

SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

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AHMEDABAD-380 009

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, 2014, 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

SORAB S. ENGINEER & CO. (Regd.)**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:

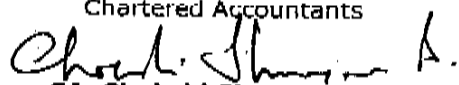
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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 ;
 - 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 ;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

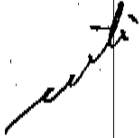
Ahmedabad
May 31, 2014

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


CA. Chokshi Shreyas B.
Partner
Membership No. 100892

SORAB S. ENGINEER & CO. (Regd.)**ANNEXURE TO THE AUDITORS' REPORT****Re: AMBALAL 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 Furniture.
- (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;
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SORAB S. ENGINEER & CO. (Regd.)

- (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 31.03.2014 for a period of more than six months from the date they became payable are as under:

Particulars	Rs. in Lakh
Income Tax	12.98
Sales Tax	1347.71
ESIC	79.59
PF	273.65
Service Tax	25.44

- (b) Following amounts have not been deposited as on March 31, 2014 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
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	CESTAT
Income Tax Act	Income Tax	172.42	1978-1979, 1980-1981, 1981-1982	High Court
		2452.51	2002-2003, 2008-2009, 2009-10	ITAT

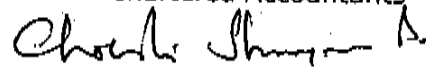
- (ix) Accumulated losses at the end of the financial year are more than fifty percent of Company's net worth. The Company has incurred cash losses in the financial year under report. The Company has incurred cash losses in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks.

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- (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.

Ahmedabad
May 31, 2014

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

AMBALAL SARABHAI ENTERPRISES LIMITED

STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH, 2014

PART - I

Rs in Lakh

Sr. No.	Particulars	3 months ended on	Preceding 3 months ended on	Corresponding 3 months ended in the previous period	Year to date figures for current period ended	Year to date figures for the previous period ended
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
1	Income from operations					
	(a) Net sales/ income from operations (Net of excise duty)	450.14	368.75	415.90	1,567.29	1,669.13
	(b) Other operating income	-	-	-	-	-
	Total income from operations (net)	450.14	368.75	415.90	1,567.29	1,669.13
2	Expenses					
	(a) Cost of materials consumed	30.53	72.84	83.62	278.69	201.38
	(b) Purchases of stock-in-trade	336.37	224.36	278.83	948.73	1,104.61
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	43.61	3.04	(67.18)	134.49	(56.58)
	(d) Employee benefits expense	121.74	285.40	434.42	998.26	1,411.56
	(e) Depreciation and amortization expense	40.16	36.02	1,138.62	152.48	1,247.57
	(f) Loss on Sale of Investment	26.20	124.10	-	150.30	-
	(g) Other expenses	201.14	134.20	265.37	543.04	689.48
	Total expenses	799.75	879.96	2,133.68	3,205.99	4,598.02
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(349.61)	(511.21)	(1,717.78)	(1,638.70)	(2,928.89)
4	Other income	245.58	100.77	1,738.30	493.94	1,882.69
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 ± 4)	(104.03)	(410.44)	20.52	(1,144.76)	(1,046.20)
6	Finance costs	243.74	246.06	176.71	912.03	675.40
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 ± 6)	(347.77)	(656.50)	(156.19)	(2,056.79)	(1,721.60)
8	Exceptional items					
9	Profit / (Loss) from ordinary activities before tax (7 + 8)	(347.77)	(656.50)	(156.19)	(2,056.79)	(1,721.60)
10	Tax expense					
11	Net Profit / (Loss) from ordinary activities after tax (9 + 10)	(347.77)	(656.50)	(156.19)	(2,056.79)	(1,721.60)
12	Extraordinary items (net)					
13	Net Profit / (Loss) for the period (11 ± 12)	(347.77)	(656.50)	(156.19)	(2,056.79)	(1,721.60)
14	Paid-up equity share capital (Face Value of Rs. 10/- per Share)	7,663.33	7,663.33	7,663.33	7,663.33	7,663.33
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year				(6,799.09)	(4,742.32)
16	Earnings per share (of Rs. 10/- each) (not annualised):					
	Basic / Diluted	(0.45)	(0.86)	(0.20)	(2.68)	(2.25)

PART II SELECTED INFORMATION FOR THE QUARTER ENDED 31ST MARCH, 2014

Rs in Lakh

Sr. No.	Particulars	3 months ended on	Preceding 3 months ended on	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous period ended
		31.03.14	31.12.13	31.03.13	31.03.14	31.03.13
A PARTICULARS OF SHAREHOLDING						
1 Public shareholding						
	- Number of shares	53314345	53314345	53314345	53314345	53314345
	- Percentage of shareholding	69.57%	69.57%	69.57%	69.57%	69.57%
2 Promoters and Promoter Group Shareholding						
a) Pledged / Encumbered						
	- Number of shares	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter)	Nil	Nil	Nil	Nil	Nil
b) Non - encumbered						
	- Number of shares	23318951	23318951	23318951	23318951	23318951
	- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter)	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the company)	30.43%	30.43%	30.43%	30.43%	30.43%
Particulars		3 Months ended on 31.03.2014				
B INVESTOR COMPLAINTS						
Pending at the beginning of the quarter		Nil				
Received during the quarter		3				
Disposed of during the quarter		3				
Remaining unresolved at the end of the quarter		Nil				

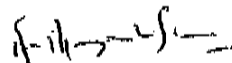
Statement of Assets and Liabilities

Particulars	Rs. Lakh	
	As at	
	31.03.2014	31.03.2013
	Audited	Audited
Equity and Liabilities		
Shareholders' funds		
Share Capital	7,663.33	7,663.33
Reserves and Surplus	(6,433.52)	(4,357.15)
Non-current liabilities		
Long Term Borrowings	-	-
Long Term Provisions	669.39	738.58
Current liabilities		
Short Term Borrowings	2,727.17	2,214.95
Trade Payables	1,457.99	1,333.37
Other Current Liabilities	7,415.11	6,404.19
Short Term Provisions	202.37	273.39
Total	13,701.84	14,270.66
Assets		
Non-current assets		
Fixed Assets		
Tangible Assets	3,405.30	3,555.05
Intangible Assets	1,235.70	1,252.70
Capital Work-in-progress	10.09	10.09
Non-current Investments	5,615.88	5,798.52
Long Term Loans and Advances	168.56	128.16
Other Non-current Assets	8.26	266.73
Current assets		
Inventories	20.80	183.50
Trade Receivables	336.37	381.92
Cash and Bank Balances	353.43	84.27
Short Term Loans and Advances	2,534.52	2,596.63
Other Current Assets	12.93	13.09
Total	13,701.04	14,270.66

NOTES:

1. The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors in their meeting held on 31/05/2014.
2. The Company has only one reportable business segment i.e. Pharmaceuticals.
3. The figures of last quarter are the balancing figures between Audited figures in respect of full financial year and the published year to date figures upto the third quarter ended 31-12-2013.
5. Previous year's / quarters figures have been rearranged and regrouped where ever necessary.

For Ambalal Sarabhai Enterprises Limited



Chairman

Date : 31.05.2014

Place : Ahmedabad