

Annual Report 2011-12



**Alpa Laboratories Limited**

## **THE BOARD OF DIRECTORS**

Mr. Purushottam R. Patel, Chairman & Managing Director  
Mr. Mahendra Singh Chawla  
Mr. Pravin C. Shah  
Mr. Devendra Baheti  
Mr. Sharad Chand Lunawat  
Mr. Krishna Das Malani

## **UNIT-I**

33/2 Pigdamber, A. B. Road, Rau  
Indore (M.P.) 453446, India

## **REGISTERED & CORPORATE OFFICE**

33/2 Pigdamber, A.B. Road, Rau  
Indore (M.P.) 453446, India  
Phone: +91-731-429-4567  
Fax: +91-731-429-4444  
Email: [is@alpalabs.com](mailto:is@alpalabs.com)  
Website: [www.alpalabs.com](http://www.alpalabs.com)

## **UNIT-II**

481 Sector III, Pithampur  
Dist. Dhar (M.P.) 454775

## **COMPLIANCE OFFICER**

Mr. Hemant Jain

## **STATUTORY AUDITORS OF THE COMPANY**

M/s. C. H. Padliya & Co., Chartered Accountants

## **COST AUDITORS OF THE COMPANY**

M/s. M. P. Turakhia & Associates, Practicing Cost Accountants

## **BANKERS**

Bank of Baroda  
A. B. Road Branch  
Indore (M.P.) 452001

## **REGISTRAR & TRANSFER AGENT**

Bigshare Services Private Limited  
E/2 Ansa Industrial Estate, Saki Vihar Road  
Andheri (East), Mumbai 400072

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## **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the members of the Company will be held on the 27<sup>th</sup> Day of September 2012 at the registered office at 11:45 AM to transact the following business:

### **ORDINARY BUSINESS**

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2012 and the Profit & Loss Account for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a director in place of Mr. M. S. Chawla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. D. Baheti, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. K. D. Malani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. C. H. Padliya & Co., Chartered Accountants, as the statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be determined by the Board of Directors in consultation with the Auditors.

### **SPECIAL BUSINESS**

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

#### **REAPPOINTMENT OF MR. P. R. PATEL AS THE MANAGING DIRECTOR:**

“**RESOLVED THAT** as approved by the Board Of Directors in their Board Meeting held on 1<sup>st</sup> March 2012 and in terms of provisions of Sections 198, 269, 309, 310 read with provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactment thereof for the time being in force) and other such approvals as may be necessary, consent of the members of the Company be and is hereby accorded for reappointment of Mr. P. R. Patel as Managing Director of the Company w.e.f. 1<sup>st</sup> March 2012 for a period of 3 years on following remuneration and other terms and conditions:

Basic Salary: ₹ 2,50,000 per month

Perquisites: Maximum cost to the company for the perquisites shall be based as per the provisions of Schedule XIII of the Companies Act, 1956 and as may be decided or allowed by the Board of Directors from time to time.

**RESOLVED FURTHER THAT** where in any financial year closing in or after March 2012, the company has no profit or its profits are inadequate, the company do pay to Mr. P. R. Patel, aforesaid remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II(B) of Part II of Schedule XIII of the Companies Act, 1956 without requiring further approval from the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/ or remuneration within the limit set out or specified in Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/ or modifications that may hereafter be made thereto in that behalf from time to time or any amendments thereto, without further reference to the Company in general meeting.”

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

#### **APPOINTMENT OF MR. M. S. CHAWLA AS A WHOLE TIME DIRECTOR:**

“**RESOLVED THAT** as approved by the Board Of Directors in their Board Meeting held on 1<sup>st</sup> March 2012 and in terms of provisions of Sections 198, 269, 309, 310 read with provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactment thereof for the time being in force) and other such approvals as may be necessary, consent of the members of the Company be and is hereby accorded for reappointment of Mr. M. S. Chawla as Whole Time Director of the Company w.e.f. 1<sup>st</sup> March 2012 for a period of 3 years on following remuneration and other terms and conditions:

Basic Salary: ₹ 2,50,000 per month

Perquisites: Maximum cost to the company for the perquisites shall be based as per the provisions of Schedule XIII of the Companies Act, 1956 and as may be decided or allowed by the Board of Directors from time to time.

**RESOLVED FURTHER THAT** where in any financial year closing in or after March 2012, the company has no profit or its profits are inadequate, the company do pay to Mr. M. S. Chawla, aforesaid remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II(B) of Part II of Schedule XIII of the Companies Act, 1956 without requiring further approval from the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/ or remuneration within the limit set out or specified in Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/ or modifications that may hereafter be made thereto in that behalf from time to time or any amendments thereto, without further reference to the Company in general meeting.”

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

**APPOINTMENT OF MR. P. C. SHAH AS A WHOLE TIME DIRECTOR:**

“**RESOLVED THAT** as approved by the Board Of Directors in their Board Meeting held on 1<sup>st</sup> March 2012 and in terms of provisions of Sections 198, 269, 309, 310 read with provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactment thereof for the time being in force) and other such approvals as may be necessary, consent of the members of the Company be and is hereby accorded for reappointment of Mr. P. C. Shah as Whole Time Director of the Company w.e.f. 1<sup>st</sup> March 2012 for a period of 3 years on following remuneration and other terms and conditions:

Basic Salary: ₹ 2,50,000 per month

Perquisites: Maximum cost to the company for the perquisites shall be based as per the provisions of Schedule XIII of the Companies Act, 1956 and as may be decided or allowed by the Board of Directors from time to time.

**RESOLVED FURTHER THAT** where in any financial year closing in or after March 2012, the company has no profit or its profits are inadequate, the company do pay to Mr. P. C. Shah, aforesaid remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II(B) of Part II of Schedule XIII of the Companies Act, 1956 without requiring further approval from the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/ or remuneration within the limit set out or specified in Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/ or modifications that may hereafter be made thereto in that behalf from time to time or any amendments thereto, without further reference to the Company in general meeting.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**APPOINTMENT OF MR. JAYESH PATEL AS CHIEF EXECUTIVE OFFICER u/s 314:**

“**RESOLVED THAT** the Company hereby grants its approval and consent under section 314(1B) of the Companies Act 1956 read with Director’s Relatives (Office or Place of Profit) Rules, 2003, for the appointment and payment of remuneration to Mr. Jayesh Patel, who is a relative of Mr. P. R. Patel (Managing Director of the Company), as an employee in the top management cadre for holding place of profit as Chief Executive Officer in the company and that he shall be entitled as per the Rules and Regulations of the Company, to such increments, allowances, leave benefits, amenities and facilities, including medical and retirement which are applicable to the same cadre of employees of the company, provided that the total monthly remuneration payable to Mr. Jayesh Patel including cost of perquisites to the Company shall not exceed ₹ 2,50,000 and that if the amount of the remuneration exceeds the permissible limit then the excess amount of remuneration will be payable to him only after obtaining the approval of the Central Government.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, things, deeds as may be necessary for the purpose implementing the above resolution.”

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**APPOINTMENT OF MR. PARESH CHAWLA u/s 314:**

“**RESOLVED THAT** the Company hereby grants its approval and consent under section 314(1B) of the Companies Act 1956 read with Director’s Relatives (Office or Place of Profit) Rules, 2003, for the appointment and payment of remuneration to Mr. Pares Chawla, who is a relative of Mr. M. S. Chawla (Director of the Company), as an employee in the top management cadre for holding place of profit as Chief Operating Officer in the company and that he shall be entitled as per the Rules and Regulations of the Company, to such increments, allowances, leave benefits, amenities and facilities, including medical and retirement which are applicable to the same cadre of employees of the company, provided that the total monthly remuneration payable to Mr. Pares Chawla including cost of perquisites to the Company shall not exceed ₹ 2,50,000 and that if the amount of the remuneration exceeds the permissible limit then the excess amount of remuneration will be payable to him only after obtaining the approval of the Central Government.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, things, deeds as may be necessary for the purpose implementing the above resolution.”

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

**APPOINTMENT OF MR. BAKULESH SHAH u/s 314:**

“**RESOLVED THAT** the Company hereby grants its approval and consent under section 314(1B) of the Companies Act 1956 read with Director’s Relatives (Office or Place of Profit) Rules, 2003, for the appointment and payment of remuneration to Mr. Bakulesh Shah, who is a relative of Mr. P. C. Shah (Director of the Company), as an employee in the top management cadre for holding place of profit as Vice President in the company and that he shall be entitled as per the Rules and Regulations of the Company, to such increments, allowances, leave benefits, amenities and facilities, including medical and retirement which are applicable to the same cadre of employees of the company, provided that the total monthly remuneration payable to Mr. Bakulesh Shah including cost of perquisites to the Company shall not exceed ₹ 2,50,000 and that if the amount of the remuneration exceeds the permissible limit then the excess amount of remuneration will be payable to him only after obtaining the approval of the Central Government.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, things, deeds as may be necessary for the purpose implementing the above resolution.”

**NOTES:**

- (1) A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the company. The proxy form to be effective, should be deposited at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting.
- (2) The ‘Register of Members’ and ‘Share Transfer Books’ will remain closed from 25<sup>th</sup> September 2012 to 27<sup>th</sup> September 2012 (both days inclusive).
- (3) Members are requested to immediately notify any changes in their address/ bank mandate to their respective Depository Participants (DPs) in respect of electronic share accounts and to the Registrar & Share Transfer Agent with all necessary details, in respect of physical share folios.
- (4) **Members are requested to register their email ID with the Company at [is@alpalabs.com](mailto:is@alpalabs.com) or with the Share Transfer Agent to facilitate the company to dispatch all eligible statutory communications at their registered email ID.**
- (5) Nomination facility is available as per the provision of the Companies Act, 1956. Those who wish to avail themselves of this facility may send in their Nomination Forms (Form 2B) either to the Registrar or to the Company at its Registered Office.
- (6) Pursuant to Clause 49 of the Listing Agreement, the particulars of directors seeking re-appointment are as follows:
  - a. Mr. M. S. Chawla, aged 70 years, holds a Bachelors Degree in Science from Indore University. He is an approved manufacturing chemist and is responsible for the overall manufacturing operations. He is also a co-founder of the company..
  - b. Mr. D. Baheti, aged 57 years, is a post-graduate of Commerce and a successful businessman with over 35 years of experience in various fields. He is an Independent Director in the Company.
  - c. Mr. K. D. Malani, aged 65 years, is a post-graduate of Commerce and has a vast experience of over 40 years in various roles in a bank. He is an Independent Director in the Company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6**

As per provisions of Section 269 of the Companies Act, 1956, every public company having paid up capital of ₹ 5 Crores or more is required to have a Managing Director.

At the Board Meeting held on 1<sup>st</sup> March 2012, the Board had approved the reappointment and term of remuneration of Mr. P. R. Patel as the Managing Director of the Company for a period of 3 years w.e.f. 1<sup>st</sup> March 2012. The re appointment was made subject to approval of members on following terms and conditions.

A. Remuneration: ₹ 2,50,000 per month

B. Perquisites: as per provisions of Schedule XIII of the Companies Act, 1956

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under section 198, 309, 310 read with schedule XIII of the Act. In compliance with the provisions of section 269, 309,310 read with Schedule XIII of the Act, the reappointment and remuneration of the Managing Director are now being placed before the members in general meeting for their approval.

Mr. P. R. Patel, aged 78 years has more than 55 years of experience in the pharmaceutical Industry and is a co-founder of the Company. He provides strategic direction and vision to the company. He is not holding any other directorship.

None of the director is concerned or interested in the resolution except, Mr. Patel who is being reappointed.

This may be treated as an abstract of draft pursuant to Section 302 of the Act.

Item No. 7

At the Board Meeting held on 1<sup>st</sup> March 2012, the Board had approved the reappointment and term of remuneration of Mr. M. S. Chawla as a Whole Time Director of the Company for a period of 3 years w.e.f. 1<sup>st</sup> March 2012. The re appointment was made subject to approval of members on following terms and conditions.

A. Remuneration: ₹ 2,50,000 per month

B. Perquisites: as per provisions of Schedule XIII of the Companies Act, 1956

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under section 198, 309, 310 read with schedule XIII of the Act. In compliance with the provisions of section 269, 309,310 read with Schedule XIII of the Act, the reappointment and remuneration of the Director are now being placed before the members in general meeting for their approval.

Mr. M. S. Chawla, aged 70 years has 45 years of experience in the pharmaceutical Industry and is also a co-founder of the Company and is not holding any other directorship.

None of the director is concerned or interested in the resolution except, Mr. Chawla who is being reappointed. This may be treated as an abstract of draft pursuant to Section 302 of the Act.

Item No. 8

At the Board Meeting held on 1<sup>st</sup> March 2012, the Board had approved the reappointment and term of remuneration of Mr. P. C. Shah as a Whole Time Director of the Company for a period of 3 years w.e.f. 1<sup>st</sup> March 2012. The re appointment was made subject to approval of members on following terms and conditions.

A. Remuneration: ₹ 2,50,000 per month

B. Perquisites: as per provisions of Schedule XIII of the Companies Act, 1956

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under section 198, 309, 310 read with schedule XIII of the Act. In compliance with the provisions of section 269, 309,310 read with Schedule XIII of the Act, the reappointment and remuneration of the Director are now being placed before the members in general meeting for their approval.

Mr. P. C. Shah, aged 65 years has 40 years of experience in the pharmaceutical Industry and is also a co-founder of the Company and is not holding any other directorship.

None of the director is concerned or interested in the resolution except, Mr. Shah who is being reappointed. This may be treated as an abstract of draft pursuant to Section 302 of the Act.

Item No. 9

Section 314(1B) of the Companies Act, 1956, inter alia provides that no relative of Director shall hold office, or continue to hold office or place of profit in the Company, which carries total monthly remuneration of not less than ₹ 50,000 and not more than ₹ 2,50,000 except with the prior consent of the members by a Special Resolution at a General Meeting.

Mr. Jayesh Patel, who is a relative of Mr. P. R. Patel (Managing Director of the Company) and has a vast experience of more than 25 years in various entrepreneurial roles across the world and has been with the Company for more than 15 years, managing all aspects of administration, execution, finance and planning is proposed to be appointed as the Chief Executive Officer on a monthly remuneration not exceeding ₹ 2,50,000.

None of the Directors of the Company are, in any way, concerned or interested in the said resolution, except Mr. P. R. Patel. Directors recommend Special Resolution for your approval.

Item No. 10

Section 314(1B) of the Companies Act, 1956, inter alia provides that no relative of Director shall hold office, or continue to hold office or place of profit in the Company, which carries total monthly remuneration of not less than ₹ 50,000 and not more than ₹ 2,50,000 except with the prior consent of the members by a Special Resolution at a General Meeting.

Mr. Paresh Chawla, who is a relative of Mr. M. S. Chawla (Director of the Company) and has an experience of 15 years with the Company handling a wide variety of responsibilities is proposed to be appointed as Chief Operating Officer on a monthly remuneration not exceeding ₹ 2,50,000.

None of the Directors of the Company are, in any way, concerned or interested in the said resolution, except Mr. M. S. Chawla. Directors recommend Special Resolution for your approval.

Item No. 11

Section 314(1B) of the Companies Act, 1956, inter alia provides that no relative of Director shall hold office, or continue to hold office or place of profit in the Company, which carries total monthly remuneration of not less than ₹ 50,000 and not more than ₹ 2,50,000 except with the prior consent of the members by a Special Resolution at a General Meeting.

Mr. Bakulesh Shah, who is a relative of Mr. P. C. Shah (Director of the Company) and has more than 20 years of experience in the pharmaceutical industry and has been with the Company for more than 15 years, managing all technical matters of the plant is proposed to be appointed as Vice President on a monthly remuneration not exceeding ₹ 2,50,000.

None of the Directors of the Company are, in any way, concerned or interested in the said resolution, except Mr. P. C. Shah. Directors recommend Special Resolution for your approval.

For and on behalf of the Board of Directors of **ALPA LABORATORIES LIMITED**

**P. R. Patel**, Chairman & Managing Director  
Pigdamber, Rau, Indore, 14<sup>th</sup> August 2012

**Note: As in the past, the Company has made a special effort to produce this report in a format that would cause minimal environmental impact, without compromising on its contents. A soft copy of the report is also available on the website as well as by email upon request. Shareholders are also requested to register their email ID at [is@alpalabs.com](mailto:is@alpalabs.com) for all communications, thereby further reducing the environmental impact and reducing waste.**

## DIRECTORS' REPORT

The Directors present the 24<sup>th</sup> Annual Report of the Company along with the Audited Accounts for the year ended March 31<sup>st</sup>, 2012.

### 1. FINANCIAL SUMMARY

(in ₹)	Year Ended 31 <sup>st</sup> March	2012	2011
Gross total revenue		55,67,05,384	83,61,21,491
Profit before tax		83,55,397	1,08,18,922
Profit after tax		52,84,518	90,39,410
Balance Brought Forward From Previous Year		21,29,89,010	20,39,49,600
Profit carried to Balance Sheet		21,82,73,528	21,29,89,010

### 2. PAST HISTORY AND FUTURE PROSPECT

The Company posted a turnover of ₹ 55,67,05,384 for the Financial Year and earned a profit of ₹ 52,84,518. The exercise of product consolidation and pruning of the product line has resulted in a further improvement in the profitability of the Company during the year. Even in the difficult market, the Company has continued to book a profit as a result of better management, cost efficiencies and strategic planning for margin. WHO-GMP certification has been renewed for the old plant and WHO-GMP certification has also been granted to the new plant. Further, the new plant has taken several pilot and exhibit batches and the results have been very satisfactory.

### 3. MANAGEMENT REVIEW

#### Forward Looking Statements

Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

#### Industry Structure and Development

There has been a general uncertainty across the world due to repeated economic and civic events. Besides a continuing economic turmoil across the world, major civic events are taking place in the middle east and other parts of the world. Although India has been playing an increasing important role in the world economy, it has also seen reduced growth and has not been able to deliver on projections and expectations.

Despite such adverse conditions, the Company has fared fairly well. Profitability has improved and the management believes that the Company is at a point of upward inflection in yielding better results for its stakeholders.

#### Manufacturing Facilities

The Company already has a state of the art WHO-GMP certified manufacturing facility at Pigdamber, Indore (Unit-I) where it manufactures a wide range of dosage forms like Injections, Tablets, Ointments and Capsules. An up-gradation of the existing facility in terms of cGMP norms and expansion of capacities has recently been completed. At present the Company is tapping the

domestic market, export markets like East & West Africa, Latin America, South East Asia and domestic and international Government Tender business from this facility. The Company also has a state of the art testing laboratory. The new regulated market compliant oral solid dosage manufacturing facility focusing on containment products such as oral hormonal and other oral hi-potency formulations at the Pithampur Industrial Area (Unit-II) has become operational and already has received its WHO-GMP certification. Unit-II is equipped with world class manufacturing and testing equipment is rapidly progressing to commercial fruition. This state of the art plant is compliant to the most rigorous regulatory requirements from anywhere in the world and specifically designed and engineered for the manufacture of hormonal and other hi-potency oral solid dosages. During the current year, it is expected to contribute substantially to the financial performance of the Company..

#### Regulatory Approvals

Unit-I continues to enjoy the approval of major international regulatory agencies and several dosage forms are being manufactured for export. This WHO-GMP certification of the plant has also been renewed. Unit-II has received its WHO-GMP certification and is well on its way to offer its facility for various other regulatory approvals including USFDA, UKMHRA, EU Approval.

#### Domestic Markets

The Company has a wide range of pharmaceutical products in its portfolio. A focused approach and increased marketing efforts has resulted in an increasingly wider reach. In the coming years, the Company would continue to build its reputation and strong brand equity in order to attain a leadership position. The Company has been successfully marketing human products through a generics distribution model.

#### International Markets

The Company continues to lay emphasis on its overseas business. The Company works closely with all its overseas partners to sustain and grow its exports. In the last financial year, the Company has expanded its operations in South East Asia, Africa and Latin America. With the commercial production expected to start soon at Unit-II, the Company will be ready to take a leap into the regulated markets.

#### Outlook

The Company remains optimistic about the bright future lying ahead. It will endeavor to grow by building on its strengths for competitive advantage. The Domestic business is becoming more competitive with the entry of newer players from the emerging economies. On the other hand, the government induced changes in select markets and the ongoing consolidation in the industry is bringing forth new challenges in the market place. The generic segment has inherent risks of patent litigation, product liability, continuous development in R&D, capital investment, increasing regulations and compliance related issues, particularly in the developed markets.

#### Business Strategy

The Company has its vision towards optimizing shareholder value, being in a developmental phase, may not have been able to meet the expectations of its shareholders. The Company has been consolidate its products at Unit-I to a more efficient range which has resulted in a higher profit even with a lowering of the sales turnover. With the addition of the performance of Unit-II, the Company is well poised to generate better profitability. The Company is deriving its strength from diverse product capability, established client relationship, location advantage and an experienced management team.

#### Risk Concerns

Uncertainties in business offer opportunities and downside risks. Consequently, the Company recognizes the importance of a well structured system to identify and manage the different elements of risk. Pressure on margins, high raw material prices, availability of substitutes, indiscriminate imports, higher overheads, patent litigation are some factors which could impact adversely especially as we strive to tap into the regulated markets.

#### Human Resources and Industrial Relations

The Company has given emphasis to upgrading the skills of its technical and marketing personnel. This is in line with its policy of enhancing the individual's growth potential within the framework of corporate goals. The HR policy and practices are constantly reshaped to meet newer demands. Not only better hiring practices, but also improved nurturing practices are in place. Company imparts training towards continuous enhancement of technical and managerial skills. The Directors acknowledge and appreciate the contribution of all employees towards the performance of the Company. During the year under review the Company, maintained cordial relationship with all employees and has not laid off any employee in its entire history.

#### Internal Control Systems

The Company has reasonable system of internal controls in power, supervision, checks, policies and procedures, which are being tested on routine basis by the management. Moreover, the Company continuously upgrades these systems in line with the best accounting practices. The Audit Committee also reviews the adequacy of internal controls systems and the compliance thereof. Further, the annual financial statements of the Company are reviewed and recommended by the Audit Committee for the



consideration and approval of the Board of directors. The Committee also reviews internal controls system, significant accounting policy, major accounting entries, related party transactions, etc.

#### Adequate Coverage of Risk

The Company's assets are adequately insured against the loss of fire and other risks which are considered necessary by the management from time to time.

#### Segment-wise Results

The Company operates in the single segment of drugs and chemicals, hence AS-17 for segment-wise reporting is not applicable.

#### Subsidiary Company

The Company does not have any subsidiaries and is also not a subsidiary of any other company.

#### Cautionary Statement

As stated before, the information and opinion expressed in this report may contain certain forward looking statements which the management believe are true to the best of its knowledge at the time of its preparation. Actual results may differ materially from those either expressed or implied in this report. Important developments that could affect the Company's operations include a downward trend in the industry, rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment, environment standards, tax laws, litigation and labor relations.

### **4. FIXED DEPOSITS**

The Company has not accepted any fixed deposits from public during the year under review.

### **5. DIRECTORS**

Mr. M. S. Chawla, Mr. D. Baheti and Mr. K. D. Malani retire by rotation and, being eligible, offer themselves for re-appointment. Mr. P. R. Patel was reappointed as the Managing Director, Mr. M. S. Chawla and Mr. P. C. Shah were reappointed as Whole Time Directors by the Board of Directors of the Company.

Mr. S. C. Lunawat, Mr. D. Baheti and Mr. K. D. Malani are independent Directors on the Board of the Company.

### **6. PARTICULARS OF EMPLOYEES**

Human resource is the most valuable assets of the Company. The Management has been proactive in equipping the employees to successfully deal with the challenges in the rapidly changing business environment. The Company does not have any employee whose particulars are required to be given under Sec. 217 (2A) of the Companies Act, 1956.

### **7. RE-CONSTITUTION OF REMUNERATION COMMITTEE**

Pursuant to the Companies Act 1956 and the Listing Agreement, the Remuneration Committee was constituted on 14<sup>th</sup> Feb 2012 consisting of non executive independent directors. Details of the Remuneration Committee is given in the Corporate Governance Report.

### **8. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956 it is confirmed that the Directors have:

- i. followed applicable accounting standards in the preparation of the annual accounts
- ii. 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 of affairs of the Company at the end of the financial year ended 31<sup>st</sup> Mar 2012 and of the profit of the Company for that period
- iii. taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv. prepared the annual accounts on a going concern basis

### **9. CORPORATE GOVERNANCE**

The Company is committed to good corporate governance practices. The report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of this report.

### **10. DISCLOSURES**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information and data are annexed to this report.

### **11. STOCK EXCHANGES - COMPLIANCE OF LISTING AGREEMENTS**

The Company's shares are listed at The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited and the Company has paid the listing fees the Stock Exchanges. Further, the Company has availed demat connectivity with both the

Depositories, NSDL and CDSL and paid Annual Fees the both the Depositories.

## 12. COST AUDITORS

Pursuant to the provisions of section 233B of the Companies Act, 1956, M/s. M. P. Turakhia & Associates, Practicing Cost Accountants, have been appointed to conduct audit of cost records for the financial year ended 31<sup>st</sup> Mar 2012. The Cost Audit Reports would be submitted to the Central Government within the prescribed time.

## 13. AUDITORS

M/s. C. H. Padliya & Co., Chartered Accountants, auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

## 14. AUDITORS REPORT

The Report of Auditors of the Company for the year under reference has two comments.

## 15. DIRECTORS COMMENTS ON AUDITORS QUALIFICATION(S)

In reference to point (ix)(a) of the Annexure to their report in reference to irregularity of payment of *Income Tax, Entry Tax, Service tax and Tax Deducted at Source*, the management has faced practical difficulties in accurately computing the same due to delays in information provided by third parties. The payments are being made regularly based on best estimates and later amended based on receipt of information provided by third parties.

In reference to point (ix)(c) of the Annexure to their report in reference to irregular payment of statutory dues, as further clarified in the same report, the management has made appeals against the demand of statutory dues in question at various forums and the hearings for these appeals are pending.

## 16. COMPLIANCE OF ACCOUNTING STANDARD

As clarified in point 4(iv) of Auditors' Report, Company has complied with all applicable Accounting Standards as per provision of section 211 (3C) of the Companies Act 1956.

For and on behalf of the Board of Directors of **ALPA LABORATORIES LIMITED**

**P. R. Patel**

Chairman & Managing Director

Pigdamber, Rau, Indore, 14<sup>th</sup> August 2012

**M. S. Chawla**

Director

**P. C. Shah**

Director

## ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A. Conservation of Energy

Total energy consumption and energy consumption per unit of production as per Form A:

(The Company has multi-product, multi-facility production, hence it is not possible to determine product-wise energy consumption.)

FORM A

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(in ₹)	Year Ended 31 <sup>st</sup> March	2012	2011
<b>POWER CONSUMPTION</b>			
i. Electricity			
a. Purchased Units			
• Total Amount		18,15,940	15,81,402
• Rate/Unit		1,14,02,005	89,78,638
• Rate/Unit		6.28	5.68
b. Own Generation Units			
• Through Diesel Generator Units		11,535	10,932
• Total Amount		2,50,902	2,24,274
• Cost Per Unit		21.76	20.49
ii. Coal			
iii. Furnace Oil (MT)			
iv. Others/ Internal Generation			
<b>CONSUMPTION OF ENERGY</b>			
i. Electricity (Units Purchased & Own Generated)			
		18,27,475	15,92,334

**B. Technology Absorption**

There has been no specific scope for technology absorption; still the Company is updating the existing machines as much as possible for better productivity and to introduce latest techniques and trends.

**C. Foreign Exchange earning and outgo**

(in ₹)	Year Ended 31 <sup>st</sup> March	2012	2011
Earning on Account of Export		9,58,52,162	6,89,84,303
Outgoings			
• For Raw Material		1,80,01,822	97,80,789
• For Capital Goods		-	-
• For Bank Charges		1,85,659	1,49,560
• For Travel Expenses		1,04,636	2,54,436

For and on behalf of the Board of Directors of **ALPA LABORATORIES LIMITED**

**P. R. Patel**

Chairman &amp; Managing Director

Pigdamber, Rau, Indore, 14<sup>th</sup> August 2012**M. S. Chawla**

Director

**P. C. Shah**

Director

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

**1. Corporate Governance Philosophy**

Our corporate governance policies recognize the accountability of the Board and importance of its decisions to all constituents and to demonstrate to shareholders who are the ultimate beneficiaries, of our economic activities. The functions of the Board and the Executive Management are well defined and are distinct from one another. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Clause 49 of the Listing Agreement.

**2. Board of Directors**

The Board of Directors is comprised of Promoter Executive Chairman & Managing Director, two Promoter Executive Directors and three Independent Non-executive Directors who have wide and varied experience in different disciplines.

The composition and category of the Board of Directors at the end of the year was as follows:

Category	Name of Director
Promoter Executive Chairman & MD:	Mr. Purushottam R. Patel
Promoter Executive Directors:	Mr. Mahendra Singh Chawla, Mr. Pravin C Shah
Independent Non-Executive Directors:	Mr. Sharad Chand Lunawat, Mr. Devendra Baheti, Mr. Krishna Das Malani

The Company has no pecuniary relationship or transaction with any of the Independent Non-executive Directors.

A brief write up about the Directors coming up for re-appointment has been provided in the notice to the Shareholders.

The Board of Directors met seven times during the period under review on 23/May/11, 30/May/11, 09/Aug/11, 27/Aug/11, 14/Nov/11, 14/Feb/12 and 01/Mar/12. Attendance of each Director at the meeting of the Board of Director held during the year and the last Annual General Meeting and also the number of Board of Directors or Committee meetings of which he is a member/ chairman is as under:

Name of Director	Attendance Particulars		No of Directorships in domestic public limited companies (including this Company)	No of Committee Memberships <sup>1</sup> in domestic public limited companies (including this Company)
	Board Meetings	Last AGM		
Mr. Purushottam R. Patel	7	Yes	1	2
Mr. Mahendra Singh Chawla	7	Yes	1	1
Mr. Pravin C Shah	7	Yes	1	-
Mr. Sharad Chand Lunawat	4	Yes	1	2
Mr. Devendra Baheti	4	Yes	1	3
Mr. Krishna Das Malani	4	Yes	1	-

<sup>1</sup>None of the directors is a member of more than ten committees or acting as Chairman of more than five committees across all companies in which he is a director.

**3. Audit Committee (see term of reference)**

The Company has complied with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement relating to the composition and terms of reference of the Audit Committee. The committee consists of 2 Independent Non-Executive Directors (1 as Chairman) and 1 Executive Director.

The Terms of Reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49(11) of the Listing Agreement and as specified by the Board of Directors of the Company. The responsibilities of the Committee include financial reporting, standards compliance and review of financial policies of the Company and also to recommend the appointment of Statutory Auditors and Internal Auditors and to fix their remuneration. The committee also reviews all the unaudited and audited financial results before the submission to the Board. Representative of the Statutory Auditors are invited to attend the meetings. The Company Secretary/ Compliance Officer acts as the Secretary of the Audit Committee. The Committee met four times during the year on 30/May/11, 09/Aug/11, 14/Nov/11 and 14/Feb/12. The members of the Committee and their attendance are given below:

Name of the Member	No. of meetings attended	Whether attended AGM
Mr. Devendra Baheti (Chairman)	4	Yes
Mr. Purushottam R. Patel	4	Yes
Mr. Sharad Chand Lunawat	4	Yes

#### 4. Remuneration Committee

A Remuneration Committee was constituted on 31/Jan/12 as required by the Schedule XIII of the Companies Act, 1956 to consider and approve the remuneration package payable to the Executive Whole Time Directors, the Managing Director & top managers of the Company. The Committee comprised of 3 Independent Non-executive Directors (1 as the Chairman). The Non-executive Directors are remunerated by way of sitting fees only which is decided by the Board of Directors from time to time. The Committee met once during the year on 14/Feb/12. The members of the Committee and their attendance are given below:

Name of the Member	No. of meetings attended	Whether attended AGM
Mr. Devendra Baheti (Chairman)	1	Yes
Mr. Sharad Chand Lunawat	1	Yes
Mr. Krishna Das Malani	1	Yes

#### 5. Shareholders/ Investors Grievances Committee

The Shareholders/ Investors Grievances Committee comprised of 1 Independent Non-executive Director as the Chairman and 2 Executive Directors. The Committee apart from the ensuring timely share transfers also looks into any investors complaints. The Committee has designated the Compliance Officer as the officer in-charge of all investor complaints. The matters unresolved for more than 15 days are reported to the Committee. The Committee met four times during the year on 30/May/11, 09/Aug/11, 14/Nov/11 and 14/Feb/12. The members of the Committee and their attendance are given below:

Name of the Member	No. of meetings attended	Whether attended AGM
Mr. Devendra Baheti (Chairman)	4	Yes
Mr. Purushottam R. Patel	4	Yes
Mr. Mahendra Singh Chawla	4	Yes

#### 6. Code of Conduct

As required by the amended Clause 49 of the Listing Agreement, the Board has adopted a Code of Conduct for all Board members and senior management of the Company and the same is posted on the website of the Company. The members of the Board and senior management have affirmed compliance of the said Code of Conduct during the year under review. The Annual report of the Company contains a declaration to this effect duly signed by the Chairman & Managing Director as required by Clause 49 of the Listing Agreement.

#### 7. Disclosure

As per the amended Clause 49, a statement in summary form of transaction with related parties are being periodically placed before the audit committee. There were no transactions of the Company of material significance with its promoters, directors, management or relatives during the year, which may have potential conflict with the interest of the Company at large. Further details of related party transactions are presented in Note 31 in Notes to the Accounts.

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. In absence of any non-compliance by the Company, there were neither any penalties imposed nor any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority.

#### 8. Managing Director Certification

The Managing Director has certified positively to the Board on the matters specified under Clause 49(V) of the Listing Agreement.

#### 9. Annual General Meetings (AGM)

The details of last three Annual General Meetings are as under:

Year	Venue	Day/Date	Time
21 <sup>st</sup>	33/2 Pigdambar. A B Road, Rau, Indore	30/Jul/2009	11:45 AM
22 <sup>nd</sup>	33/2 Pigdambar. A B Road, Rau, Indore	09/Sep/2010	11:45 AM
23 <sup>rd</sup>	33/2 Pigdambar. A B Road, Rau, Indore	28/Sep/2011	11:45 AM

No postal ballots were used for voting at these meetings. At the ensuing Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

#### 10. Means of Communications

- Quarterly and year to end date unaudited results and yearly audited results are published in the newspapers having wide circulation as per Clause 41 of the Listing Agreement.
- The Company's financial results and official news releases are displayed on the Company's website [www.alpalabs.com](http://www.alpalabs.com)

#### 11. General Shareholders Information

- Registered Office:** 33/2 Pigdambar, A B Road, Rau, Indore (M.P.) 453446, INDIA
- Compliance Officer:** Mr. Hemant Jain [cs@alpalabs.com](mailto:cs@alpalabs.com)
- Annual General Meeting:** 27<sup>th</sup> September 2012 at the Registered Office of the Company at 11:45 A.M.
- Financial Year:** 01<sup>st</sup> April to 31<sup>st</sup> March
- Date of Book Closure:** 25<sup>th</sup> September 2012 to 27<sup>th</sup> September 2012 (Both days inclusive)
- Dividend Payment Date:** Not Applicable
- Listing on Stock Exchanges:** Bombay Stock Exchange Limited and The National Stock Exchange of India Limited  
The Company has paid listing fees to the Stock Exchange, Mumbai and the National Stock Exchange of India Limited for the year 2011-12  
BSE: 532878 NSE: ALPA ISIN: INE385I01010

#### h. Stock Code:

#### i. Market Price Data:

2011-12	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April	13.15	10.72	13.60	11.05
May	11.75	10.00	11.50	9.05
June	11.17	9.70	11.10	9.15
July	11.65	9.52	11.70	9.20
August	10.52	7.93	10.85	7.35
September	9.00	7.72	9.15	7.50
October	9.00	7.52	9.00	7.10
November	8.80	7.00	8.70	7.00
December	7.90	5.50	7.80	5.55
January	9.40	6.50	9.50	6.50
February	9.75	7.60	9.80	7.50
March	11.45	7.80	11.95	7.75

(Source: BSE & NSE Websites)

- Registrar & Transfer Agent:** Bigshare Services Private Limited  
E/2 Ansa Industrial Estate, Saki Vihar Road, Andheri (East) Mumbai 400072  
Phone: +91-22-2847-0652 Fax: +91-22-2847-5207  
Email: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com) Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
Shareholders are advised to contact the registrar quoting their Folio nos. in each

correspondence.

**k. Complaints Resolution:** During the year under review, the Company received complaints from the shareholders as follows. To the best of knowledge of the Company, these complaints were solved to the satisfaction of the shareholders:

Nature of complaints	CURRENT YEAR		PREVIOUS YEAR	
	Received	Resolved	Received	Resolved
Non-receipt of share certificates	NIL	NIL	NIL	NIL
Non-credit of account	NIL	NIL	NIL	NIL
Other	5	2	8	7
<b>TOTAL</b>	<b>5</b>	<b>2</b>	<b>8</b>	<b>7</b>

#### l. Distribution of Shareholding at end of the year was as follows:

No. of shares	No. of share holders	%	No. of shares held	%
1-5,000	10,857	79.20	2,05,61,450	9.77
5,001-10,000	1,576	11.50	1,27,94,120	6.08
10,001-20,000	739	5.39	1,11,91,370	5.32
20,001-30,000	175	1.28	45,01,650	2.14
30,001-40,000	86	0.63	30,84,980	1.47

40,001-50,000	79	0.58	37,24,650	1.77
50,001-100,000	92	0.67	66,58,790	3.16
Over 100,000	104	0.76	14,78,88,990	70.29
<b>TOTAL</b>	<b>13,708</b>	<b>100.00%</b>	<b>21,04,06,000</b>	<b>100.00%</b>

**m. Categories of Shareholding at end of the year was as follows:**

Category	No. of share holders	%	No. of shares held	%
Clearing Member	21	0.15	21,927	0.10
Corporate Bodies	208	1.52	7,31,530	3.48
NRI Promoters	2	0.01	49,900	0.24
NRIs	120	0.88	2,44,086	1.16
Promoters	24	0.18	1,14,38,470	54.36
Public	13,333	97.26	85,54,687	40.66
<b>TOTAL</b>	<b>13708</b>	<b>100.00%</b>	<b>2,10,40,600</b>	<b>100.00%</b>

**n. Dematerialization of Shares and Liquidity:**

At the end of the year, there were 89,80,595 equity shares that had been dematerialized, representing 42.68% of the paid up share capital of the Company. The shares of the Company are frequently traded.

**o. Outstanding Convertible Instruments:**

At the end of the year, the Company had no outstanding convertible instruments.

**p. Manufacturing Units:**

Unit-I	Unit-II
33/2 Pigdamber, A. B. Road, Rau Indore (M.P.) 453446, India	481 Sector III, Pithampur Dist. Dhar (M.P.) 454775

**q. Secretarial Audit For Reconciliation of Capital:**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) against the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total shares held in dematerialized form (with NSDL and CDSL) and the total shares held in physical form.

**Declaration relating to Code of Conduct**

All Board Members and Senior Management Personnel have, for the year ended 31<sup>st</sup> March 2012 affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Clause 49 (1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges.

For and on behalf of the Board of Directors of **ALPA LABORATORIES LIMITED**

**P. R. Patel**

Chairman & Managing Director  
Pigdamber, Rau, Indore, 28<sup>th</sup> May 2012

**M. S. Chawla**

Director

**P. C. Shah**

Director

**CERTIFICATE ON COMPLIANCE OF CLAUSE 49 OF THE LISTING AGREEMENT**

To,

The Members and the Board of Directors of **Alpa Laboratories Limited**

I have examined the compliance by Alpa Laboratories Limited (the Company) of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31<sup>st</sup> March 2012. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. My examination was limited to procedures adopted, and implementation thereof, by the Company for ensuring compliance with the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

I 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.

**Shilpesh Dalal**, Practicing Company Secretary

FCS No. 5316, Certificate of Practice No. 4235

Indore, 28<sup>th</sup> May 2012

**AUDITORS' REPORT****To The Members of Alpa Laboratories Limited,**

1. We have audited the attached Balance Sheet of Alpa Laboratories Limited ('the Company') as at 31st March 2012 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) we report that none of the directors is disqualified as on 31st March 2012 from being appointed as director under clause (g) of sub-section (1) of section 274 of Companies Act, 1956;
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Notes there on give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
    - (a) in the case of Balance Sheet, of the Statement of Affairs of the Company as at 31<sup>st</sup> March 2012
    - (b) in the case of Profit and Loss Account, of the profit for the year ended on that date
    - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

For and on behalf of **C. H. PADLIYA & CO.**, Chartered Accountants, FRN 003151C

**S. C. Padliya**, Partner, Membership Number 071666  
Indore, 28<sup>th</sup> May 2012

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012 OF ALPA LABORATORIES LIMITED**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
 (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.  
 (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) We have been informed that the inventory has been physically verified during the year by the management except material lying with third party (which has substantially been confirmed). 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) On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under the section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under the section 301 of the Companies Act, 1956, paragraphs (iii-b), (iii-c) and (iii-d) of the Order, are not applicable.  
 (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under the section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under the section 301 of the Companies Act, 1956, paragraphs (iii-f) and (iii-g) of the Order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- (v) In our opinion and according to the information and explanations given to us, there are no contractor arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the Register required to be maintained under that section. Hence clause (v-b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits under the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion the company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account 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 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 the accounts and records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Value Added Tax, Wealth tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities *except Income Tax, Entry Tax, Service tax and Tax deducted at source*.  
 (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable.



(c) According to the records of the Company, the dues of Sales Tax, Income Tax, Service Tax, Excise Duty and cess that have not been deposited with the appropriate authorities on account of disputes as at 31st March 2012 and the forum where disputes are pending are given below:

Name of the Statute	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in lac)
Value Added Tax	01/04/02 to 31/03/03	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal	3.98
Central Sales Tax	01/04/02 to 31/03/03	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal	18.79
Central Sales Tax	01/04/05 to 31/03/06	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal	28.52
Value Added Tax	01/04/05 to 31/03/06	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal	20.69
Value Added Tax	01/04/07 to 31/03/08	Proceedings under Section 21 of Madhya Pradesh Value Added Tax Act, 2002 is pending	12.00
Central Sales Tax	01/04/09 to 31/03/10	First appeal filed before Deputy Commissioner, Division 1, Indore	19.01

- (x) The Company has neither accumulated losses as at 31st March 2012 nor it has incurred any cash loss either during the year ended on that date or in the immediately preceding financial year.
- (xi) According to the information and explanations provided by the management, the Company has not defaulted in repayment of dues to bank or financial institution. The Company has not obtained any borrowing by way of debentures.
- (xii) According to the information and explanations provided by the management and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and to the best of our information and explanations provided by the management, the Company is not a chit fund or nidhi mutual benefit society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report), 2003 are not applicable to the Company.
- (xiv) As per records of the Company and information and explanations provided to us by the management, the Company is not dealing or trading in share, securities, debenture and other investment. Accordingly the provisions of clause 44(xiv) of the order are not applicable to the Company.
- (xv) According to the records of the Company and the information and explanation provided by the management, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The term loans obtained by the Company from Bank of Baroda, Indore have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation 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 been used for long term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s 301 of the Companies Act, during the year.
- (xix) As the Company has no debentures outstanding at any time during the year, paragraph (xix) of the Order is not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the period covered by our report.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements 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 and on behalf of **C. H. PADLIYA & CO.**, Chartered Accountants, FRN 003151C

**S. C. Padliya**, Partner, Membership Number 071666  
Indore, 28<sup>th</sup> May 2012

(in ₹)

Balance Sheet as at 31 <sup>st</sup> March	Note	2012	2011
<b>Equity and Liabilities</b>			
<i>Shareholders' Funds</i>			
Share Capital	1	21,04,06,000	21,04,06,000
Reserves and Surplus	2	76,78,78,848	76,25,94,330
<i>Non-Current Liabilities</i>			
Long Term Borrowings	3	2,66,66,667	-
Deferred Tax Liabilities (Net)		22,33,824	22,77,634
Other Long Term Liabilities	4	71,73,798	60,67,501
<i>Current Liabilities</i>			
Short Term Borrowings	5	7,84,59,278	9,39,89,500
Trade Payables	6	15,54,84,886	18,45,43,017
Other Current Liabilities	7	4,36,48,653	3,00,79,669
Short Term Provisions	8	81,24,331	49,02,033
<b>Total Equity and Liabilities</b>		<b>1,30,00,76,285</b>	<b>1,29,48,59,685</b>
<b>Assets</b>			
<i>Non-Current Assets</i>			
Fixed Assets	9		
Tangible Assets		9,20,91,722	11,36,89,957
Capital Work in Progress		64,26,06,666	60,35,53,038
Long Term Loans and Advances	10	82,06,819	76,02,825
<i>Current Assets</i>			
Inventories	11	15,54,16,112	16,27,03,047
Trade Receivables	12	21,41,43,320	22,87,78,721
Cash and Bank Balances	13	14,93,855	1,03,50,885
Short Term Loans and Advances	14	5,49,04,646	7,07,72,880
Other Current Assets	15	13,12,13,145	9,74,08,332
<b>Total Assets</b>		<b>1,30,00,76,285</b>	<b>1,29,48,59,685</b>
The notes form an integral part of these financial statements			

As Per Our Report of even Date  
For **C. H. PADLIYA & CO.**  
Chartered Accountants, FRN 003151C

S. C. PADLIYA  
Partner, Membership Number 071666

For **ALPA LABORATORIES LIMITED**

P.R. PATEL                      M.S. CHAWLA  
Managing Director              Director  
Pigdamber, Rau, Indore, 28<sup>th</sup> May 2012

(in ₹)

<b>Profit &amp; Loss Statement for year ended 31st March</b>	<b>Note</b>	<b>2012</b>	<b>2011</b>
<b>Income</b>			
Revenue from Operations	16	55,12,98,721	82,86,72,869
Other Income	17	54,06,663	74,48,622
<b>Total Income</b>		<b>55,67,05,384</b>	<b>83,61,21,491</b>
<b>Expenditure</b>			
Cost of Materials Consumed	18	37,21,23,000	70,90,76,833
Purchases Of Stock In Trade		2,85,03,970	-
Manufacturing and Operating Cost	19	3,03,63,617	2,76,28,030
Changes in Inventories of Finished Goods, Work in Process and Stock in Trade	20	2,50,726	(59,05,119)
Employee Benefits Expense	21	4,53,64,980	3,96,61,366
Finance Costs	22	1,27,20,982	29,56,490
Depreciation and Amortization Expense	9	1,00,31,775	1,10,97,416
Other Expenses	23	4,89,90,937	4,07,87,552
<b>Total Expenses</b>		<b>54,83,49,987</b>	<b>82,53,02,568</b>
<b>Profit before tax</b>		<b>83,55,397</b>	<b>1,08,18,922</b>
<b>Tax Expense</b>			
Current Tax	24	31,14,690	45,75,177
Deferred Tax (Net)		(43,811)	(27,95,665)
<b>Profit/ (Loss) for the Year</b>		<b>52,84,518</b>	<b>90,39,410</b>
<b>Earnings per share of face value of ₹ 10 each</b>			
Basic and Diluted		0.25	0.43
The notes form an integral part of these financial statements			

As Per Our Report of even Date

For **C. H. PADLIYA & CO.**

Chartered Accountants, FRN 003151C

S. C. PADLIYA

Partner, Membership Number 071666

For **ALPA LABORATORIES LIMITED**

P.R. PATEL

Managing Director

M.S. CHAWLA

Director

Pigdamber, Rau, Indore, 28<sup>th</sup> May 2012

<b>Cash Flow Statement for year ended 31st march</b>		<b>(in ₹)</b>
<b>A. Cash Flow from Operating Activities</b>	<b>2012</b>	<b>2011</b>
<b>Net profit before tax</b>	83,55,397	1,08,18,922
Adjustments for:		
Depreciation and Amortization Expense	1,00,31,775	1,10,97,416
Interest Expense	1,19,83,632	29,91,279
Provision for Doubtful Trade Receivables	17,48,858	-
Excess Provision Written Off	(4,500)	-
Bad Debts Written Off	6,51,142	10,70,478
Net gain on sale of Long Term Investments	-	(66,64,453)
Operating Profit Before Working Capital Changes	3,27,66,304	1,93,13,642
Adjustments for:		
Decrease/ (Increase) in Sundry debtors	1,39,82,800	15,87,15,863
Decrease/ (Increase) in Loans & Advances & Other Current Assets	1,53,57,482	(31,61,452)
Decrease/ (Increase) in Inventories	72,86,935	81,26,011
Increase/ (Decrease) in Current Liabilities & Provision	(2,56,00,182)	(13,22,13,350)
Increase/ (Decrease) in Long Term Liabilities	11,06,297	-
Cash Generated from Operations	4,48,99,636	5,07,80,714
Income Tax	(30,70,879)	(17,79,512)
<b>Net Cash from Operating Activities</b>	<b>4,18,28,757</b>	<b>4,90,01,202</b>
		<b>(in ₹)</b>
<b>B. Cash Flow from Investing Activities</b>	<b>2012</b>	<b>2011</b>
Purchase of Fixed Assets	(53,81,716)	(85,15,844)
Advance for Purchases of Capital Goods (net) & Cap. Exp. pending allocation	(7,29,51,683)	(14,93,23,873)
Sale of Fixed Assets	1,69,48,176	-
Sale of Investments	-	9,66,64,453
<b>Net Cash used in Investing Activities</b>	<b>(6,13,85,223)</b>	<b>(6,11,75,264)</b>
		<b>(in ₹)</b>
<b>C. Cash Flow from Financing Activities</b>	<b>2012</b>	<b>2011</b>
Proceeds From Borrowings	2,44,69,778	1,31,51,899
Interest Paid	(1,19,83,632)	(29,91,279)
<b>Net Cash from Financing Activities</b>	<b>1,24,86,146</b>	<b>1,01,60,620</b>
<b>D. Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(70,70,320)</b>	<b>(20,13,442)</b>
<b>E. Cash &amp; Cash Equivalents as at the beginning of the year</b>	<b>75,64,175</b>	<b>95,77,617</b>
<b>F. Cash &amp; Cash Equivalents as at the end of the year</b>	<b>4,93,855</b>	<b>75,64,175</b>

	(in ₹)	
<b>G. Cash &amp; Cash Equivalents Comprise</b>	<b>2012</b>	<b>2011</b>
Cash & Bank Balances as per the Balance Sheet	14,93,855	1,03,50,885
Less: Deposits Lodged towards Sec. Dep. & Margin Money against Bank Guar	10,00,000	27,86,710
<b>Net Cash Used In Investing Activities</b>	<b>4,93,855</b>	<b>75,64,175</b>

Notes:

Figures in brackets indicate cash outgo

Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified under the Companies Act, 1956

Notes to Accounts form an integral part of the Cash Flow Statement

As Per Our Report of even Date

For **C. H. PADLIYA & CO.**

Chartered Accountants, FRN 003151C

S. C. PADLIYA

Partner, Membership Number 071666

For **ALPA LABORATORIES LIMITED**

P.R. PATEL

Managing Director

M.S. CHAWLA

Director

Pigdamber, Rau, Indore, 28<sup>th</sup> May 2012

**Notes to the Financial Statements for year ended 31st March** (in ₹)

<b>1. Share Capital</b>	<b>2012</b>	<b>2011</b>
<b>Authorized Capital</b>	25,00,00,000	25,00,00,000
2,50,00,000 Equity Shares of ₹ 10 Each	Prev. Yr. 2,50,00,000 Equity Share of ₹ 10 Each	
<b>Issued Capital</b>	21,56,00,000	21,56,00,000
2,15,60,000 Equity Shares of ₹ 10 Each	Prev. Yr. 2,15,60,000 Equity Share of ₹ 10 Each	
<b>Subscribed and Paid Up Capital</b>	21,04,06,000	21,04,06,000
2,10,40,600 Equity Shares of ₹ 10 Each	Prev. Yr. 2,10,40,600 Equity Share of ₹ 10 Each	
<b>Total Share Capital</b>	<b>21,04,06,000</b>	<b>21,04,06,000</b>

**• Terms and Rights attached to Equity Shares.**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each Shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets, after distribution of all preferential amounts, in proportion of their shareholding.

**• Detail of Shareholders holding more than 5% of total subscribed shareholding**

	2012		2011	
	Quantity	%	Quantity	%
Mahendra Singh Chawla	13,66,600	6.50%	13,66,600	6.50%
Pravin C. Shah	11,00,580	5.23%	11,00,580	5.23%

**2. Reserves and Surplus** (in ₹)

	<b>2012</b>	<b>2011</b>
<b>Share Premium Reserve</b>	54,96,05,320	54,96,05,320
<b>General Reserve</b>		
As per last Balance Sheet	21,29,89,010	20,39,49,600
Add: Transferred from the Statement of Profit and Loss	52,84,518	90,39,410
Balance at the end of the year	21,82,73,528	21,29,89,010
<b>Total Reserve and Surplus</b>	<b>76,78,78,848</b>	<b>76,25,94,330</b>

**3. Long Term Borrowings** (in ₹)

	<b>2012</b>	<b>2011</b>
<b>Secured</b>		
Term Loans from Banks	2,66,66,667	-
<b>Total Long Term Borrowings</b>	<b>2,66,66,667</b>	<b>-</b>

**• Terms of Repayment**

Repayable in 36 monthly installments commencing from April, 2012. Last installment due in March, 2015. Rate of interest 13% p.a. as at year end.

**• Security Provided**

Term loan is secured by hypothecation of present and future stock of raw material, finished goods, stock in process consumables, stores & spares, packing material etc.

**4. Other Long Term Liabilities** (in ₹)

	<b>2012</b>	<b>2011</b>
Trade/ Security Deposits received	71,73,798	60,67,501
<b>Total Other Long Term Liabilities</b>	<b>71,73,798</b>	<b>60,67,501</b>

(in ₹)		
<b>5. Short Term Borrowings</b>	<b>2012</b>	<b>2011</b>
<b>Secured</b>		
Working Capital Loans from Banks	7,84,59,278	9,39,89,500
<b>Total Short Term Borrowings</b>	<b>7,84,59,278</b>	<b>9,39,89,500</b>

**• Security Provided**

Working capital loans are secured by hypothecation of present and future stock of raw material, finished goods, stock in process consumables, stores & spares, packing material etc.

(in ₹)		
<b>6. Trade Payables</b>	<b>2012</b>	<b>2011</b>
Micro, Small and Medium Enterprises	82,34,305	83,51,427
Others	14,72,50,581	17,61,91,590
<b>Total Trade Payables</b>	<b>15,54,84,886</b>	<b>18,45,43,017</b>

**• Detail of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company**

	<b>2012</b>	<b>2011</b>
Principal amount due and remaining unpaid as at the end of the accounting year	82,34,305	83,51,427
Interest due thereon remaining unpaid as at the end of the accounting year	-	-
The amount of interest paid along with payment made beyond the appointed day	2,66,20,814	3,00,56,767
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

(in ₹)		
<b>7. Other Current Liabilities</b>	<b>2012</b>	<b>2011</b>
Current maturities of Long Term Debt -Secured Loans from Banks	1,33,33,333	-
Interest Accrued but Not Due on Borrowings	4,82,787	-
Statutory Remittances (Contributions to PF & ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	22,42,159	69,62,840
Payables on Purchase of Fixed Assets	99,12,432	53,06,657
Advance from Customers	1,51,50,669	66,00,009
Other Payables (Includes security deposit, advances received for sale of fixed assets and salary and allowance payable to employees)	25,27,273	1,12,10,163
<b>Total Other Current Liabilities</b>	<b>4,36,48,653</b>	<b>3,00,79,669</b>

(in ₹)		
<b>8. Short Term Provisions</b>	<b>2012</b>	<b>2011</b>
Provision for Tax (Net of Advance Tax)	3,63,049	23,920
Provision for Employee Benefits	33,57,551	31,33,291
Provision for Contingencies	12,00,000	-
Other Provisions	32,03,731	17,44,822
<b>Total Short Term Provisions</b>	<b>81,24,331</b>	<b>49,02,033</b>

(in ₹)

**9. Fixed Assets**

ASSET	As At 01/04/2011	GROSS BLOCK			As At 31/03/2012	DEPRECIATION				NET BLOCK	
		Additions	Deletions			Up To 31/03/2011	For the Yr. 2011-12	Deletions	Up To 31/03/2012	As At 31/03/2012	As At 31/03/2011
Land and Site Development	4,01,15,105	22,92,548	1,69,48,176		<b>2,54,59,477</b>	-	-	-	-	<b>2,54,59,477</b>	4,01,15,105
Building	4,89,14,450	-	-		<b>4,89,14,450</b>	3,19,40,540	16,97,391	-	<b>3,36,37,931</b>	<b>1,52,76,519</b>	1,69,73,910
Plant & Machinery	11,71,03,971	12,54,243	-		<b>11,83,58,214</b>	7,69,69,512	56,69,976	-	<b>8,26,39,488</b>	<b>3,57,18,726</b>	4,01,34,459
Furniture & Fixtures	17,51,609	5,64,063	-		<b>23,15,672</b>	9,34,636	2,31,289	-	<b>11,65,925</b>	<b>11,49,747</b>	8,16,973
Computers	22,58,014	15,499	-		<b>22,73,513</b>	18,07,034	1,80,800	-	<b>19,87,834</b>	<b>2,85,679</b>	4,50,980
Utility	1,66,96,326	8,40,944	-		<b>1,75,37,270</b>	1,06,55,432	9,16,025	-	<b>1,15,71,457</b>	<b>59,65,813</b>	60,40,894
Electrical Installation	1,70,61,839	7,150	-		<b>1,70,68,989</b>	1,13,52,784	7,95,002	-	<b>1,21,47,786</b>	<b>49,21,203</b>	57,09,055
QC & Lab. Equipment	1,02,88,192	3,67,500	-		<b>1,06,55,692</b>	70,71,445	4,72,905	-	<b>75,44,350</b>	<b>31,11,342</b>	32,16,747
Office Equipment	6,56,234	39,769	-		<b>6,96,003</b>	4,24,400	68,387	-	<b>4,92,787</b>	<b>2,03,216</b>	2,31,834
Sub Total	<b>25,48,45,740</b>	<b>53,81,716</b>	<b>1,69,48,176</b>		<b>24,32,79,280</b>	<b>14,11,55,783</b>	<b>1,00,31,775</b>	<b>-</b>	<b>15,11,87,558</b>	<b>9,20,91,722</b>	<b>11,36,89,957</b>
Capital Work in Progress	-	-	-		-	-	-	-	-	<b>64,26,06,666</b>	60,35,53,038
<b>Total Fixed Assets</b>	<b>25,48,45,740</b>	<b>53,81,716</b>	<b>1,69,48,176</b>		<b>24,32,79,280</b>	<b>14,11,55,783</b>	<b>1,00,31,775</b>	<b>-</b>	<b>15,11,87,558</b>	<b>73,46,98,388</b>	<b>71,72,42,995</b>
Previous Year	24,63,29,896	85,15,844	-		<b>25,48,45,740</b>	13,00,58,367	1,10,97,416	-	<b>14,11,55,783</b>	<b>71,72,42,995</b>	59,73,20,214



	(in ₹)	
<b>10. Long Term Loans and Advances</b>	<b>2012</b>	<b>2011</b>
<b>Unsecured, Considered Good</b>		
Capital Advances	5,50,000	3,50,000
Security Deposits	76,56,819	72,52,825
<b>Total Long Term Loans and Advances</b>	<b>82,06,819</b>	<b>76,02,825</b>
	(in ₹)	
<b>11. Inventories</b>	<b>2012</b>	<b>2011</b>
Raw Materials	11,45,19,749	12,15,55,958
Work in Process	62,59,844	80,37,068
Finished Goods (other than those acquired for Trading)	3,46,36,519	3,31,10,021
<b>Total Inventories</b>	<b>15,54,16,112</b>	<b>16,27,03,047</b>
<b>• Detail of Raw Materials</b>	<b>2012</b>	<b>2011</b>
Drugs & Chemicals	8,50,68,712	10,22,42,570
Packing Materials	2,94,51,037	1,93,13,388
Total	11,45,19,749	12,15,55,958
<b>• Detail of Work in Process</b>	<b>2012</b>	<b>2011</b>
Injection	14,89,280	15,22,528
Tablets & Capsules	25,79,000	57,60,000
Ointment & Cream	13,05,004	1,86,840
Eye/Ear Drops	4,00,500	70,200
Dry Powder	4,86,060	4,97,500
Total	62,59,844	80,37,068
<b>• Detail of Finished Goods (other than those acquired for Trading)</b>	<b>2012</b>	<b>2011</b>
Liquid Injection	1,30,42,648	1,15,88,521
Dry Powder Injection	21,55,394	65,55,780
Tablets	31,94,726	67,24,641
Capsules	1,43,89,810	58,60,470
Ointment	18,53,942	23,80,609
Total	3,46,36,519	3,31,10,021
	(in ₹)	
<b>12. Trade Receivables</b>	<b>2012</b>	<b>2011</b>
<b>Trade Receivables Outstanding for a Period exceeding 6 months from due date</b>		
Unsecured, Considered Good	11,92,31,426	3,81,03,117
Unsecured, Considered Doubtful	1,73,01,339	1,28,03,162
<b>Other Trade Receivables</b>		
Unsecured, Considered Good	7,70,66,933	17,78,72,442
Unsecured, Considered Doubtful	22,92,480	-
	21,58,92,178	22,87,78,721
Less: Provision for Doubtful Trade Receivables	17,48,858	-
<b>Total Trade Receivables</b>	<b>21,41,43,320</b>	<b>22,87,78,721</b>

(in ₹)		
<b>13. Cash and Bank Balances</b>	<b>2012</b>	<b>2011</b>
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2,02,374	2,52,980
Balances with Banks	2,91,481	73,11,195
<b>Other Bank Balances</b>		
In Deposit Accounts	10,00,000	27,86,710
<b>Total Cash and Bank Balances</b>	<b>14,93,855</b>	<b>1,03,50,885</b>
(Total includes deposits and margin monies amounting to ₹ 10,00,000 (Previous Year ₹ 27,86,710) which have an original maturity of more than 12 months)		

(in ₹)		
<b>14. Short Term Loans and Advances</b>	<b>2012</b>	<b>2011</b>
<b>Unsecured and Considered Good</b>		
Security Deposits	10,67,231	2,86,307
Loans and Advances to Employees	4,62,308	3,24,400
Prepaid Expenses	97,926	1,11,616
Balances with Government Authorities	4,51,92,523	5,28,24,079
Advances to Suppliers	80,84,658	1,72,26,478
<b>Total Short Term Loans and Advances</b>	<b>5,49,04,646</b>	<b>7,07,72,880</b>

(in ₹)		
<b>15. Other Current Assets</b>	<b>2012</b>	<b>2011</b>
Un-amortized Expenses	13,11,50,915	9,72,52,860
Interest Accrued on Deposits	62,230	1,55,472
<b>Total Other Current Assets</b>	<b>13,12,13,145</b>	<b>9,74,08,332</b>

(in ₹)		
<b>16. Revenue from Operations</b>	<b>2012</b>	<b>2011</b>
(a) Sale of Products	54,15,47,950	81,28,18,451
(b) Sale of Services	1,74,29,387	2,36,60,590
(c) Other Operating Revenues	1,21,43,019	91,30,138
	57,11,20,356	84,56,09,179
Less: Excise Duty/ Service Tax Recovered	1,98,21,635	1,69,36,310
<b>Total Revenue from Operations</b>	<b>55,12,98,721</b>	<b>82,86,72,869</b>

<b>• Detail of Sale of Products</b>	<b>2012</b>	<b>2011</b>
<b>Manufactured Goods</b>		
Liquid Injection	19,88,63,211	27,86,85,201
Dry Powder Injection	13,23,26,180	15,76,55,437
Tablets	12,39,22,331	16,17,16,783
Capsules	1,64,73,137	14,09,34,287
Ointments	2,19,54,701	5,72,49,535
<b>Total Manufactured Goods</b>	<b>49,35,39,560</b>	<b>79,62,41,243</b>
<b>Stock in Trade</b>		
Butyl Acetate	1,17,59,210	-
Caustic Soda	43,61,650	-
Potassium Hydroxide	1,24,11,225	-
<b>Total Stock in Trade</b>	<b>2,85,32,085</b>	-
<b>Total</b>	<b>52,20,71,645</b>	<b>79,62,41,243</b>

(in ₹)		
<b>17. Other Income</b>	<b>2012</b>	<b>2011</b>
Interest Income		
Interest from Banks	1,52,230	2,61,677
Interest from Others	1,10,469	64,443
Net gain on sale of Long Term Investments	-	66,64,453
Net Gain on Foreign Currency Transaction and Translation	51,38,748	2,71,639
Other Non Operating Income	5,216	1,86,409
<b>Total Other Income</b>	<b>54,06,663</b>	<b>74,48,622</b>

(in ₹)		
<b>18. Cost of Materials Consumed</b>	<b>2012</b>	<b>2011</b>
Opening Stock	12,15,55,958	13,55,87,088
Add: Purchases	36,50,86,791	69,50,45,703
Less: Closing Stock	11,45,19,749	12,15,55,958
<b>Total Cost of Materials Consumed</b>	<b>37,21,23,000</b>	<b>70,90,76,833</b>

<b>• Detail of Imported and Indigenous Raw Materials Consumed</b>	<b>2012</b>		<b>2011</b>	
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
Imported	1,80,01,822	4.93%	97,80,789	1.41%
Indigenous	34,70,84,969	95.07%	68,52,64,914	98.59%
<b>Total</b>	<b>36,50,86,791</b>	<b>100.00%</b>	<b>69,50,45,703</b>	<b>100.00%</b>

<b>• Detail of Raw Materials Consumed</b>	<b>2012</b>		<b>2011</b>	
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
Drugs & Chemicals	7,14,53,002		6,26,08,271	
Packing Material	30,06,69,998		64,64,68,562	
<b>Total</b>	<b>37,21,23,000</b>		<b>70,90,76,833</b>	

(in ₹)		
<b>19. Manufacturing and Operating Cost</b>	<b>2012</b>	<b>2011</b>
Stores and Spares	25,32,052	25,53,794
Power and Fuel	1,59,24,640	1,25,99,680
Repairs and Maintenance (Buildings)	20,17,038	14,45,230
Repairs and Maintenance (Machinery)	4,42,735	4,58,287
Other Manufacturing and Operating Cost	94,47,152	1,05,71,039
<b>Total Manufacturing and Operating Cost</b>	<b>3,03,63,617</b>	<b>2,76,28,030</b>

<b>• Detail of Imported and Indigenous Stores and Spare Parts Consumed</b>	<b>2012</b>		<b>2011</b>	
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
Indigenous	25,32,052	100.00%	25,53,794	100.00%

(in ₹)		
<b>20. Changes in Inventories of Fin. Goods, Work in Process and Stock in Trade</b>	<b>2012</b>	<b>2011</b>
<b>Closing Stock</b>		
Finished Goods	3,46,36,519	3,31,10,021
Work in Process	62,59,844	80,37,068
	4,08,96,363	4,11,47,089
<b>Opening Stock</b>		
Finished Goods	3,31,10,021	2,31,82,926
Work in Process	80,37,068	1,20,59,044
	4,11,47,089	3,52,41,970
<b>Total Changes in Inventories of Fin. Goods, Work in Process and Stock in Trade</b>	<b>2,50,726</b>	<b>(59,05,119)</b>

	(in ₹)	
<b>21. Employee Benefits Expense</b>	<b>2012</b>	<b>2011</b>
Salaries and Wages	4,16,14,774	3,78,41,194
Contribution to Provident and Other Funds	34,93,359	17,30,409
Staff Welfare Expenses	2,56,847	89,763
<b>Total Employee Benefits Expense</b>	<b>4,53,64,980</b>	<b>3,96,61,366</b>

The Company makes Provident Fund contributions under defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 7.82 lacs (Previous Year ₹ 7.12 lacs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

	(in ₹)	
<b>22. Finance Costs</b>	<b>2012</b>	<b>2011</b>
Interest Expense on Borrowings	1,16,84,421	20,09,132
Interest Expense on Others	2,99,211	6,75,483
Other Borrowing Costs	7,37,350	2,71,875
<b>Total Finance Costs</b>	<b>1,27,20,982</b>	<b>29,56,490</b>

	(in ₹)	
<b>23. Other Expenses</b>	<b>2012</b>	<b>2011</b>
Rent including Lease Rentals	9,56,321	7,25,520
Repairs and Maintenance (Others)	1,75,201	1,03,496
Insurance	2,55,142	2,63,021
Rates and Taxes	58,511	46,944
Communication	8,80,581	9,16,859
Traveling and Conveyance	61,48,082	53,26,669
Printing and stationery	7,76,369	5,10,912
Freight and Forwarding	38,25,596	57,42,017
Sales Commission	2,02,46,830	1,04,38,889
Sales Discount	-	23,52,890
Business Promotion	22,93,776	30,08,749
Donations and Contributions	48,951	12,521
Legal and Professional	30,30,898	26,37,751
Payments to Auditors	4,15,000	1,68,000
Bad Trade and Other Receivables, Loans and Advances written off	5,18,252	73,926
Provision for Doubtful Trade and Other Receivables, Loans and Advances (net)	24,00,000	10,23,550
Prior Period Items (net)	21,28,623	38,33,080
Miscellaneous Expenses	48,32,804	36,02,758
<b>Total Other Expenses</b>	<b>4,89,90,937</b>	<b>4,07,87,552</b>

	<b>2012</b>	<b>2011</b>
<b>• Detail of Payments to Auditors (net of Service Tax Input Credit)</b>		
As Auditors – Statutory Audit	3,00,000	1,00,000
For Other Services	1,15,000	68,000
Total	4,15,000	1,68,000
<b>• Detail of Prior Period Items (net)</b>		
Debits relating to Earlier Years	23,90,821	39,15,862
Credits relating to Earlier Years	2,62,198	82,782
Total	21,28,623	38,33,080

	(in ₹)	
<b>24. Current Tax</b>	<b>2012</b>	<b>2011</b>
Current Tax	31,00,000	18,30,000
Prior Period Tax	14,690	27,45,177
<b>Total Current Tax</b>	<b>31,14,690</b>	<b>45,75,177</b>

(in ₹)		
<b>25. Value of Imports on C.I.F. Basis</b>	<b>2012</b>	<b>2011</b>
Raw Materials and Stock in Trade	1,80,01,822	97,80,789
Capital Goods	98,86,342	2,15,13,530
<b>Total Value of Imports on C.I.F. Basis</b>	<b>2,78,88,164</b>	<b>3,12,94,319</b>

(in ₹)		
<b>26. Expenditure in Foreign Currency</b>	<b>2012</b>	<b>2011</b>
Professional and Consultation fees	1,81,840	10,10,400
Bank Charges	1,85,659	1,49,560
Traveling Expenses	1,04,636	2,54,000
<b>Total Expenditure in Foreign Currency</b>	<b>4,72,135</b>	<b>14,13,960</b>

(in ₹)		
<b>27. Earnings in Foreign Currency</b>	<b>2012</b>	<b>2011</b>
Export of Goods Calculated on FOB basis	10,00,27,960	7,24,50,829
<b>Total Earnings in Foreign Currency</b>	<b>10,00,27,960</b>	<b>7,24,50,829</b>

(in ₹)		
<b>28. Lease Accounting</b>	<b>2012</b>	<b>2011</b>
<b>• As Lessee (Operating Lease)</b>		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases cannot be canceled.		
Future minimum Lease Payments -not later than one year	66,600	34,200
Lease Payments recognized in the Statement of Profit and Loss	7,36,001	6,47,520

(in ₹)		
<b>29. Government Grants</b>	<b>2012</b>	<b>2011</b>
Government Grants received by the Company towards Duty Drawback (recognized under Other Operating Revenues)	25,94,225	37,61,031
<b>Total Government Grants</b>	<b>25,94,225</b>	<b>37,61,031</b>

(in ₹)		
<b>30. Borrowing Costs</b>	<b>2012</b>	<b>2011</b>
Borrowing Costs Capitalized during the year	28,71,735	74,43,885
<b>Total Borrowing Costs</b>	<b>28,71,735</b>	<b>74,43,885</b>

	(in ₹)	
<b>31. Related Party Disclosures</b>	<b>2012</b>	<b>2011</b>

**Key Management Personnel**

P. R. Patel, CMD	M. S. Chawla, Director	P. C. Shah, Director
Jayesh Patel, CEO	Paresh Chawla, COO	B. C. Shah, VP

**Relatives of Key Management Personnel**

Shitul Shah	Soni Chawla	Rima Shah
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Remuneration for Key Management Personnel	1,18,20,000	1,20,00,000
Traveling Expenses for Key Management Personnel	4,01,364	4,57,000
Remuneration for Relatives of Key Management Personnel	8,04,000	6,24,000

	(in ₹)	
<b>32. Deferred Tax Liabilities</b>	<b>2012</b>	<b>2011</b>

The Company has recognized deferred tax arising on account of timing differences being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent period in compliance with Accounting Standard ("AS-22") – "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

**Tax effect of items constituting deferred tax liability**

- On difference between book balance and tax balance of fixed assets	44,65,675	49,16,709
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**Tax effect of items constituting deferred tax assets**

- Retirement Benefits	10,65,319	7,47,275
- Others	11,66,532	18,91,800

<b>Total Deferred Tax Liabilities</b>	<b>22,33,824</b>	<b>22,77,634</b>
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	(in ₹)	
<b>33. Contingent Liabilities (to the extent not provided for)</b>	<b>2012</b>	<b>2011</b>

Bank Guarantees given to various government departments for tenders	62,07,373	62,58,273
Bank Guarantees given to Deputy Commissioner of Customs against import of capital goods under Export Promotion Capital Goods Scheme for a period of ten years ending 09/02/2020	17,85,000	17,85,000
Disputed demand of Value Added Tax	36,66,924	48,40,184
Disputed demand of Central Sales Tax	66,32,240	47,30,934
Disputed demand of Entry Tax	-	45,30,456

<b>Total Contingent Liabilities (to the extent not provided for)</b>	<b>1,82,91,537</b>	<b>2,21,44,847</b>
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	(in ₹)	
<b>34. Fixed Assets</b>	<b>2012</b>	<b>2011</b>

Capital Work in Progress during construction on expansion and new unit of the Company		
Opening Balance	60,35,53,038	48,10,48,685
Incurred during the year	3,90,53,628	12,25,04,353
Closing balance	64,26,06,666	60,35,53,038

(Above includes advances for Capital Expenditure ₹ 6,37,79,572 (Previous Year ₹ 11,12,62,440))

**35. Court Cases** have been filed against M/s Rajiv Pharma Udyog & Innovec Laboratories Private Limited for ₹ 59,420 and ₹ 28,94,502 respectively, for recovery of outstanding amounts.

**36. Expenses** of ₹ 13,11,50,915 (Previous Year ₹ 9,72,52,860) incurred by the Company for the new unit has been treated as pre-operative expenses.

	(₹ in lacs)	
<b>37. Utilization of IPO Proceeds of ₹ 6,106.81 lacs</b>	<b>2012</b>	<b>2011</b>
Capital Expenditure for Expansion	4,815.69	4,815.69
Working Capital	500.00	500.00
IPO expenses	791.12	791.12
<b>Total Utilization of IPO Proceeds</b>	<b>6,106.81</b>	<b>6,106.81</b>

	(in ₹)	
<b>38. Segment Reporting</b>	<b>2012</b>	<b>2011</b>

As the Company is only engaged in Pharmaceutical Business which is considered the Primary Reportable Segment as per Accounting Standard (AS-17) "Segment Reporting" issued by the the Institute of Chartered Accountants of India, no separate disclosure pertaining to attributable Revenue, Profits, Assets, Liabilities and Capital employed are given.

The secondary segment based on geographical segments is considered to be business Outside India and Within India.

• Detail of geographical segments based on location of the customers	2012		2011	
	Value	%	Value	%
Outside India	10,00,27,960	17.91%	7,24,50,829	8.67%
Within India	45,86,04,047	82.09%	76,36,69,110	91.33%
Total	55,86,32,007	100.00%	83,61,19,939	100.00%

**Note:** The Company does not track its assets and liabilities by geographical area.

**39. Interest Received** includes Tax Deducted at Source amounting to ₹ 13,122 (Previous Year ₹ 45,332) on such interest.

**40.** The Company has completed the basic installation of their new unit at Pithampur, District Dhar, MP for manufacturing of High Potency Tablets. However, the operational validation of the same has not been completed which would certify the usability of the same for production activity. As such the same cannot be put to use till such validation is complete.

**41. Significant Accounting Policies and Practices** adopted by the Company are disclosed in the Statement annexed to these Financial Statements as Annexure A.

#### **42. Previous Year Figures**

The Financial Statements for the year ended 31<sup>st</sup> March 2011 had been prepared as per the then applicable pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the Financial Statements for the year ended 31<sup>st</sup> March 2012 have been prepared under the revised Schedule VI. The previous year figures have also been reclassified to conform to this year's classification.

As Per Our Report of even Date

For **C. H. PADLIYA & CO.**

Chartered Accountants, FRN 003151C

S. C. PADLIYA

Partner, Membership Number 071666

For **ALPA LABORATORIES LIMITED**

P.R. PATEL

Managing Director

M.S. CHAWLA

Director

Pigdamber, Rau, Indore, 28<sup>th</sup> May 2012

**Annexure A (Annexed to and forming part of the Accounts for the year ended 31<sup>st</sup> March 2012)**  
**SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

**COMPANY BACKGROUND**

Incorporated as Alpa Laboratories Private Limited on 18<sup>th</sup> March, 1988 under the Companies Act, 1956 and converted to public limited company on 03<sup>rd</sup> September, 1998 with the name of Alpa Laboratories Limited. The Company has been listed on the Bombay Stock Exchange and the National Stock Exchange since 06<sup>th</sup> August, 2007.

**SIGNIFICANT ACCOUNTING POLICIES**

**(1) Basis of Preparation of Financial Statements**

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis, in accordance with Indian Generally Accepted Accounting Principles and as per the provisions of the Companies Act, 1956, (the Act). Accounting policies have been consistently applied except where a newly – issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policies hitherto in use.

These financial statements have been prepared assuming the Company will continue as a going concern. Accordingly, the financial statements do not include any adjustments regarding the recover-ability of assets and classification of liabilities that might result should the Company be unable to continue as a going concern.

**(2) Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires that estimates and assumptions to be made that effect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual amount and estimates are recognized in the period in which the results are known/ materialized.

**(3) Revenue Recognition**

- a. The Company generally recognizes income on its accrual and sales at the time of dispatch of goods to the customers.
- b. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the carrying value of investment.
- c. Interest received is recognized using the time - proportion method, based on rates implicit in the transaction.
- d. Dividend income is recognized on receipt basis.
- e. The value of unutilized unconditional Customs Duty credit granted against exports under “Duty Entitlement Pass Book Scheme” are accounted for in the year of export.

**(4) Expenditure**

- a. Cost is generally accounted on accrual as it is incurred.
- b. Rent payable for premises taken on lease is charged to revenue.
- c. Petty consumables for repairs etc are charged to revenue at the time of receipt only.

**(5) Fixed Assets**

- a. Fixed asset is stated at their historical cost (net of recoverable taxes wherever credit availed) of acquisition or construction, less accumulated depreciation. Cost includes all cost incurred to bring the asset to their working condition and location.
- b. Capital Work in Progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date.
- c. Fixed assets are eliminated from financial statements either on disposal or when retired from active use.

**(6) Depreciation**

- a. Fixed asset is depreciated on a written down value basis at the rate specified in scheduled XIV of Companies Act 1956.
- b. Depreciation for assets purchased or sold during the period is charged to revenue pro-rata to the period of their use.
- c. Individual low cost asset (value of less than ₹ 5,000) is entirely depreciated in the year of acquisition.

**(7) Inventories**

Finished goods (including for trade), work in process and finished goods are stated at ‘Cost or Net Realizable Value, whichever is lower’. Cost of Inventories comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition. ‘First In First Out’ cost formula is used for determination of cost of inventories.

**(8) Expenditure during Construction and on new project**

In the case of new industrial units and substantial expansion of existing units, all pre-operating expenditure specifically for the project, incurred up to the date of installation, is capitalized and added pro-rata to the cost of fixed assets.



**(9) Investments**

Long term investment are stated at cost of acquisition or book value; book value being arrived at after adjusting provisions for diminution in values of each investment individually, provided such diminution is not temporary.

**(10) Foreign Currency Transactions**

- a. **Initial Recognition:** Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b. **Conversion:** At the year-end, monetary assets in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the Profit and Loss Account.
- c. **Exchange Differences:** All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted in the cost of the corresponding asset.

**(11) Employee Benefit**

- a. The Company's contribution to Life Insurance Corporation of India (LIC) for group gratuity policy is charged to the profit and loss account each year. The contribution for Group Gratuity Policy is based on values as actuarial and determined and demanded by LIC at the year end.
- b. Liability on account of obligation under the employee's provident fund, a defined contribution plan, is charged to profit and loss account on the basis of actual liability calculated as a percentage of salary.

**(12) Borrowing Cost**

- a. Interest and other borrowing costs on specific borrowing attributable to qualifying assets are capitalized.
- b. Other interest and borrowing cost are charged to revenue.

**(13) Service Tax Input Credit**

Service tax input credit is accounted for in the books in the period when the underlying service received is accounted and when there is no uncertainty in availing/ utilizing the same.

**(14) Provisions & Contingent liabilities and assets**

- a. Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of obligation.
- b. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from the past events where it is probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.
- c. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**(15) Taxation**

- a. Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expense arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions.
- b. Income tax expense comprises current tax and deferred tax charged or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.
- c. Deferred tax asset on account of timing differences are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.
- d. Minimum Alternative Tax (MAT), paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future Income Tax Liability, is considered as an asset when it is probable that future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

**(16) Events occurring after the date of balance sheet**

Material events occurring after the date of the Balance Sheet are considered up to the date of approval of accounts by the Board of Directors.

**(17) Prior Period Adjustments**

As per the Accounting Standard-5, issued by the ICAI, Prior Period Adjustments as a result of errors or omission in the preparation of Financial Statements of one or more prior periods are separately disclosed in the Profit and Loss Account.

**(18) Leases**

Lease Agreements where the risk and reward incidental to ownership of assets substantially vests with the lessor, are recognized as operating leases. Lease rental under operating leases are recognizes in the profit and loss statement on a straight line basis.

As Per Our Report of even Date  
For **C. H. PADLIYA & CO.**  
Chartered Accountants, FRN 003151C

**S. C. Padliya**  
Partner, Membership Number 071666

**P. R. PATEL**  
Managing Director

For **ALPA LABORATORIES LIMITED**

**M. S. CHAWLA**  
Director  
Pigdamber, Rau, Indore, 28<sup>th</sup> May 2012

**ALPA LABORATORIES LIMITED**  
**REGD. OFFICE: 33/2, Pigdamber, A.B. Road, Rau**  
**Dist. INDORE (M.P.) 453446**

PROXY FORM

I/ We \_\_\_\_\_ of \_\_\_\_\_ being member/  
members of the above named company hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ as my/ our proxy to  
attend and vote for me/ us on my/ our behalf at the 24<sup>th</sup> Annual General Meeting of the Company, to be held on 27<sup>th</sup> September  
2012 at 11:45 AM and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012      Signature(s) \_\_\_\_\_

Folio No./ Client Id \_\_\_\_\_      Number of shares \_\_\_\_\_

- Notes: 1. The form must be stamped, completed, signed & deposited at the registered office at least 48 hours before the AGM.  
2. A proxy need not be a member of the company.

Affix ₹ 1 revenue  
stamp

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**ALPA LABORATORIES LIMITED**  
**REGD. OFFICE: 33/2, Pigdamber, A.B. Road, Rau**  
**Dist. INDORE (M.P.) 453446**

ATTENDANCE SLIP

Folio No. \_\_\_\_\_      Number of Shares \_\_\_\_\_      DP Id \_\_\_\_\_      Client Id \_\_\_\_\_

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company, to be held on 27<sup>th</sup> September 2012, at 11:45 AM.

Name of the Shareholder (in BLOCK letters) \_\_\_\_\_

email ID of the Shareholder (in BLOCK letters) \_\_\_\_\_

Signature of the shareholder \_\_\_\_\_

Name of the proxy (in BLOCK letters) \_\_\_\_\_

Signature of the proxy \_\_\_\_\_

- Notes: 1. Please hand over this slip at the entrance.  
2. Attendance is permitted only in case shares are held on the date of the meeting.

**BOOK-POST  
PRINTED MATTER**

**ALPA LABORATORIES LIMITED**

If undelivered, please return to: Alpa Laboratories Limited, 33/2 Pigdamber, A.B. Road, Rau, Indore (M.P.) 453446