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**Ambalal Sarabhai Enterprises Limited**

**39th Annual Report  
2016-17**



## Board of Directors

**Mr. Kartikeya V. Sarabhai**  
Chairman & Whole-time Director

**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. Chandrashekhar Bohra**

**Company Secretary**  
**Mr. Ketan Adhvaryu**

### Auditors

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

### Registered Office :

Shanti Sadan  
Mirzapur Road,  
Ahmedabad-380 001

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## Notice

Notice is hereby given that the Thirty-Ninth Annual General Meeting of the Company will be held on Friday, the 29th September, 2017 at 10.30 a.m. at the auditorium of Ahmedabad Textile Mills Association (ATMA), opp: Citigold Cinema, Ashram Road, Ahmedabad-380 009 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended 31st March, 2017, together with reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Anil H Parekh (DIN-00312504) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary resolution:

“Resolved that pursuant to provisions of section 139 of the Companies Act, 2013, and rules made thereunder, M/s. Khandhar & Associates, Chartered Accountants, Ahmedabad, be and are hereby appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of 44th Annual General Meeting to be held in the year 2022 (subject to ratification of their appointment at every AGM) on such remuneration (including out of pocket expenses) as may be decided by the Board of Directors in mutual consultation with the said Auditors.”

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

Date : 10.8.2017

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/ HERSELF AND 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. The Register of Members and the Share Transfer Books of the Company will remain closed from 26-9-2017 to 29-9-2017 (both days inclusive)
3. All the documents referred to in the Notice would be open for inspection at the registered office of the Company during business hours on all working days till the date of meeting.
4. 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.
5. Pursuant to SEBI Circular, it is mandatory to quote PAN for transfer / transmission of shares in physical form. Therefore, the transferee(s) / legal heirs are requested to furnish copy of their PAN to the Registrar and Share Transfer Agents – MCS Share Transfer Agent Limited.
6. In accordance with MCA circular No.18/2011 dated 29/4/2011, members who desire to receive their copy of Annual report through email, may register email address to the company secretary at [ketanadhvayu@sarabhai.co.in](mailto:ketanadhvayu@sarabhai.co.in) or to our Registrar at [mcsltbaroda@gmail.com](mailto:mcsltbaroda@gmail.com).

### Voting through electronic means:

The Company offers e-voting facility to members as per section 108 of the Companies Act, 2013 and Companies (Management and Administration Rules) 2014.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 26th September 2017 at 10.00 a.m. and ends on 28th September 2017 at 5.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID,
  - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical form should enter folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat form and Physical form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as Physical shareholders.) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company Depository Participant are requested to use the sequence number in the PAN Field. The Sequence Number is printed on-address slip</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with depository or company please enter the member id/folio number in the dividend bank details.

(viii) After entering these details appropriately. Click on 'SUBMIT' tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of Ambalal Sarabhai Enterprises Limited.

(xii) On the voting page, you will see 'RESOLUTION DESCRIPTION' and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option No implies that you dissent to the Resolution.

(xiii) Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote.

Click on "OK", else to change your vote, click on 'CANCEL' and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

(xvii) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on forgot password and enter the details as prompted by the system.

#### **Note for Non-Individual Shareholders and Custodians.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate
  - A scanned copy of the Registration form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer to the frequently Asked Questions (FAQs) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com). Under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **SECTION B - COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS**

- The voting rights of shareholders shall be in proportion to their shares of the Paid Up Equity Share Capital of the Company.
- CS Ajay Parikh & Associates, Practising Company Secretary (Membership No: FCS 6075; CP No:6503, C-4, Yashpal Apartment-2, Nr. Vijay Cross Roads, Navrangpura, Ahmedabad-380 009 has been appointed Scrutinizer to scrutinize the e-voting Process.
- The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the

votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit forthwith to the Chairman of the Company.

- iv. The Results shall be declared within 3 days of the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the website of CDSL <https://www.evotingindia.co.in> and communicated to the BSE Limited, where the shares of the company are listed.
- v. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.

Company : Ambalal Sarabhai Enterprises Limited Regd. Office: Shanti sadan, Mirzapur Road, Ahmedabad-380001 Gujarat, India.

CIN: L52100GJ1978PLC0003159

E-mail ID: [ketanadhvaryu@sarabhai.co.in](mailto:ketanadhvaryu@sarabhai.co.in)  
Registrar and Transfer Agent : MCS share Transfer Agent Limited

e-Voting Agency : Central Depository Services (India) Limited

E-mail ID: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com),  
Scrutinizer : CS Ajay Parikh & Associates, Practising Company Secretary

E-mail; ID : [ajay\\_ajay21@yahoo.com](mailto:ajay_ajay21@yahoo.com)

#### **Details of the Directors Seeking Reappointment at the 39th Annual General Meeting**

Name of the Director	Anil H. Parekh
Date of Birth	18-10-1948
Date of Appointment	04-05-2005
Qualification	M. Pharm
Experience	Experience of Pharma Production Facilities of more than 4 decades
List of other Directorships	Vovantis Laboratories Pvt. Ltd. Suvik Hitek Pvt. Ltd.
Chairman / Membership of Committees of Board of Directors	NIL
Share Holding in Company	NIL

## Directors' Report

To

The Shareholders

The Directors hereby present their 39th Annual Report together with the Audited Statements of Accounts of the Company for the year ended March 31, 2017.

	(Rs.lakh)	
	2016-17	2015-2016
(Consolidated accounts)		
Turnover (Net)	14246	13523
Other Income	606	9508
Total Income	14625	22705
Financial Cost	486	410
Depreciation	447	1654
Profit/Loss before		
Extra Ordinary Income	(1445)	6174
Net Profit/(Loss) before taxation	(1445)	6174
Net Profit (Loss)	(1874)	4814

Your directors regret their inability to recommend payment of any dividend in view of carried forward loss till the year.

### Consolidated Results :

The Company has 9 wholly Subsidiaries and a joint venture company. These companies operate in the pharmaceutical and Electronics sectors. The turnover (Net) from operations for the year 2016-17 was Rs. 14,246 lakhs showing an increase of approximately 5.5%.

### Sarabhai Chemicals (India) Pvt. Ltd.

Sarabhai Chemicals has made inroads in the domestic market with key strategic products in Oncology, Infertility and Uro-gynaec areas. These three subdivisions of the company are marketing speciality pharmaceutical products under the Sarabhai house mark.

### Asence Group

Asence, a wholly-owned subsidiary of the Company, specializes in the supply of quality pharmaceuticals preparations (Finished Dosage Forms and Active Pharmaceutical Ingredients) to the international markets.

Asence Pharma Pvt. Ltd. a wholly owned subsidiary of Asence Inc. is concentrating on its exports business along with its domestic sales and setting up a NEW finished dosage manufacturing plant.

### Vovantis Laboratories Pvt. Ltd.

Vovantis is a USFDA inspected effervescent product

manufacturing company with increased focus in USA and European markets.

### Suvik Hitek Pvt. Ltd.

Suvik, a wholly owned subsidiary of the Company, is manufacturing pharmaceutical products and marketing various generic products in the domestic market.

### Synbiotics Limited

Synbiotics is a growing manufacturing company in the fermentation area. It manufactures an antifungal active ingredient product which has an expanding global market.

### Systronics (Inda)Limited

It has two divisions Systronics & Telerad.

SYSTRONICS, is a leading manufacturer of Analytical and Test & Measuring instruments.

Telerad is one of the oldest representatives of Sony in India promoting Broadcast and Professional Video/Audio products of various international companies.

### Corporate Governance :

Pursuant to provisions of SEBI ( Listing Obligation and Disclosure Requirements) Regulations,2015, Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding Compliance of Conditions of Corporate Governance are made part of the Annual Report.

### Subsidiaries:

The company has nine wholly owned subsidiaries and one joint venture company. Their performance is integrated in the consolidated accounts.

### 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.

### Directors and Key managerial Personnel:

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. A H Parekh, who retires by rotation and being eligible, offers himself for re-appointment.

Mr. B.V. Suryakumar, Independent director resigned in the current financial year due to his other preoccupations. There is no change in Key Managerial Personnel of the company.

**Declaration by Independent Directors:**

The independent Directors have submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

**Annual Evaluation :**

The Board of Directors has carried out an Annual Evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (SEBI) under Listing Regulations .

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning ,etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (NRC) reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issue to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairman was also evaluated on the key aspects of his role.

**Particulars of Loans, Guarantees or Investments :**

Information regarding loans, guarantees and Investments covered under the provisions of section 186 of the Companies Act, 2013 are detailed in the financial statements.

**Related Party Transactions :**

Since all the related party transactions are carried out in the ordinary course of business on arm's length basis such transactions entered into by the Company during the financial year did not attract the provisions of Section 188 of the Companies Act, 2013 . There is no 'material' related party transaction. The details to be disclosed in FormAOC-2 is attached.

During the year 2016-17, pursuant to section 177 of the Companies Act,2013 and SEBI(LODR) Regulations

,2015 all RPTs were placed before Audit Committee for its prior/omnibus approval.

**Material Changes and Commitments :**

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

**Number of Meetings of the Board :**

There were 5 meetings of the Board held during the year. Detailed information is given in the Corporate Governance Report.

**Extract of Annual Return :**

Extract of Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013 in the prescribed form MGT-9 is annexed to this Report.

**Policy on Director's Appointment and Remuneration and other details :**

The Company's policy on directors appointment and remuneration and other matters provided in Section178(3) of the Act has been followed by Nomination and Remuneration Committee while recommending appointment of Directors or Key Managerial Personnel. They have fixed criteria for appointment of directors and key Managerial Persons. Every year their performance is evaluated by the committee and accordingly suitable recommendation is made.

**Internal Financial control systems and their adequacy :**

The company has an Internal control System commensurate with size, scale and complexity of its operations. During the year the company got its Internal Audit done through its own Internal Audit Department. This department works according to policies and rules framed to monitor and control Financial transactions within the company. The Company has already appointed an Internal Auditor during the current year.

**Audit Committee :**

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report which forms part of this report.

**Auditors' Report and Secretarial Auditors' Report :**

Auditors' report does not contain any qualifications, reservations or adverse remarks. Report of the Secretarial Auditor is given as an annexure which forms



part of this report. Regarding appointment of CFO, the Company is in the process of selecting a suitable person for the post of CFO. It is expected that CFO will be appointed soon by the company. The Company has already appointed Internal Auditors in current financial year.

#### **Risk Management :**

The Audit committee of the Company is assigned the task to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

#### **Corporate Social Responsibility:**

The company was incurring losses for last many years, however due to income from sale of land, the company had shown profit of about Rs 45.00 crores for the last financial year of 2015-16. Since the profit is achieved due to sale of assets and not from business activities, the same shall not be calculated under provisions of section 198 of the companies Act 2013, as income for the purpose of this section. Hence company is not required to spend on CSR activities. Although the Company has adopted a Corporate Social Responsibility Policy and set up a committee of following directors to frame an appropriate policy to decide the programmes/activities to be undertaken by the company towards its Corporate Social Responsibility

Mr. Kartikeya Sarabhai - Chairman

Mr Anil H. Parekh - Member

Mr Ashwin Hathi - Member

#### **Particulars of Employees :**

The information required under Section 197 of the Act read with the rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request in terms of section 136 of the Act, the reports and accounts are being sent to the members and others excluding the information on employees' particulars, which is available for inspection by members at the registered office of the company during 11.00 to 4.00 p.m. on working days of the Company upto the date of AGM. If any member is interested in obtaining a copy thereof, he/she may write to Secretarial Department of the Company.

There is no employee drawing salary in excess of limit prescribed in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### **Fixed Deposits:**

The Company has not accepted any fixed deposit during the year neither there was any unpaid/unclaimed amount of deposit at the beginning of the year or at the end of the year.

#### **Details of Significant Orders passed by Regulators or Courts:**

There is no significant or material orders passed by any regulators or courts during the financial year.

#### **Disclosure Pursuant to section 197(14) of the Companies Act 2013:**

No Wholtime director of the company was in receipt of any remuneration or commission from the company's holding or subsidiary companies during the financial year.

#### **Details of Establishment of Vigil Mechanism:**

The company has formulated a whistle Blower Policy to establish a vigil mechanism for directors and employees of the company to report concerns about unethical behaviour, actual or suspected fraud or violation of company's code of conduct policy.

#### **Disclosure under Sexual Harrassment of Women at Wokplace (Prevention, Prohibition and Redressal) Act, 2013 :**

The company has established Internal Complaints committee to redress the complaints received from any woman employee of the company as required under the provisions of Act.

#### **Fraud Reporting:**

There was no fraud reporting by the Auditors of the company under section 143 (12) of the Companies Act ,2013, to the Audit Committee or the Board of Directors during the year under review.

#### **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, are given in the Annexure to this Report in the prescribed format.

#### **Directors' Responsibility Statement :**

As required under Section 134(5) of the Companies Act, 2013, 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 true and fair view of the state of affairs of the Company as at 31st March, 2017.
- (iii) That the Directors have taken proper and sufficient care of 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.
- (v) That the directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively.
- (vi) That the Directors have devised proper systems to ensure compliances with the provisions of all applicable laws and the systems are adequate and operating effectively.

#### **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.

#### **Statutory Auditors:**

Pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, the existing Auditors M/s. Sorab S. Engineer & Co., Chartered Accountants, Mumbai, (Reg.No. 110417W) shall vacate their office from the conclusion of this Annual General Meeting. M/s. Khandhar & Associates, Chartered Accountants, Ahmedabad, are appointed as Auditors by the Board and recommended for approval of shareholders at the forthcoming Annual General Meeting to hold office until the conclusion of the 44th Annual General Meeting.

#### **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 : 10.8.2017                      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 Director's report for the year ended 31st March 2017.

##### **(A) Conservation of Energy &**

##### **(B) Technology absorption.**

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

##### **(C) Foreign exchange earnings and outgo**

- i) (i) The company is making all efforts to boost up the exports of its various products. In this direction, the company is endeavouring 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	5.37