4.87
Less Transfer to statement of Profit & Loss ( Note a)	<b>19.52</b>	21.37
<b>Balance at the end of the year</b>	<b>531.34</b>	550.86
<b>General Reserve</b>		
Balance as per last financial statements	<b>5,121.38</b>	5116.51
Add: Amount transferred from Capital Reserve	--	4.87
<b>Balance at the end of the year</b>	<b>5,121.38</b>	5121.38
<b>Securities Premium Account</b>		
Balance as per last financial statements	<b>1,060.92</b>	1,060.92
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	<b>(9,349.19)</b>	(8,684.60)
Add: Profit / ( Loss ) for the year	<b>(1,721.60)</b>	(664.59)
<b>Balance at the end of the year</b>	<b>(11,070.79)</b>	(9349.19)
<b>Total</b>	<u><b>(4357.15)</b></u>	<u><b>(2,616.03)</b></u>

	As at March 31, 2013 Rs. Lakh	As at March 31, 2012 Rs. Lakh
(a) Transfer from Capital Reserve to Statement of Profit and Loss represents the difference between depreciation charged on "revalued amount" on Assets and depreciation calculated on "historical cost" of assets. (Note 23)	<b>19.52</b>	21.37

**LONG TERM BORROWINGS** **NOTE 3**

	Non- Current portion		Current Maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>Secured:</b>				
Term Loans :				
From Others	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amount disclosed under the head "Other Current Liabilities" (Note 7)</b>	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PROVISIONS** **NOTE 4**

	Long Term		Short Term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for Accrued Gratuity Liabilities	632.27	650.47	226.18	227.72
Provision for Accrued Leave Liabilities	106.31	110.62	46.53	49.59
Provision for Wealth tax (Net of Advance tax)	-	-	0.68	0.68
<b>Total</b>	<u>738.58</u>	<u>761.09</u>	<u>273.39</u>	<u>277.99</u>

**SHORT TERM BORROWINGS** **NOTE 5**

	As at	As at
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
<b>Secured:</b>		
From Others	<u>969.23</u>	<u>867.58</u>
	<u>969.23</u>	<u>867.58</u>
<b>Unsecured:</b>		
From Others	<u>1,394.64</u>	<u>820.53</u>
	<u>1,394.64</u>	<u>820.53</u>
<b>Total</b>	<u>2,363.87</u>	<u>1,688.11</u>

**Nature of Security**  
**From Others** **Rs. Lakh**

**Secured:**

1. Secured by Charge on one of the immovable properties of the On demand company.	189.50
2. Pledge of 9,41,975 Equity Shares of ORG Informatics Ltd	26.26
3. Secured by charge on one of the immovable property of the company y pledge of 115,946 Equity Shares of M/s Synbiotics Ltd	<u>753.47</u>
<b>Total</b>	<u>969.23</u>

**TRADE PAYABLES** **NOTE 6**

	As at	As at
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Creditors in respect of Goods and Services (Note a)	<u>1,184.45</u>	<u>2,428.87</u>
<b>Total</b>	<u>1,184.45</u>	<u>2,428.87</u>

- a The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 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; and
  - (d) Interest accrued and unpaid at the end of the accounting year have not been given.

The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said Act.

**OTHER CURRENT LIABILITIES** **NOTE 7**

	As at	As at
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Interest accrued but not due	2.95	3.08
Statutory dues	1,899.90	1,699.98
Due to related Parties	19.04	72.61
Payable to Employees	1,540.53	1,172.15
Due to Director	13.03	7.66
Security Deposits	117.56	181.67
Others	<u>2,811.18</u>	<u>2,550.54</u>
<b>Total</b>	<u>6,404.19</u>	<u>5,687.69</u>

**TANGIBLE ASSETS****NOTE 8****Rs. Lakh**

Particulars	Gross Block			Depreciation / Amortization					Net Block	
	As on 01.04.12	Additions	Deductions	As on 31.03.13	As on 01.04.12	for the year	Deductions	As on 31.03.13	As on 31.03.13	As on 31.03.12
<b>Own Assets</b>										
Freehold Land	2,195.84	-	-	2,195.84	-	-	-	-	2,195.84	2,195.84
Building	826.43	-	56.59	769.84	517.47	25.24	43.73	498.98	270.86	308.96
Plant and Machinery	4,285.90	0.16	232.51	4,053.55	3,105.25	126.32	231.92	2,999.65	1,053.90	1,180.65
Furniture and Fixtures	313.45	-	-	313.45	277.26	4.43	-	281.69	31.76	36.19
Vehicles	63.97	-	2.66	61.31	60.10	1.18	2.65	58.63	2.68	3.87
Library	0.10	-	-	0.10	0.09	-	-	0.09	0.01	0.01
<b>Total</b>	<b>7,685.69</b>	<b>0.16</b>	<b>291.76</b>	<b>7,394.09</b>	<b>3,960.17</b>	<b>157.17</b>	<b>278.30</b>	<b>3,839.04</b>	<b>3,555.05</b>	<b>3,725.52</b>
Previous Year	7,743.54	34.77	92.62	7,685.69	3,799.45	181.01	0.29	3,960.17	3,725.52	-

**INTANGIBLE ASSETS****NOTE 9****Rs. Lakh**

Particulars	Gross Block			Amortization / Impairment					Net Block	
	As on 01.04.12	Additions	Disposals	As on 31.03.13	As on 01.04.12	for the year	Deductions	As on 31.03.13	As on 31.03.13	As on 31.03.12
<b>Own Assets</b>										
Goodwill	2,277.62			2,277.62		1,100.00		1,100.00	1,177.62	2,277.62
Know how		85.00		85.00		9.92		9.92	75.08	-
<b>Total</b>	<b>2,277.62</b>	<b>85.00</b>	<b>-</b>	<b>2,362.62</b>	<b>-</b>	<b>1,109.92</b>	<b>-</b>	<b>1,109.92</b>	<b>1,252.70</b>	<b>2,277.62</b>
Previous Year	2,277.62	-	-	2,277.62	-	-	-	-	2,277.62	-

**NON CURRENT INVESTMENTS****NOTE 10**

Particulars	Face Value Per Share (Rs.)	No. of Share	Rs. in Lakh	Rs. in Lakh
			As at March 31, 2013	As at March 31, 2012

**I Trade Investments****(At Cost)**

Ordinary shares of each fully paid of ORG Informatics Limited (unquoted)	10	2051275	205.49	205.49
Less: Diminution in Value of Investment (9,41,975 Ordinary Shares pledged)			(123.44)	(22.72)
			<b>82.05</b>	<b>182.77</b>

**II Other Investments****(Unquoted)**

Ordinary shares each fully paid of Co-operative Bank of Baroda Limited	25	1100	0.28	0.28
Ordinary share fully paid of Baroda Industrial Dev. Corp. Ltd	1000	1	0.01	0.01
Ordinary shares each fully paid of Manekchowk Co-op				

Bank Ltd	25	1204	0.30	0.30
"B" class shares of each fully paid of Teknoserv (Jersey) Ltd.	1Pound	73498	36.33	36.33
Ordinary shares of Asence Limited (Rs.445)	US 1 \$	9	-	-
Ordinary shares of each fully paid of Sardar Vallabh bhai Sahkarl Bank Ltd	25	40	<u>0.01</u>	<u>0.01</u>
			<b>36.93</b>	<b>36.93</b>

**III Investments in Equity Shares****In Subsidiaries****Unquoted**

Ordinary shares each paid of Synbiotics Limited (Rs. 100 paid up)	1000	35,000	35.00	35.00
Ordinary shares each fully paid up of Synbiotics Limited. (shares pledged)	1000	80,946	3,804.46	3,804.46
Ordinary shares each fully paid of Sarabhai M Chemicals Ltd.	10	50000	5.00	5.00

Ordinary shares each fully paid of Haryana Containers Limited	10	50,000	8.53	8.53
Non-assessable shares of Asence Inc. paid of Systronics (India) Limited	US\$10	500	2.34	2.34
Ordinary shares each fully paid of Suvik Hitek P Limited	10	11,985,018	1,198.50	1,198.50
Ordinary shares each fully paid of Vovantis Laboratories P Ltd (5,00,000 shares acquired during the year)	100	250,000	1.00	1.00
<b>Total</b>			<u>624.71</u>	<u>574.71</u>
			<u>5,679.54</u>	<u>5,629.54</u>
			<u>5,798.52</u>	<u>5,849.24</u>

<b>a Aggregate amount of quoted investments</b>				
Market value of quoted investments			-	-
Aggregate amount of unquoted investments			5,798.52	5,849.24
Aggregate provision for diminution in value of investments			123.44	22.72
<b>b Disclosure as per AS 13 - Accounting for Investments</b>				
Long Term Investments			5,798.52	5,849.24
Current Investments			-	-
<b>Total</b>			<u>5,798.52</u>	<u>5,849.24</u>

**LOANS AND ADVANCES**

**NOTE 11**

	Long Term		Short Term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Security Deposits	46.98	37.69	-	-
Advance tax paid (Net of Provision of Rs. 3318.98 Lakhs Previous Year Rs. 3363.66)	81.18	18.03	-	-
Loans and Advances:				
To Related Parties				
Considered good	-	-	1724.02	1,823.48

To Employees	-	-	151.09	88.45
Advances recoverable in cash or in kind or for value to be received				
Considered good	-	-	683.33	828.50
Considered doubtful	-	-	383.30	301.53
Less: Provision	-	-	383.30	301.53
Prepaid Expenses	-	-	3.22	4.01
Balances with Government Authorities	-	-	34.97	3.55
CENVAT/Custom Duty Receivable	-	-	-	8.72
<b>Total</b>	<u>128.16</u>	<u>55.72</u>	<u>2,596.63</u>	<u>2,761.71</u>

**OTHER ASSETS**

**NOTE 12**

	Non Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Non Current Bank Balances (Note 15)	266.73	610.11	-	-
Interest Accrued	13.09	14.97	-	-
<b>Total</b>	<u>279.82</u>	<u>625.08</u>	-	-

**INVENTORIES**

**NOTE 13**

	As at March 31, 2013	As at March 31, 2012
	Rs. Lakh	Rs. Lakh
Raw Materials and Packing Materials	40.08	74.96
Stores and Spares	8.08	8.08
Work-in-Progress	25.88	36.27
Finished Goods	10.77	5.62
Stock in Trade	98.69	36.87
<b>Total</b>	<u>183.50</u>	<u>161.80</u>

**a. Details of Inventory**

	As at March 31, 2013	As at March 31, 2012
	Rs. Lakh	Rs. Lakh
Raw Material and Packing Material		
Antibiotics	8.89	15.88
Board and Paper	0.69	1.06
Chemotherapeutic Agents	7.22	32.23
Geletine Capsules	0.52	0.02
Sugar	0.01	0.01
Others	9.29	8.85
Packing Materials	13.46	16.91
<b>Total</b>	<u>40.08</u>	<u>74.96</u>

<b>Work in Progress</b>		
Tablets & Capsules	7.73	23.01
Injections	18.15	13.26
<b>Total</b>	<b>25.88</b>	<b>36.27</b>
<b>Finished Goods</b>		
Injections	--	1.09
Liquid	--	0.92
Tablets & Capsules	10.77	3.61
<b>Total</b>	<b>10.77</b>	<b>5.62</b>
<b>Stock in Trade</b>		
Tablets & Capsules	19.31	12.78
Injections	79.38	24.09
<b>Total</b>	<b>98.69</b>	<b>36.87</b>

<b>TRADE RECEIVABLES</b>		<b>NOTE 14</b>	
(Unsecured, considered good unless otherwise stated)	<b>As at</b>	<b>As at</b>	
	March 31, 2013	March 31, 2012	
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>	
Outstanding for a period exceeding six months from the date they became payable	-	-	
Considered good	127.43	-	
Considered doubtful	409.64	491.41	
Less: Provision for Doubtful Debts	(409.64)	(491.41)	
	-	-	
Others	254.59	359.58	
<b>Total</b>	<b>381.92</b>	<b>359.58</b>	

<b>CASH AND BANK BALANCES</b>		<b>NOTE 15</b>	
	<b>Non Current</b>	<b>Current</b>	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013
			As at March 31, 2012
<b>Cash and Cash Equivalents:</b>			
Cash on Hand	-	-	0.64
Cheques on Hand	-	-	16.00
<b>Balances with Banks</b>			
In Current Accounts	-	-	32.34
	-	-	19.98
	-	-	48.98
	-	-	20.72
<b>Other Bank Balances:</b>			
<b>In Deposits Accounts</b>			
With original maturity more than 3 months but less than 12 months	-	-	25.00
With original maturity more than 12 months	2.13	329.10	-
Held as Margin Money (Under lien with bank as Security for Guarantee Facility)	263.00	279.41	-
Lodged with Sales Tax/Excise Department	1.60	-	10.29
	1.60	-	-
<b>Total</b>	<b>266.73</b>	<b>610.11</b>	<b>35.29</b>
			<b>43.97</b>

<b>Amount disclosed under the head "Other Non Current Assets" (Note 12)</b>			
266.73	610.11	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>84.27</b>
			<b>64.69</b>

<b>REVENUE FROM OPERATIONS</b>		<b>NOTE 16</b>	
	<b>Year Ended</b>	<b>Year Ended</b>	
	March 31, 2013	March 31, 2012	
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>	
<b>Sale of Products</b>			
Finished Goods and Stock-in-Trade	1,715.61	2,211.82	
Less: Excise Duty	49.60	86.50	
	1,666.01	2,125.32	
<b>Sale of Services</b>			
	3.12	3.12	
<b>Total</b>	<b>1,669.13</b>	<b>2,128.44</b>	

<b>a Details of Sales and Services</b>			
	<b>Year Ended</b>	<b>Year Ended</b>	
	March 31, 2013	March 31, 2012	
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>	
<b>Sale of Products (Including Excise Duty)</b>			
Tables/Capsules	692.29	972.36	
Liquid	397.22	365.85	
Injectable	500.03	782.94	
Ointment	29.84	20.64	
Powder	96.06	69.67	
Others	0.17	0.36	
	1,715.61	2,211.82	
<b>Sale of Services</b>			
Income on EDP Charges	3.12	3.12	
	3.12	3.12	
<b>Total</b>	<b>1,718.73</b>	<b>2,214.94</b>	

<b>OTHER INCOME</b>		<b>NOTE 17</b>	
	<b>Year Ended</b>	<b>Year Ended</b>	
	March 31, 2013	March 31, 2012	
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>	
Interest Income	204.95	246.46	
<b>Sundry Credit Balances</b>			
Appropriated (net)	405.32	124.18	
Provision no longer required (net)	1,013.26	102.63	
Profit on sales of Assets (net)	44.15	-	
Miscellaneous Income	115.30	137.13	
Sale of Scrap	35.73	-	
Surplus on transfer of Trade Marks	63.98	-	
<b>Total</b>	<b>1,882.69</b>	<b>610.40</b>	

<b>COST OF MATERIALS CONSUMED</b>		<b>NOTE 18</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Stock at the beginning of the year	74.96	51.51
Purchases	166.50	395.00
	<u>241.46</u>	<u>446.51</u>
Less: Stock at the end of the year	40.08	74.96
<b>Total</b>	<b><u>201.38</u></b>	<b><u>371.55</u></b>

**a. RAW MATERIAL AND PACKING MATERIAL CONSUMED**

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Antibiotics	19.54	37.87
Board and Paper	1.19	2.33
Chemotherapeutic Agents	89.83	228.23
Geletine Capsules	3.73	3.17
Sugar	1.53	1.04
Anti Cancer	21.22	14.26
Others	18.02	8.87
Packing Materials	46.32	75.78
<b>Total</b>	<b><u>201.38</u></b>	<b><u>371.55</u></b>

**b Value of Imported and Indigenous materials consumed**

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Raw Materials and Packing Materials		
Imported	89.83	228.23
	44.61%	61.43%
Indigenous	111.55	143.32
	55.39%	38.57%
<b>Total</b>	<b><u>201.38</u></b>	<b><u>371.55</u></b>

<b>PURCHASE OF STOCK IN TRADE</b>		<b>NOTE 19</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Drug and Pharmaceuticals formulations		
1. Injectable	257.69	390.64
2. Liquid	355.10	326.55
3. Ointments	28.15	19.47
4. Powders	48.32	65.72
5. Tablets & Capsules	415.35	609.69
<b>Total</b>	<b><u>1,104.61</u></b>	<b><u>1,412.07</u></b>

<b>CHARGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		<b>NOTE 20</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
(Increase) in stocks		
Stock at the end of the year		
Finished Goods	10.77	5.62
Stock-in-trade	98.69	36.87
Work-in-Progress	25.88	36.27
	<u>135.34</u>	<u>78.76</u>

Stock at the beginning of the year		
Finished Goods	5.62	4.63
Stock-in-trade	36.87	22.10
Work-in-Progress	36.27	-
	<u>78.76</u>	<u>26.73</u>
<b>(Increase) In stocks</b>	<b><u>(56.58)</u></b>	<b><u>(52.03)</u></b>

<b>EMPLOYEE BENEFITS EXPENSE</b>		<b>NOTE 21</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Salaries and Wages	1,213.30	1,067.34
Contribution to Provident Fund and Other Funds	107.97	93.11
Staff Welfare Expenses	58.97	57.27
	<u>1,380.24</u>	<u>1,217.72</u>
Directors' Remuneration	31.32	38.87
<b>Total</b>	<b><u>1,411.56</u></b>	<b><u>1,256.59</u></b>

<b>FINANCE COST</b>		<b>NOTE 22</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Interest		
Others	507.73	720.31
Other Borrowing Costs	167.67	121.75
<b>Total</b>	<b><u>675.40</u></b>	<b><u>842.06</u></b>

<b>DEPRECIATION EXPENSE</b>		<b>NOTE 23</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Depreciation of Tangible Assets	157.17	161.01
Less: Transfer from Capital Reserve (Note 2a)	19.52	21.37
Depreciation of Tangible Assets (Net)	137.65	139.64
Amortisation / Impairment of Intangible Assets	1,109.92	-
<b>Total</b>	<b><u>1,247.57</u></b>	<b><u>139.64</u></b>

**OTHER EXPENSES**

	NOTE 24	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Power and fuel	24.14	25.52
Insurance	1.89	2.60
Rent	6.99	4.22
Rates and taxes	36.90	37.92
Repairs:		
To Buildings	9.38	2.25
To Machineries ( Note a )	0.38	3.14
To others	5.34	2.54
Factory Over Heads	76.13	93.97
Selling Commission	14.78	10.13
Wholesalers' /		
Distributors Discount	1.80	1.40
Selling Expenses	45.77	17.01
Distribution Expenses	12.80	7.22
Loss on sales of Assets ( net)	-	0.23
Directors' Fees	0.63	1.53
Liquidated Damages	5.94	22.76
Excise Duty - others	0.10	0.12
Legal Charges	154.29	56.46
Travelling Expenses	75.56	44.72
Diminution of value of		
Investment	100.72	-
Bank Charges	0.59	1.58
Payments to the auditor as		
(a) Auditor	5.62	5.62
(b) For tax audit matters	-	7.35
(c) For Other Certification work	4.03	4.72
(d) For reimbursement of expenses	1.82	1.52
Miscellaneous Expenses	103.88	197.99
<b>Total</b>	<b>689.48</b>	<b>552.52</b>

**SPARE PARTS**

	NOTE 24-A	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Imported	-	-
Indigenous	0.38	3.14
	100.00%	100.00%
<b>Total</b>	<b>0.38</b>	<b>3.14</b>

**EXTRAORDINARY ITEM**

	NOTE 25	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Profit on Sale of Land	-	1,118.97
<b>Total</b>	<b>-</b>	<b>1,118.97</b>

**EARNING PER SHARE (EPS)**

	NOTE 26	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Calculation of EPS (Basic & Diluted)		
Profit/ (Loss ) available to Equity Shareholder before Extra Ordinary Item	(1,721.60)	(1,783.56)
Profit/ (Loss ) available to Equity Shareholder after Extra Ordinary Item	(1,721.60)	(664.59)
Weighted average no. of Equity Shares for Basic and Diluted EPS	76,633,296	76,633,296
Nominal value of Equity Shares Basic and Diluted	10	10
Earning per Equity Share before Extra Ordinary Item Basic and Diluted	(2.25)	(2.33)
Earning per Equity Share after Extra Ordinary Item (A) Reconciliation of the profit/(Loss) for the year, used for calculating Earning per Share	(2.25)	(0.87)
Profit/ ( Loss ) for the year before	(1,721.60)	(1,783.56)
Extra Ordinary Items		
Net Extra Ordinary Income	-	1,118.97
Profit/ ( Loss ) available to Equity Shareholder after Extra Ordinary Items	(1,721.60)	(664.59)

COST OF MATERIALS CONSUMED	NOTE 18	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Stock at the beginning of the year	74.96	51.51
Purchases	166.50	395.00
	<u>241.46</u>	<u>446.51</u>
Less: Stock at the end of the year	40.08	74.96
<b>Total</b>	<b><u>201.38</u></b>	<b><u>371.55</u></b>

**a. RAW MATERIAL AND PACKING MATERIAL CONSUMED**

	NOTE 18	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Antibiotics	19.54	37.87
Board and Paper	1.19	2.33
Chemotherapeutic Agents	89.83	228.23
Geletine Capsules	3.73	3.17
Sugar	1.53	1.04
Anti Cancer	21.22	14.26
Others	18.02	8.87
Packing Materials	46.32	75.78
<b>Total</b>	<b><u>201.38</u></b>	<b><u>371.55</u></b>

**b Value of Imported and Indigenous materials consumed**

	NOTE 18	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Raw Materials and Packing Materials		
Imported	89.83	228.23
	44.61%	61.43%
Indigenous	111.55	143.32
	55.39%	38.57%
<b>Total</b>	<b><u>201.38</u></b>	<b><u>371.55</u></b>

PURCHASE OF STOCK IN TRADE	NOTE 19	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh

Drug and Pharmaceuticals formulations		
1. Injectable	257.69	390.64
2. Liquid	355.10	326.55
3. Ointments	28.15	19.47
4. Powders	48.32	65.72
5. Tablets & Capsules	415.35	609.69
<b>Total</b>	<b><u>1,104.61</u></b>	<b><u>1,412.07</u></b>

**CHARGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

	NOTE 20	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
(Increase) in stocks		
Stock at the end of the year		
Finished Goods	10.77	5.62
Stock-in-trade	98.69	36.87
Work-in-Progress	<u>25.88</u>	<u>36.27</u>
	135.34	78.76
Stock at the beginning of the year		
Finished Goods	5.62	4.63
Stock-in-trade	36.87	22.10
Work-in-Progress	<u>36.27</u>	<u>-</u>
	78.76	26.73
(Increase) in stocks	<u>(56.58)</u>	<u>(52.03)</u>

**EMPLOYEE BENEFITS EXPENSE**

	NOTE 21	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Salaries and Wages	1,213.30	1,067.34
Contribution to Provident Fund and Other Funds	107.97	93.11
Staff Welfare Expenses	58.97	57.27
	1,380.24	1,217.72
Directors' Remuneration	31.32	38.87
<b>Total</b>	<b><u>1,411.56</u></b>	<b><u>1,256.59</u></b>

**FINANCE COST**

	NOTE 22	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Interest		
Others	507.73	720.31
Other Borrowing Costs	167.67	121.75
<b>Total</b>	<b><u>675.40</u></b>	<b><u>842.06</u></b>

**DEPRECIATION EXPENSE**

	NOTE 23	
	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Depreciation of Tangible Assets	157.17	161.01
Less: Transfer from Capital Reserve (Note 2a)	<u>19.52</u>	<u>21.37</u>
Depreciation of Tangible Assets (Net)	137.65	139.64
Amortisation / Impairment of Intangible Assets	1,109.92	-
<b>Total</b>	<b><u>1,247.57</u></b>	<b><u>139.64</u></b>

**OTHER EXPENSES**

	<b>NOTE 24</b>	
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
<b>Power and fuel</b>	<b>24.14</b>	25.52
Insurance	1.89	2.60
Rent	6.99	4.22
Rates and taxes	36.90	37.92
Repairs:		
To Buildings	9.38	2.25
To Machineries ( Note a )	0.38	3.14
To others	5.34	2.54
Factory Over Heads	76.13	93.97
Selling Commission	14.78	10.13
Wholesalers' /		
Distributors Discount	1.80	1.40
Selling Expenses	45.77	17.01
Distribution Expenses	12.80	7.22
Loss on sales of Assets ( net)	-	0.23
Directors' Fees	0.63	1.53
Liquidated Damages	5.94	22.76
Excise Duty - others	0.10	0.12
Legal Charges	154.29	56.46
Travelling Expenses	75.56	44.72
Diminution of value of		
Investment	100.72	-
Bank Charges	0.59	1.58
Payments to the auditor as		
(a) Auditor	5.62	5.62
(b) For tax audit matters	-	7.35
(c) For Other Certification work	4.03	4.72
(d) For reimbursement of expenses	1.82	1.52
Miscellaneous Expenses	103.88	197.99
<b>Total</b>	<b>689.48</b>	<b>552.52</b>

**SPARE PARTS**

	<b>NOTE 24-A</b>	
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Imported	-	-
Indigenous	0.38	3.14
	100.00%	100.00%
<b>Total</b>	<b>0.38</b>	<b>3.14</b>

**EXTRAORDINARY ITEM**

	<b>NOTE 25</b>	
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Profit on Sale of Land	-	1,118.97
<b>Total</b>	<b>-</b>	<b>1,118.97</b>

**EARNING PER SHARE (EPS)**

	<b>NOTE 26</b>	
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Rs. Lakh</b>	<b>Rs. Lakh</b>
Calculation of EPS (Basic & Diluted)		
Profit/ (Loss ) available to Equity Shareholder before Extra Ordinary Item	(1,721.60)	(1,783.56)
Profit/ (Loss ) available to Equity Shareholder after Extra Ordinary Item	(1,721.60)	(664.59)
Weighted average no. of Equity Shares for	76,633,296	76,633,296
Basic and Diluted EPS		
Nominal value of Equity Shares	10	10
Basic and Diluted		
Earning per Equity Share before Extra Ordinary Item	(2.25)	(2.33)
Basic and Diluted		
Earning per Equity Share after Extra Ordinary Item	(2.25)	(0.87)
(A) Reconciliation of the profit/(Loss) for the year, used for calculating Earning per Share		
Profit/ ( Loss ) for the year before	(1,721.60)	(1,783.56)
Extra Ordinary Items		
Net Extra Ordinary Income	-	1,118.97
Profit/ ( Loss ) available to Equity Shareholder after Extra Ordinary Items	(1,721.60)	(664.59)

**NOTE 27****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 values 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 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 contribution 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 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 for the year under review.

2 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.

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

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
(i) Disputed demand of Customs and Excise		
(a) Customs and Excise	133.82	62.98
(b) Sales Tax	18.90	18.90
(c) Income Tax	2,624.93	3,514.42
(ii) Claims not acknowledged as debt	39,296.28	39,331.88
(iii) Claims by Government for payment into DPEA	39.25	39.25
(iv) Guarantee given by banks on behalf of the Company	262.29	292.59
(v) Guarantee given by company on behalf of other Companies	1,446.65	1104.69
	<b>43,822.12</b>	<b>44364.71</b>

3b 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 Debts Recovery Tribunal. The Company has accordingly given the guarantee.

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 invoking the guarantee dated 16.12.2003 on behalf of Bank of Baroda the notice is received 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 at various legal forum.

#### 4 Capital and Other Commitments

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Contracts on Capital Account remaining to be executed	-	-
Other Commitments	-	-

#### 5. Employee benefits AS-15(Revised)

##### (i) Define benefit Plans – As per Actuarial Valuation as on 31.03.13

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
I Expense recognized in the Statement of Profit & Loss for the year ended		
1. Current Service Cost	21.29	30.86
2. Interest Cost	74.65	75.40
3. Expected Return on plan Assets	-	-
4. Past Service cost (Non vested Benefit) Recognized	-	-
5. Past Service cost (Vested Benefit) Recognized	-	-
6. Acuarial (Gain) / Loss	69.77	8.78
7. Total Expenses	165.71	115.04

##### II Amount recognized in the Balance Sheet as on

1. Liability at the end of the year	858.45	878.19
2. Fair Value of Plan Assets	-	-
3. Amount recognized in the Balance Sheet under "Provision for Gratuity"	(858.45)	(878.19)

#### III Change in Obligation during The year ended

1. Liability at the beginning of the year	878.19	935.37
2. Interest Cost	74.65	75.40
3. Current Service Cost	21.29	30.86
4. Benefit paid	(185.45)	(172.22)
5. Acuarial (Gain) / Loss obligation	69.77	8.78
6. Liability at the end of the year	858.45	878.19

#### IV Change in Fair value of Plan Assets during the year ended

1. Fair value of plan Assets at the beginning of the year	-	-
2. Expected return of plan Assets	-	-
3. Contribution by Employer	185.45	172.22
4. Actual Benefit paid	(185.45)	(172.22)
5. Acuarial Gain / (Loss) of plan Assets	-	-
6. Fair value of plan Assets at the end of the year	-	-
7. Acuarial Gain / (Loss) to be recognized	(69.77)	(8.78)

#### V Balance Sheet Reconciliation

1. Opening Net Liability	878.19	935.37
2. Expenses Recognized in the statement of profit & Loss	165.71	115.04
3. Employer's Contribution	(185.45)	(172.22)
4. Amount Recognized in the Balance Sheet	858.45	878.19

#### (II) Actuarial Assumption:

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

**6. 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	Subsidiary of Subsidiary Company
Sarabhai M Chemicals Ltd	Subsidiary Company
Systronics (1) Ltd	Subsidiary Company
Suvik Hitek Pvt. Ltd	Subsidiary Company
Senaru Formulations Pvt. Ltd	Subsidiary of Subsidiary Company
Vovantis Lab. Pvt. Ltd	Joint Venture Company

**(B) Key Management Personnel:**

Name of the related party	Nature of relationship
Mr. Kartikeya V. Sarabhai	Chairman
Mr. A.H. Parekh	Whole time Director
Ms Chaula Shastri	Whole time Director (From 16.10.2012)

**Note:**

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

**2 Related Party Transactions:**

Rs. in Lakh

	Related Parties		Related Parties		Key Management Personnel	
	(1A) above				(1B) above	
	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>EXPENSES</b>						
Purchase of Goods/Services	24.57	47.32	2.21	2.08		
Purchase of Fixed Assets			85.00	-		
Processing Charges	0.09	0.35	-	-		
Interest paid	-	-	2.07	-		
<b>INCOME</b>						
Recovery of salaries etc. of seconded employees	14.50	10.20	28.47	27.34		
Sales of Goods	76.12	75.15	-	1.00		
Sales of Assets	1.47	-	2.10	-		
Royalty	6.02	2.25				
Recovery of share in cost of various utilities and expenditures etc.	110.44	103.47	4.04	6.03		
Remuneration to key management personnel					31.32	38.87
Interest received	166.13	191.03	-	-		
Sale of Trade Mark / Brands	63.98	-				
Investment	50.00	248.07	-	-		
Receivable in respect of Current Assets	1,724.02	1,779.03	1,724.01	71.82		
Loans	-	-	-	-		
Payable in respect of Current Liabilities	6.59	28.16	12.45	-	13.03	7.66

**7. Information pursuant in respect of goods manufactured****A. Class of goods manufactured**

	Unit	Licensed capacity	Installed capacity (Note 4)	Opening stock Qty.	Production Qty. (Note 1)	Closing stock Qty.	Turnover Qty. (Note 2)	Rs. Lakh
<b>I. Drug and Pharmaceuticals:</b>								
<b>a) Bulk Drugs and Intermediates</b>								
1. Vitamin C	MT	1000 (1000)	600 (600)	-- (-)	-- (-)	-- (-)	-- (-)	- (-)
<b>b) Formulation:</b>								
1. Injectables:	M.Vials	-	-	-- (-)	2.955 (5.484)	-- (-)	2.955 (5.484)	192.28 (327.66)
2. Liquid	KL	-	-	410.00 (-)	8405.00 (8,910.00)	- (410.00)	8815.00 (8,500.00)	20.81 (20.09)
3. Ointments	MT	-	-	-- (-)	-- (-)	- (-)	- (-)	- (-)
4. Powders	MT	-	-	-- (-)	0.640 (-)	- (-)	0.640 (-)	44.84 (-)
5. Tablet and Capsules	M.Nos	-	-	-- (-)	7.565 (12.128)	0.782 (-)	7.045 (12.128)	191.68 (185.41)
<b>II. Others</b>								
								0.17 (0.36)
								449.78 (533.52)

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		Closing Stock		Turnover	
		Qty.	Rs.Lakh	Qty.	Rs. Lakh	Qty.	Rs. Lakh	Qty.	Rs. Lakh
<b>I. Drug and Pharmaceutical</b>									
<b>a) Formulations</b>									
1. Injectable	Th.Nos	23.00 (3.30)	24.09 (16.10)	1,581.00 (5,540.28)	257.69 (390.64)	38.00 (23.00)	79.38 (24.09)	1,566.00 (5,520.58)	307.75 (455.28)
2. Liquid	KL	- (-)	- (-)	404.31 (398.740)	355.10 (326.55)	- (-)	- (-)	404.31 (437.740)	376.41 (345.76)
3. Ointments	MT	- (-)	- (-)	5.85 (5.710)	28.15 (19.47)	- (-)	- (-)	8.86 (5.710)	29.84 (20.64)
4. Powders	MT	- (-)	- (-)	44.22 (59.10)	48.32 (65.72)	- (-)	- (-)	44.22 (59.10)	51.22 (69.67)
5. Tablets & Capsules	Th.Nos	316 (389)	16.38 (7.56)	113,963.00 (35,240.32)	415.35 (609.69)	195.00 (316.00)	19.31 (16.38)	114,084.00 (353,313.32)	500.61 (786.95)
<b>iii. Others</b>									
		- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
					1,104.61 (1,412.07)				1,265.83 (1,678.30)

**C. Raw Materials Consumed. @**

	Unit	2012-13		2011-12	
		Quantity	Rs.Lakh	Quantity	Rs.Lakh
Antibiotics	KG	5	19.54	9	37.87
Board and Paper	MT	5	1.19	--	2.33
Chemotherapeutic Agents	KG	464	89.83	1,453	228.23
Geletin Capsules	TH	4000	3.73	4500	3.17
Suger	KG	5196	1.53	3.43	1.04
Anti Cancer	KG	1500	21.22	1000	14.26
Others			18.02		8.87
Packing Materials			46.32		75.78
			<b>201.38</b>		<b>371.55</b>

@Includes captive consumption.

**8 CIF Value of Imports**

	Year Ended March 31, 2013 Rs. Lakh	Year Ended March 31, 2012 Rs. Lakh
Raw Materials	55.20	202.61

**9 Expenditure in Foreign Currency**

	Year Ended March 31, 2013 Rs. Lakh	Year Ended March 31, 2012 Rs. Lakh
Others	1.53	0.66

**10 Earing in Foreign Currencies**

	Year Ended March 31, 2013 Rs. Lakh	Year Ended March 31, 2012 Rs. Lakh
FOB Value of Exports	-	-
Commission	-	-

11 Previous year's figures have been regrouped to make them comparable with those of the current year.

As per our report of even date attached

**For Sorab S Engineer & Co.**

Firm Registration No 110417 W

Chartered Accountants

**CA. Chokshi Shreyas B.**

Partner

Membership No. 100892

Date : 31-05-2013

Place : Ahmedabad

Kartikeya V. Sarabhai

Chairman

A. H. Parekh

Director

Ketan Adhvaryu

Company Secretary

Date : 31-05-2013

Place : Ahmedabad

**Cash Flow Statement**

	March 31, 2013 Rs. Lakh	March 31, 2012 Rs. Lakh
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss Before taxation	(1,721.60)	(664.59)
Adjustments for:		
Depreciation /Amortization	1,247.57	139.64
Interest Income	(204.95)	(246.46)
Interest Expenses	675.40	842.06
Provision for Diminution in value of Investments	100.72	-
Sundry Credit Balances Appropriated	(405.32)	(124.18)
Provision written Back	(1,013.26)	-
(Profit)/Loss on Sale of Tangible/Intangible assets	(44.15)	0.23
Extra Ordinary Item	-	(1,118.97)
	<u>356.01</u>	<u>(507.68)</u>
<b>Operating Profit before Working Capital Changes</b>	<b>(1,365.59)</b>	<b>(1,172.27)</b>
Working Capital Changes:		
Changes in Inventories	(21.70)	(73.78)
Changes in trade payables	(1,244.42)	(814.30)
Changes in other current liabilities	2,135.21	279.79
Changes in provisions	(27.11)	(75.07)
Changes in loans and advances	155.79	704.10
Changes in trade receivables	(22.34)	1,167.25
Changes in Other Bank Balances	352.06	(4.75)
<b>Net Changes in Working Capital</b>	<u>1,327.49</u>	<u>1,183.24</u>
<b>Cash Generated from Operations</b>	<b>(38.10)</b>	<b>10.97</b>
Direct Taxes paid (Net of Income Tax refund)	(63.15)	(884.36)
<b>B. Net Cash Flow from Operating Activities</b>	<b>(101.25)</b>	<b>(873.39)</b>
Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	(85.16)	(1.39)
Sale of tangible assets	57.61	0.02
Change in Long Term Investments	(50.00)	(155.57)
Interest Income	206.83	247.00
Net cash flow before Extra Ordinary Item	129.28	90.06
Proceeds from Sale of Investment in Joint Venture (Extra ordinary Items)	-	1,211.05
<b>Net cash flow from Investing Activities</b>	<b>129.28</b>	<b>1,301.11</b>
<b>C. Cash Flow from Financing Activities</b>		
Changes in short term borrowings	675.76	365.14
Interest Paid	(675.53)	(842.06)
<b>Net Cash flow from Financing Activities</b>	<u>0.23</u>	<u>(476.92)</u>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>28.26</b>	<b>(49.20)</b>
Cash & Cash equivalents at the beginning of the period	20.72	69.92
Cash & Cash equivalents at the end of the period	48.98	20.72
<b>a Cash and cash equivalents comprise of: (Note 15)</b>		
Cash on Hand	16.64	0.74
Balances with Banks	32.34	19.98
<b>Total</b>	<b>48.98</b>	<b>20.72</b>

As per our report of even date attached

**For Sorab S Engineer & Co.**

Firm Registration No 110417 W

Chartered Accountants

**CA. Chokshi Shreyas B.**

Partner

Membership No. 100892

Date : 31-05-2013

Place : Ahmedabad

Kartikeya V. Sarabhai

Chairman

A. H. Parekh

Director

Ketan Advharyu

Company Secretary

Date : 31-05-2013

Place : Ahmedabad

## Statement pursuant to Section 212 of the Companies Act, 1956

Name of subsidiary	Haryana Containers Limited	Synbiotics Limited	Aserene Inc. USA	Sarabhai M. Chemicals Ltd.	Aserene Pharma P. Ltd.	Vovantis Laboratories P. Ltd.	Systronics (India) Ltd.	Suvik Hitek P. Ltd.	Senaru Formulation Pvt. Ltd.
Financial year of the subsidiary ended on	31.03.2013	31.03.2013	31.12.2012	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
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%	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	Nil
(ii) Not dealt with in the accounts of Ambalal Sarabhai Enterprises Limited									
(a) For the subsidiary's financial year Rs. Lakh	(0.20)	(220.37)	(7.68)	(0.22)	104.84	(86.12)	31.30	(56.88)	(2.71)
(b) For the previous financial year(s) of the subsidiary since it became subsidiary of the Company. Rs. Lakh	(2.39)	(757.92)	5.25	(1.66)	580.74	(290.52)	32.79	(393.71)	-
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	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	NA

Kartikoya V. Sarabhai  
Chairman  
A. H. Parekh  
Director  
Ketan Advharyu  
Company Secretary

Date : 31-05-2013  
Place : Ahmedabad

**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors of Ambalal Sarabhai Enterprises Limited**

We have audited the accompanying consolidated financial statements of Ambalal Sarabhai Enterprises Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Basis for Qualified Opinion**

The Company has not provided for doubtful debts of Rs. 122.52 Lacs and doubtful advance of Rs. 10.17 Lacs.

Accordingly, expenses would have been increased by Rs. 132.69 Lacs and net loss and shareholders' funds would have been reduced to that extent.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis for Qualified Opinion Paragraph and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matter**

Financial Statement of a foreign subsidiary in USA have been compiled and certified by Mark R Weksler & Company, Certified Public Accountant for the year ended on 31st December, 2012. This report has been furnished to us. They have reported that: "We have not audited or reviewed the accompanying financial statement and accordingly, do not express an opinion or any other form of assurance on them." We are informed that audit is not necessary under USA Law considering the size of the Company. These financial statements reflect total assets of Rs. 94.92 Lacs as at 31st December, 2012 and total revenue of Rs 135.83 Lacs for the year ended on that date.

We did not audit the financial statements of a joint venture entities entity whose financial statements reflect (before giving effect to the consolidation adjustments) total assets of Rs. 727.14 Lacs as at 31st March 2013 and total revenue of Rs. 470.11 Lacs for the year then ended which were prepared by the management. The same has been considered for the purpose of consolidation and accepted as correct by us. Any adjustment to their balances on completion of audit could have consequential effect on the attached Consolidated Financial Statements.

Our opinion is not qualified in respect of these matters.

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

**C.A. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Date : 23-08-2013  
Place : Ahmedabad

## Consolidated Balance Sheet

	Note	As at March 31, 2013 Rs. Lakh	As at March 31, 2012 Rs. Lakh
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	1	7,663.33	7,663.33
Reserves and Surplus	2	(5,869.39)	(4,017.63)
<b>Non-current liabilities</b>			
Long Term Borrowings	3	408.93	325.24
Deferred Tax Liabilities (Net)	4	72.03	42.79
Long Term Provisions	5	1,232.79	1,230.50
<b>Current liabilities</b>			
Short Term Borrowings	6	3,344.75	2,454.94
Trade Payables	7	2,113.16	3,330.66
Other Current Liabilities	8	7,361.42	6,572.91
Short Term Provisions	5	365.04	386.41
<b>Total</b>		<b><u>16,692.06</u></b>	<b><u>17,989.15</u></b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible Assets	9	6,154.95	6,388.11
Intangible Assets	10	3,684.51	4,733.17
Capital Work-in-progress		10.09	11.74
Non-current Investments	11	129.59	229.31
Long Term Loans and Advances	12	291.83	261.30
Other Non-current Assets	13	285.22	648.41
<b>Current assets</b>			
Inventories	14	1,371.72	1,218.86
Trade Receivables	15	2,793.95	2,191.44
Cash and Bank Balances	16	715.50	945.80
Short Term Loans and Advances	12	1,184.12	1,302.67
Other Current Assets	13	70.58	58.34
<b>Total</b>		<b><u>16,692.06</u></b>	<b><u>17,989.15</u></b>

Notes to Accounts & Significant Accounting policies<sup>27</sup>

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

**For Sorab S Engineer & Co.**

Firm Registration No 110417 W

Chartered Accountants

**CA. Chokshi Shreyas B.**

Partner

Membership No. 100892

Date : 23-08-2013

Place : Ahmedabad

Kartikeya V. Sarabhai

Chairman

A. H. Parekh

Director

Ketan Adhvaryu

Company Secretary

Date : 23-08-2013

Place : Ahmedabad

**Consolidated Statement of Profit & Loss**

2013

	Note	March 31, 2013 Rs. Lakh	March 31, 2012 Rs. Lakh
Revenue from operations (Gross)	17	10,276.97	9,137.03
Less : Excise Duty		<u>252.50</u>	<u>238.60</u>
Revenue from operations (Net)		10,024.47	8,898.43
Other Income	18	<u>1,641.35</u>	<u>407.56</u>
<b>Total Revenue</b>		<b>11,665.82</b>	<b>9,305.99</b>
<b>Expenses:</b>			
Cost of materials and accessories consumed	19	1,446.38	839.56
Purchases of Stock in Trade	-	4,170.30	4,500.63
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(199.19)	(183.66)
Employee benefits expense	21	3,059.41	2,725.10
Finance costs	22	852.49	968.80
Depreciation, Amortization and Impairment expense	23	1,402.30	290.19
Other expenses	24	<u>2,583.84</u>	<u>2,251.74</u>
<b>Total Expenses</b>		<b>13,315.53</b>	<b>11,392.36</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>(1,649.71)</b>	<b>(2,086.37)</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>(1,649.71)</b>	<b>(2,086.37)</b>
Extraordinary Items	25	-	1,118.97
<b>Profit/(Loss) before tax and after extraordinary items</b>		<b>(1,649.71)</b>	<b>(967.40)</b>
<b>Tax expense:</b>			
Current Tax		118.46	78.04
Deferred Tax		<u>29.24</u>	<u>23.54</u>
<b>Profit/(Loss) after Tax</b>		<b>(1,797.41)</b>	<b>(1,068.98)</b>
Short Provision for Taxation of earlier years		<u>34.83</u>	<u>2.19</u>
<b>Profit/(Loss) for the year</b>		<b>(1,832.24)</b>	<b>(1,071.17)</b>
<b>Earnings per equity share</b>	26		
(Nominal Value per Share Rs. 10/- (Previous year Rs. 10/-):			
Before Extraordinary Items			
Basic and Diluted		(2.39)	(2.86)
After Extraordinary Items			
Basic and Diluted		(2.39)	(1.40)
Notes to Accounts & Significant Accounting policies	27		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

**For Sorab S Engineer & Co.**

Firm Registration No 110417 W

Chartered Accountants

**CA. Chokshi Shreyas B.**

Partner

Membership No. 100892

Date : 23-08-2013

Place : Ahmedabad

Kartikeya V. Sarabhai

Chairman

A. H. Parekh

Director

Ketan Adhvaryu

Company Secretary

Date : 23-08-2013

Place : Ahmedabad

**SHARE CAPITAL**

	NOTE 1	
	As at March 31, 2013 Rs. Lakh	As at March 31, 2012 Rs. Lakh
<b>Authorised</b>		
<b>Equity Shares</b>		
95000000 Shares (Previous Year 95000000)	9,500.00	9,500.00
Par Value of Rs. 10/- per share	<u>9,500.00</u>	<u>9,500.00</u>
<b>Issued</b>		
<b>Equity Shares</b>		
76633296 Shares (Previous Year 76633296)	7,663.33	7,663.33
Par Value of Rs. 10/- per share	<u>7,663.33</u>	<u>7,663.33</u>
<b>Subscribed and fully paid up</b>		
<b>Equity Shares</b>		
76633296 Shares (Previous Year 76633296)	7,663.33	7,663.33
Par Value of Rs. 10/- per share fully paid up	<u>7,663.33</u>	<u>7,663.33</u>
<b>Total</b>	<u>7,663.33</u>	<u>7,663.33</u>

**(a) Reconciliation of Number of Equity Shares**

	As at		As at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	No. of Share	Rs. Lakh	No. of Share	Rs. Lakh
Balance at the beginning of the year	76,633,296	7,663.33	76,633,296	7,663.33
<b>Balance at the end of the year</b>	<u>76,633,296</u>	<u>7,663.33</u>	<u>76,633,296</u>	<u>7,663.33</u>

**(b) Rights, Preferences and Restrictions attached to Shares****Equity Shares:**

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Details of Shares held by Shareholders holding more than 5% of the aggregate shares in the Company**

	As at		As at	
	March 31, 2013 Rs. Lakh	March 31, 2012 Rs. Lakh	March 31, 2013 Rs. Lakh	March 31, 2012 Rs. Lakh
a. Sarabhai Holdings Pvt. Ltd.	1,93,03,972	1,93,03,972	25.19%	25.19%
% of Share holding				
b. Navtech Farm Products Pvt. Ltd.	--	41,96,167	--	5.48%
% of Share holding				
c. Caplin Vuniyog Pvt. Ltd.	42,22,789	42,22,789	5.51%	5.51%
% of Share holding				

**RESERVES AND SURPLUS**

	NOTE 2	
	As at March 31, 2013 Rs. Lakh	As at March 31, 2012 Rs. Lakh
<b>Capital Reserve</b>		
Balance as per last financial statements	550.86	577.10
Less: Transfer to General Reserve	--	4.87
Less Transfer to statement of Profit & Loss (Note a)	19.52	21.37
<b>Balance at the end of the year</b>	<b>531.34</b>	<b>550.86</b>
<b>General Reserve</b>		
Balance as per last financial statements	5,121.77	5116.90
Add: Amount transferred from Capital Reserve	--	4.87
<b>Balance at the end of the year</b>	<b>5,121.77</b>	<b>5121.77</b>
<b>Securities Premium Account</b>		
Balance as per last financial statements	1,060.92	1,060.92
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	(10,751.18)	(9,680.01)
Add: Profit/ (Loss) for the year	(1,832.24)	(1071.17)
<b>Balance at the end of the year</b>	<b>(12,583.42)</b>	<b>(10,751.18)</b>
<b>Total</b>	<u><b>(5,869.39)</b></u>	<u><b>(4,017.63)</b></u>

	As at	
	March 31, 2013 Rs. Lakh	March 31, 2012 Rs. Lakh
(a) Transfer from Capital Reserve to Statement of Profit and Loss represents the difference between depreciation charged on "revalued amount" on Assets and depreciation calculated on "historical cost" of assets.	19.52	21.37

**LONG TERM BORROWINGS** **NOTE 3**

	Non- Current portion		Current Maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Secured:				
Term Loans :				
From Bank	408.93	325.24	134.21	157.72
From Others	-	-	3.77	3.02
Unsecured:				
From Others	-	-	5.40	5.08
<b>Total</b>	<b>408.93</b>	<b>325.24</b>	<b>143.38</b>	<b>165.82</b>
Amount disclosed under the head "Other Current Liabilities"				
(Note 8)	-	-	143.38	165.82
<b>Total</b>	<b>408.93</b>	<b>325.24</b>	<b>-</b>	<b>-</b>

**DEFERRED TAX LIABILITIES ( NET )** **NOTE 4**

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Deferred Tax Liability		
Depreciation	83.05	50.02
Deferred Tax Asset		
Disallowance u/s 43B	(11.02)	(7.23)
<b>Total</b>	<b>72.03</b>	<b>42.79</b>

Note:-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 for the year under review.

**PROVISIONS** **NOTE 5**

	Long Term		Short Term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for				
Accrued Gratuity				
Liabilities	1,004.23	1,011.91	287.21	308.83
Provision for				
Accrued Leave				
Liabilities	228.56	218.59	77.15	76.90
Provision for				
Wealth tax	-	-	0.68	0.68
<b>Total</b>	<b>1,232.79</b>	<b>1,230.50</b>	<b>365.04</b>	<b>386.41</b>

**SHORT TERM BORROWINGS** **NOTE 6**

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Secured:		
Working Capital Loans repayable on demand from Banks	612.72	483.73
Foreign Bill purchased	96.09	16.44
From Others	969.23	867.58
	<b>1,678.04</b>	<b>1,373.75</b>
Unsecured:		
From Others	1,666.71	1,081.19
	<b>1,666.71</b>	<b>1,081.19</b>
<b>Total</b>	<b>3,344.75</b>	<b>2,454.94</b>

**TRADE PAYABLES** **NOTE 7**

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Creditors in respect of		
Goods and Services (Note a)	2,113.16	3,330.66
<b>Total</b>	<b>2,113.16</b>	<b>3,330.66</b>

a The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 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; and
- Interest accrued and unpaid at the end of the accounting year have not been given.

The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said Act.

**OTHER CURRENT LIABILITIES** **NOTE 8**

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Current maturities of		
long-term borrowings (Note 3)	143.38	165.82
Interest accrued but not		
due on borrowings	2.95	3.08
Income received in advance	6.38	4.37
Advances from Customers	44.83	45.78
Statutory dues	2,106.05	1,893.49
Due to Director	13.03	7.66
Security Deposits	159.86	246.30
Payable to employees	1,785.86	1,379.40
Book Overdraft	0.05	0.05
Others	3,099.03	2,826.96
<b>Total</b>	<b>7,361.42</b>	<b>6,572.91</b>

**Tangible Assets****NOTE 9****Rs. Lakh**

Asset	Gross Block					Depreciation					Net Block	
	As on 01.04.12	Adjust- ment consolidation	Addi- ons	Deduc- tions	As on 31.03.13	As on 01.04.12	Adjust- ment consolidation	for the year	Deduc- tion	As on 31.03.13	As on 31.03.13	As on 31.03.12
Leasehold Land	18.23	-	-	-	18.23	0.50	-	0.33	-	0.83	17.40	17.73
Own Assets												
Freehold Land	2,266.35	-	-	-	2,266.35	-	-	-	-	-	2,266.35	2,266.35
Building	1,981.07	-	0.96	56.59	1,925.44	623.72	-	66.94	44.04	646.62	1,278.82	1,357.35
Plant and Machinery	5,990.25	0.16	63.42	233.22	5,820.61	3,398.71	0.12	223.40	232.25	3,389.98	2,430.63	2,591.54
Furniture and Fixtures	480.62	0.02	3.74	-	484.38	366.58	0.02	14.32	-	380.92	103.46	114.04
Library	0.10	-	-	-	0.10	0.09	-	-	-	0.09	0.01	0.01
Vehicles	117.45	-	27.17	3.04	141.58	76.36	-	9.75	2.81	83.30	58.28	41.09
<b>Total</b>	<b>10,854.07</b>	<b>0.18</b>	<b>95.29</b>	<b>292.85</b>	<b>10,656.69</b>	<b>4,465.96</b>	<b>0.14</b>	<b>314.74</b>	<b>279.10</b>	<b>4,501.74</b>	<b>6,154.95</b>	<b>6,388.11</b>
Previous Year	10,645.27	-	309.75	100.95	10,854.07	4,157.08	-	311.03	2.15	4,465.96	6,388.11	

**INTANGIBLE ASSETS****NOTE 10****Rs. Lakh**

Asset	Gross Block					Amortization/ Impairment					Net Block	
	As on 01.04.12	Adjust- ment consolidation	Addi- ons	Deduc- tions	As on 31.03.13	As on 01.04.12	for the year	Impair- ment Loss/ (Reversal)	Deduc- tion	As on 31.03.13	As on 31.03.13	As on 31.03.12
Own Asset												
Goodwill	4,731.57	0.81	-	-	4,732.38	-	-	1,100.00	-	1,100.00	3,632.38	4,731.57
Know How	-	-	54.52	-	54.52	-	6.53	-	-	6.53	47.99	-
Software	-	-	3.09	-	3.09	-	0.15	-	-	0.15	2.94	-
Brand Value	5.00	-	-	-	5.00	3.40	0.40	-	-	3.80	1.20	1.60
<b>Total</b>	<b>4,736.57</b>	<b>0.81</b>	<b>57.61</b>	<b>-</b>	<b>4,794.99</b>	<b>3.40</b>	<b>7.08</b>	<b>1,100.00</b>	<b>-</b>	<b>1,110.48</b>	<b>3,684.51</b>	<b>4,733.17</b>
Previous Year	4,736.57	-	-	-	4,736.57	2.87	0.53	-	-	3.40	4,733.17	

**NON CURRENT INVESTMENTS****NOTE 11**

Face Value Per Share (Rs.)	No. of Share	Rs. in Lakh As at March 31, 2013	Rs. in Lakh As at March 31, 2012
----------------------------------	-----------------	--	--

**I Trade Investments****(Unquoted)**

Ordinary shares of each fully paid of ORG Informatics Limited	10 2051275	205.49	205.49
Less: Diminution in Value of Investment		<u>(123.44)</u>	<u>(22.72)</u>
		<b>82.05</b>	<b>182.77</b>

**II Investments in Government Securities****(Unquoted)**

National Saving Certificate		0.31	0.31
--------------------------------	--	------	------

**Other Investments****(Unquoted)**

Ordinary shares each fully paid of Co-operative Bank of Baroda Ltd.	25 1100	0.28	0.28
Ordinary share fully paid of Baroda Ind.Dev. Corp.Ltd 1000	1	0.01	0.01
Ordinary shares each fully paid of Manekchowk Co-op Bank Ltd.	25 1204	0.30	0.30

"B" class shares of each

fully paid of Teknoserv  
(Jersey) Ltd. 1 pound 73498 36.33 36.33

Ordinary shares of

Asence Limited (Rs.445) 1 US\$ 9 - -

Ordinary shares of

each fully paid of

Sardar Vallabh Bhai

Sahakari Bank Limited

(2,000 shares purchased

during the year) 25 28290 3.33 2.83

Ordinary shares of

each fully paid of

Kalapur Commerical

Co. Op. Bank Limited 25 24000 6.00 6.00

**46.25 45.75**

Gold Coins

0.48 0.48

Share Application Money

0.50 -

**Total 129.59 229.31****a Disclosure as per****AS 13 - Accounting for Investments**

Long Term Investments 129.09 229.31

Current Investments - -

**Total 129.09 229.31**

b. 9,41,975 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 Limited 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 lender till repayment of this dues made by the company.

**LOANS AND ADVANCES  
(Unsecured, Considered good  
unless otherwise stated)**

**NOTE 12**

	Long Term		Short Term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Capital Advances	0.60	18.53	-	-
Security Deposits	-	-	-	-
Considered Good	140.80	130.42	-	1.32
Considered Doubtful	18.08	12.94	-	-
Less: Provision	18.08	12.94	-	-
Advance tax paid (Net of Provision of Rs. 4,349.59 Lakh, Previous Year Rs. 4,326.01)	131.79	107.03	-	-
To Employees	-	-	164.57	103.59
To Others	-	-	18.86	78.45
Advances recoverable in cash or in kind or for value to be received				
Considered good	5.32	5.32	771.37	978.21
Considered doubtful	0.10	0.10	396.63	314.26
Less: Provision	0.10	0.10	386.46	306.24
	-	-	10.17	8.02
Prepaid Expenses	13.12	-	9.75	23.26
Balances with Government Authorities				
Considered good	0.20	-	101.88	51.95
Considered doubtful	-	-	1.09	0.28
Less: Provision	-	-	1.09	0.10
	-	-	-	0.18
CENVAT/Custom Duty Receivable				
Considered good	-	-	107.52	57.69
Considered doubtful	-	-	-	0.01
Less: Provision	-	-	-	0.01
	-	-	-	-
<b>Total</b>	<b>291.83</b>	<b>261.30</b>	<b>1,184.12</b>	<b>1,302.67</b>

**OTHER ASSETS**

**NOTE 13**

	Non Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Non Current Bank Balances (Note 16)	272.13	632.22	-	-
Interest Accrued	13.09	16.19	3.91	2.94
Receivable other than Trade	-	-	66.67	55.39
Preliminary Expenses	-	-	-	0.01
<b>Total</b>	<b>285.22</b>	<b>648.41</b>	<b>70.58</b>	<b>58.34</b>

**INVENTORIES**

**NOTE 14**

	As at March 31, 2013	As at March 31, 2012
	Rs. Lakh	Rs. Lakh
Raw Materials and Packing Materials	233.93	277.92
Stores and Spares	21.70	19.67
Work-in-Progress	422.94	464.43
Finished Goods	192.86	137.98
Stock in Trade	500.29	318.86
<b>Total</b>	<b>1,371.72</b>	<b>1,218.86</b>

**TRADE RECEIVABLES**

**NOTE 15**

	As at March 31, 2013	As at March 31, 2012
	Rs. Lakh	Rs. Lakh
(Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	515.49	189.99
Considered doubtful	570.97	686.23
Less: Provision for Doubtful Debts	448.45	528.59
	122.52	157.64
Others	2,155.94	1,843.81
<b>Total</b>	<b>2,793.95</b>	<b>2,191.44</b>

**CASH AND BANK BALANCES**

**NOTE 16**

	Non Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>Cash and Cash Equivalents:</b>				
<b>Cash on Hand</b>	-	-	9.36	6.51
<b>Cheques on Hand</b>	-	-	16.00	-
<b>Balances with Banks</b>				
In Current Accounts	-	-	521.34	635.96
In Exchange Earners Foreign Currency A/c	-	-	0.02	6.21
In Deposit Account (with original maturity up to 3 months)	-	-	32.23	9.02
	-	-	578.95	657.70

**Other Bank Balances:****In Deposits Accounts**

With original maturity more than 3 months but less than 12 months	-	6.00	78.51	206.91
With original maturity more than 12 months	2.13	329.10	-	-
Held as Margin Money (Under lien with bank as Security for Guarantee Facility)	268.40	295.52	47.25	80.69
Lodged with Sales Tax/Excise Department	1.60	1.60	10.79	0.50
	<u>272.13</u>	<u>632.22</u>	<u>136.55</u>	<u>288.10</u>

Amount disclosed under the head

"Other Non Current Assets" (Note 13)	272.13	632.22	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>715.50</u>	<u>945.80</u>

**REVENUE FROM OPERATIONS****NOTE 17**

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Sale of Products		
Finished Goods and Stock-in-Trade	9,970.00	8,755.41
Less: Excise Duty	<u>252.50</u>	<u>238.60</u>
	9,717.50	8,516.81
Sale of Services	187.21	231.16
<b>Other Operating Revenues</b>		
Export Incentives	9.21	17.20
Others	110.55	133.26
<b>Total</b>	<u>10,024.47</u>	<u>8,898.43</u>

**OTHER INCOME****NOTE 18**

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Interest Income	66.59	76.47
Dividend Income on:		
Long Term Investments	0.43	0.09
Exchange Difference (Net)	20.12	9.47
Sundry Credit Balances		
Appropriated (Net)	408.80	152.82
Provision no longer required (Net)	1,013.41	111.54
Profit on sales of Assets (Net)	41.86	-
Scrap Income	40.99	4.78
Miscellaneous Income	44.40	46.31
Recoveries	3.86	4.93
Bad Debts recovered	0.89	1.15
<b>Total</b>	<u>1,641.35</u>	<u>407.56</u>

**COST OF MATERIALS CONSUMED****NOTE 19**

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Stock at the beginning of the year	277.92	237.27
Purchases	1,402.39	880.21
	<u>1,680.31</u>	<u>1,117.48</u>
Less: Stock at the end of the year	233.93	277.92
<b>Total</b>	<u>1,446.38</u>	<u>839.56</u>

**Changes in Inventories of Finished Goods, Work-in-progress and Stock in Trade****NOTE 20**

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
<b>(Increase)/Decrease in stocks</b>		
Stock at the end of the year		
Finished Goods	192.86	137.98
Stock-in-trade	500.29	318.86
Work-in-Progress	422.94	464.43
	<u>1,116.09</u>	<u>921.27</u>
Stock at the beginning of the year		
Finished Goods	137.98	156.33
Stock-in-trade	318.86	301.56
Work-in-Progress	464.43	279.72
	<u>921.27</u>	<u>737.61</u>
Excise duty in value of stock	(4.37)	-
<b>(Increase)/Decrease in stocks</b>	<u>(199.19)</u>	<u>(183.66)</u>

**EMPLOYEE BENEFITS EXPENSE****NOTE 21**

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Salaries and Wages	2,708.14	2,385.16
Contribution to Provident Fund and Other Funds	187.52	172.90
Staff Welfare Expenses	132.43	128.17
	<u>3,028.09</u>	<u>2,686.23</u>
Directors' Remuneration	31.32	38.87
<b>Total</b>	<u>3,059.41</u>	<u>2,725.10</u>

**FINANCE COSTS****NOTE 22**

	Year Ended March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
Interest		
On Term Loans	84.83	394.35
On working capital loans	65.79	21.82
Others	524.86	426.17
Interest on shortfall of advance tax	0.06	1.96
Other Borrowing Costs	176.95	124.50
<b>Total</b>	<u>852.49</u>	<u>968.80</u>

DEPRECIATION/ AMORTIZATION EXPENSE	NOTE 23	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Depreciation of Tangible Assets	314.74	311.03
Amortization of Intangible Assets	1,107.08	0.53
Less: Transfer from Capital Reserve ( Note no: 2 (a) )	19.52	21.37
<b>Total</b>	<b>1,402.30</b>	<b>290.19</b>

OTHER EXPENSES	NOTE 24	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Power and fuel	297.30	210.82
Stores Consumed	70.25	51.51
Insurance	12.84	11.22
Processing Charges	213.03	170.26
Rent	84.34	76.13
Rates and taxes	87.86	83.43
Liquidated Damages	5.94	22.76
Repairs:		
To Buildings	18.72	12.88
To Machineries	27.25	22.86
To others	27.17	16.15
Factory Over Head	119.83	138.58
Integration & Installation Expense	14.93	24.43
Selling Commission	85.09	142.70
Wholesalers' / Distributors Discount	1.80	1.40
Selling Expenses	281.59	223.83
Distribution Expenses	41.98	37.66
Loss on Sales of Assets ( net )	-	2.05
Research and Development	0.16	2.64
Excise Duty - Others	34.92	23.73
Legal and Professional Fees	239.48	151.86
Conveyance and Travelling Expenses	330.58	232.94
Directors' sitting fees	0.63	1.53
Provision for Doubtful Debts & Advances	6.22	2.32
Bad Debts/Advances	1.51	-
Bad Debts written off	40.53	28.78
Sundry Advances Written off	0.01	-
Communication Expenses	15.47	19.88
ETP Expenses	6.78	5.42
Hire Charges (Transportation Services )	29.64	28.35
Penalties	0.01	10.00
Product Development Expenses	0.90	6.76
Labour Charges	20.41	13.67
Provision for Diminution in Value of Investment	100.72	-

Payments to the auditor as		
(a) Auditor	9.88	9.86
(b) For tax audit matters	0.74	8.37
(c) For Other Certification work	5.87	5.53
(d) For reimbursement of expenses	2.43	2.12
Preliminary Expenses	0.01	0.01
Miscellaneous Expenses	347.02	449.20
<b>Total</b>	<b>2,583.84</b>	<b>2,251.74</b>

EXTRAORDINARY ITEM	NOTE 25	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Profit on Sale of Land	-	1,118.97
<b>Total</b>	<b>-</b>	<b>1,118.97</b>

EARNING PER SHARE (EPS)	NOTE 26	
	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. Lakh	Rs. Lakh
Profit/ (Loss) available to Equity Shareholder before Extra Ordinary Item	(1,832.24)	(2,190.14)
Profit/ (Loss ) available to Equity Shareholder after Extra Ordinary Item	(1,832.24)	(1,071.17)
Weighted average no. of Equity Shares for Basic and Diluted EPS	76,633,296	76,633,296
Nominal value of Equity Shares	10	10
Basic and Diluted Earning per Equity Share before Extra Ordinary Item Basic and Diluted	(2.39)	(2.86)
Earning per Equity Share after Extra Ordinary Item	(2.39)	(1.40)
(A) Reconciliation of the profit/(Loss) for the year, used for calculating Earning per Share		
Profit/ ( Loss ) for the year before Extra Ordinary Items	(1,832.24)	(2,190.14)
Net Extra Ordinary Income	-	1,118.97
Profit/ ( Loss ) available to Equity Shareholder after Extra Ordinary Items	(1,832.24)	(1,071.17)

**NOTE 27****Notes to Consolidated Financial Statement:****A. Basis of Consolidation**

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 Incorporation	% of ownership as on 31.03.2012
a) Synbiotics Limited, India	100%
b) Haryana Containers Limited, India	100%
c) Sarabhai M Chemicals Ltd, 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%
h) Senaru Formulations Limited, India	100%

II. Joint Venture Company & Country of  
Incorporation

Vovantis Lab Ltd, India	50%
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2. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard - 21 on "Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006 and relevant clarifications issued by the Institute of Chartered Accountants of India.

**3. Principles**

(i) The financial statements of the Company and its subsidiary companies 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 Subsidiary, 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 Statement of Profit and Loss.

**NOTE 28****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.

The Accounts of the foreign subsidiaries have been prepared in accordance with local laws and applicable accounting standards / generally accepted accounting principles.

**(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). These costs are not adjusted to reflect the changing value in the purchasing power of money.

**(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 net of returns, excise duty & Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if

the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

(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 values 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.

(E.6) Premium on lease hold land is amortised over the period of lease.

#### **(F) IMPAIRMENT OF ASSETS**

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### **(G) INVESTMENTS**

Long Term investments are stated as cost/book value. Fall in the value, other than temporary, has been charged to Statement of Profit and Loss.

#### **(H) FOREIGN CURRENCY TRANSACTIONS**

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

(1.2) 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 partially unfunded.

(1.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Statement of Profit and Loss as income or expense.

#### (J) TAXES ON INCOME

(J.1) Tax expense consists of both current as well as deferred tax. 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 subsequently enacted as on the Balance Sheet date.

(J.3) Deferred tax asset is recognized and carried forward to the extent that there is 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 Earning 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.

#### (L) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent

liabilities are not recognised but are disclosed in the accounts by way of a note. Contingent assets are neither recognised nor disclosed in the financial statements.

No Provision is considered necessary for following contingent liabilities:	Year Ended	NOTE 29
	March 31, 2013	Year Ended March 31, 2012
	Rs. Lakh	Rs. Lakh
i Disputed demand in respect of		
(a) Customs and Excise	138.34	66.62
(b) Sales Tax	67.61	90.24
(c) Income Tax	2791.67	3,681.16
(d) E.S.I.C.	84.31	1.56
Claims not acknowledged as debt	39,318.93	39,331.88
Claims by Government for payment in to DPEA	68.67	68.67
Guarantee given by banks on behalf of the Company	262.29	348.99
Guarantee given by company on behalf of Joint Venture	238.50	173.81

#### NOTE 30

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 Debts Recovery Tribunal. The Company has accordingly given the guarantee.

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 invoking the guarantee dated 16.12.2003 on behalf of Bank of Baroda the notice is received on behalf of International Asset Reconstruction Company Pvt. Ltd. The Company has not accepted the demand made of Rs. 37,770.51 lakh and based on legal advice, the Company has taken necessary action required in the matter at various legal forum.

**Capital and Other Commitments NOTE 31**

	Year Ended March 31, 2013 Rs. Lakh	Year Ended March 31, 2012 Rs. Lakh
Contracts on Capital Account remaining to be executed	4.73	16.83
Other Commitments	-	-

**Segment Reporting :**

Particulars	NOTE 32	
	Rs. in Lakh March 31, 2013	Rs. in Lakh March 31, 2012
<b>Segment Revenue</b>		
a) Pharmaceuticals	5,361.01	4,257.37
b) Electronics	4,663.46	4,641.06
<b>Total Sales</b>	<b>10,024.47</b>	<b>8,898.43</b>
Less: Inter Segment Revenue	-	-
Net Sales	10,024.47	8,898.43
<b>Segment Results</b>		
Segment Results before Interest & Finance Cost		
a) Pharmaceuticals	(1,149.47)	(1,493.43)
b) Electronics & Broadcast Equipments	352.25	375.86
<b>Total Segment Results</b>	<b>(797.22)</b>	<b>(1,117.57)</b>
Less: Interest & Finance Cost	852.49	968.80
<b>Profit/(Loss) from ordinary Activities</b>	<b>(1,649.71)</b>	<b>(2,086.37)</b>
Extra ordinary Items (Net)	-	1,118.97
<b>Profit/(Loss) before Tax</b>	<b>(1,649.71)</b>	<b>(967.40)</b>
<b>Segment Assets</b>		
a) Pharmaceuticals	13,606.96	15,048.36
b) Electronics & Broadcast Equipments	3,085.10	2,940.79
c) Unallocable	-	-
<b>Total Assets</b>	<b>16,692.06</b>	<b>17,989.15</b>
<b>Segment Liabilities</b>		
a) Pharmaceuticals	10,164.98	10,572.44
b) Electronics & Broadcast Equipments	764.05	782.22
c) Unallocable	-	-
<b>Total Liabilities</b>	<b>10,929.03</b>	<b>11,354.66</b>
<b>Segment Depreciation</b>		
a) Pharmaceuticals	1,371.75	256.95
b) Electronics & Broadcast Equipments	30.55	33.24
c) Unallocable	-	-
<b>Total Depreciation</b>	<b>1,402.30</b>	<b>290.19</b>
<b>Capital Expenditure</b>		
a) Pharmaceuticals	129.40	196.54
b) Electronics & Broadcast Equipments	21.85	12.65
c) Unallocable	-	-

<b>Total Capital Expenditure</b>	<b>151.25</b>	<b>209.19</b>
<b>Non Cash Expenses other than Depreciation</b>		
a) Pharmaceuticals	141.25	0.50
b) Electronics & Broadcast Equipments	7.74	30.60
c) Unallocable	-	-
<b>Total Non Cash Expenses other than Depreciation</b>	<b>148.99</b>	<b>31.10</b>

**B Secondary Segment (Geographical by customers)**

Particulars	Rs. in Lakh	
	March 31, 2013	March 31, 2012
<b>Segment Revenue</b>		
a) In India	7,964.37	7391.33
b) Outside India	2,060.10	1507.10
<b>Total Sales</b>	<b>10,024.47</b>	<b>8898.43</b>
<b>Carrying Cost of Assets by location of assets</b>		
a) In India	16,639.91	17916.54
b) Outside India	52.15	72.61
<b>Total</b>	<b>16692.06</b>	<b>17989.15</b>
<b>Addition to Assets</b>		
a) In India	150.41	209.19
b) Outside India	0.84	-
<b>Total</b>	<b>151.25</b>	<b>209.19</b>

**Notes:**

- 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 Instruments and Services.
- Types of Products and Services in each business segment:  
**Pharmaceuticals** : Drugs, Formulations  
**Electronics** : Electronics Instruments and Services
- Inter-segment Revenues are recognised at sales price.
- Geographical segment is considered based on sales within India and outside India.

**NOTE 33****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 :

**Key Management Personnel:**

a	Name of the related party	Nature of relationship
	Mr. Kartikeya V. Sarabhai	Chairman
	Mr. A.H. Parekh	Whole time Director
	Ms Chaula Shastri	Whole time Director

( From 16.10.2012 )

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

**b Transactions and Balances :****Nature of Transactions**

	Year Ended March 31, 2013 Rs. Lakh	Year Ended March 31, 2012 Rs. Lakh
<b>Transactions</b>		
Remuneration to key management personnel	31.32	38.87
<b>Balances as at year end</b>		
Payable in respect of Current Liabilities	13.03	7.66

**NOTE 34**

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.

**NOTE 35**

No Provision is made for doubtful debts Rs. 122.52 Lakh (Rs. 157.64 Lakh) and doubtful advances of Rs.10.17 Lakh (Rs. 8.20 Lakh).

**NOTE 36**

Previous year figures have been regrouped or recast wherever necessary to make them comparable with those of the current year.

As per our report of even date attached

For, Sorab S. Engineer & Co.	Kartikeya V. Sarabhai
Firm Registration No. 110417 W	Chairman
Chartered Accountant	A. H. Parekh
CA. Chokshi Shreyas B.	Director
Partner	Ketan Adhvaryu
Membership No. 100892	Company Secretary
Date : 23-08-2013	Date : 23-08-2013
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	: 31.03.2013

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	: 1427066
	Total assets	: 1427066

Sources of Funds	
Paid-up Capital	: 766333
Reserves and Surplus	: (435715)
Secured Loans	: 96923
Unsecured Loans	: 139464
Net Current Liabilities	: 85221

Application of Funds	
Net Fixed Assets	: 481784
Investments	: 579852
Accumulated Losses	: 1107079

4	Performance of Company (Amount in Rs. Thousands)	
	Turnover	: 171873
	Total Expenditure	: 344033
	Profit/(Loss) Before Tax	: (172160)
	Profit/(Loss) After Tax	: (172160)
	Earning per share (Rs.)	: (2.25)
	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
A. H. Parekh
Director
Ketan Adhvaryu
Company Secretary
Date : 23-08-2013
Place : Ahmedabad

## Consolidated Cash Flow Statement

	Year Ended March 31, 2013 Rs. Lakh	Year Ended March 31, 2012 Rs. Lakh
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before taxation	(1,649.71)	(967.40)
Adjustments for:		
Depreciation /Amortization	1,402.30	290.19
Interest Income	(66.59)	(76.47)
Interest Expenses	675.54	844.30
Income from Investments	(0.43)	(0.09)
Bad Debts/Advances Written Off	42.05	28.78
Provision for Diminution in value of Investments	100.72	-
Provision for Bad Debts/Advances	6.22	2.32
Provision no Longer Required	(1,013.41)	-
Sundry Credit Balances Appropriated	(408.80)	(152.82)
Foreign Exchange Gain	(20.12)	(9.47)
(Profit)/Loss on Sale of Tangible/Intangible assets	(41.86)	2.05
Preliminary Expense written off	0.01	0.01
Extra Ordinary Income	-	(1,118.97)
	<u>675.63</u>	<u>(190.17)</u>
<b>Operating Profit before Working Capital Changes</b>	<b>(974.08)</b>	<b>(1,157.57)</b>
Working Capital Changes:		
Changes in Inventories	(152.86)	(204.34)
Changes in current liabilities	1,016.83	309.09
Changes in current assets, loans and advances	101.50	(90.02)
Changes in trade receivables	(650.78)	846.88
Changes in Other Bank Balances	511.64	36.40
<b>Net Changes in Working Capital</b>	<b>826.33</b>	<b>898.01</b>
<b>Cash Generated from Operations</b>	<b>(147.75)</b>	<b>(259.56)</b>
Direct Taxes paid (Net of Income Tax refund)	(178.05)	(1,020.52)
<b>Net Cash Flow from Operating Activities</b>	<b>(325.80)</b>	<b>(1,280.08)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of tangible/intangible assets	(152.24)	(209.19)
Sale of tangible assets	55.75	4.67
Change in Non Current Investments	(1.00)	(6.00)
Dividend Income	0.43	0.09
Interest Income	68.72	78.79
Net cash flow before extraordinary item	(28.34)	(131.64)
Proceeds from Sale of Investment in Joint Venture (Extra ordinary Items)	-	1,211.05
<b>Net cash flow from Investing Activities</b>	<b>(28.34)</b>	<b>1,079.41</b>
<b>C Cash Flow from Financing Activities</b>		
Changes in Borrowings	951.06	909.39
Interest Paid	(677.17)	(844.30)
<b>Net Cash flow from Financing Activities</b>	<b>273.89</b>	<b>65.09</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>(78.75)</b>	<b>(135.58)</b>
Cash & Cash equivalents at the beginning of the period	657.70	793.28
Cash & Cash equivalents at the end of the period	578.95	657.70
<b>Particulars</b>	<b>As at Year Ended</b>	<b>As at Year Ended</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>a Cash and cash equivalents comprise of: (Note 16)</b>		
Cash on Hand	9.36	6.51
Cheques on Hand	16.00	-
Balances with Banks	553.59	651.19
<b>Total</b>	<b>562.95</b>	<b>657.70</b>

As per our report of even date attached  
 For Sorab S Engineer & Co.  
 Firm Registration No 110417 W  
 Chartered Accountants  
 CA. Chokshi Shreyas B.  
 Partner  
 Membership No. 100892  
 Date : 23-08-2013  
 Place : Ahmedabad

Kartikeya V. Sarabhai  
 Chairman  
 A. H. Parekh  
 Director  
 Ketan Adhvaryu  
 Company Secretary  
 Date : 23-08-2013  
 Place : Ahmedabad

## 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 \_\_\_\_\_  
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 30.09.2013 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature \_\_\_\_\_

\*Applicable for investors holding shares in electronic form.

Affix  
Rupee 1  
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

Monday, 30th September 2013 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.