

# Annual Report 2007-08



## Alpa Laboratories Limited

**THE BOARD OF DIRECTORS**

Mr. Purushottam R. Patel, Chairman & Managing Director  
 Mr. Mahendra Singh Chawla  
 Mr. Pravin C. Shah  
 Mr. Sampat Lal Chaplot  
 Mr. Kuldeep Singh Parwana  
 Mr. Sharad Chand Lunawat

**REGISTERED OFFICE**

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

**COMPLIANCE OFFICER**

Mr. Hemant Jain

**STATUTORY AUDITORS OF THE COMPANY**

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

**BANKERS**

State Bank of Indore  
 Yeshwant Niwas Road Branch  
 Indore (M.P.) 452001

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**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the members of the Company will be held on Monday, the 29<sup>th</sup> Day of September, 2008 at the registered office of the Company at 33/2 Pigdamber, A.B. Road, Rau, Dist. Indore (M. P.) 453446 at 11:45 AM to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at March 31<sup>st</sup>, 2008 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. Sampat Lal Chaplot, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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**

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
 "RESOLVED THAT Mr. Kuldeep Singh Parwana who has been appointed as additional director by the Board on its meeting held on the 29<sup>th</sup> Day of April, 2008 and from whom a notice under section 257 of the act for his candidature for election as director was received, be and is hereby elected as director of the company, who shall be independent non-executive director of the company."
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
 "RESOLVED THAT Mr. Sharad Chand Lunawat who has been appointed as additional director by the Board on its meeting held on the 29<sup>th</sup> Day of July, 2008 and from whom a notice under section 257 of the act for his candidature for election as director was received, be and is hereby elected as director of the company, who shall be independent non-executive director of the company."

## NOTES:

- a. 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.
- b. 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.
- c. The 'Register of Members' and 'Share Transfer Books' will remain closed from Monday, 22<sup>nd</sup> September 2008 to Monday 29<sup>th</sup> September, 2008 (both days inclusive).
- d. Members are requested to notify immediately changes, if any, in their address/ bank mandate to their respective Depository Participants (DPs) in respect of electronic share account and to the Registrar & Share Transfer Agent with all necessary details, in respect of physical share folios.
- e. 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.
- f. At the ensuing general meeting Mr. Sampat Lal Chaplot shall retire by rotation and being eligible, offers himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of Mr. Sampat Lal Chaplot are as follows: Mr. Sampat Lal Chaplot, aged 54 years, holds the Bachelors Degree in Science from University of Udaipur and is also a Fellow Chartered Accountant. He holds a Diploma in Information System Audit. He has experience in tax matters, audit, company law matters, finance & planning. He has worked as a part time faculty member under the control of the Institute of Cost & Works Accounts of India during the period 1984 to 1998 and also worked with Hindustan Zinc Limited for 13 years.

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

Item No. 4

Mr. Kuldeep Singh Parwana was appointed as Additional Director by the Board of Directors on 29<sup>th</sup> April, 2008. Further, the company has received notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Kuldeep Singh Parwana as Director.

## Brief Resume of Mr. Kuldeep Singh Parwana:

Mr. Kuldeep Singh Parwana is a prominent and successful businessman possessing a wide experience in the management of business of a large scale. He is an Arts Graduate and the proprietor of M/s. New Bombay Road Lines, being a proprietorship concern since 1992. He is also a partner in M/s. N. B. Enterprises, which is a C&F agent of LG.

Mr Kuldeep Singh Parwana is also associated with various social organizations.

Hence, the resolution is placed before the shareholders for approval.

No director is concerned or interested in the said resolution except Mr. Kuldeep Singh Parwana, as it pertains to his appointment.

Item No. 5

Mr. Sharad Chand Lunawat was appointed as Additional Director by the Board of Directors on 29<sup>th</sup> July, 2008. Further, the company has received notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Sharad Chand Lunawat as Director.

## Brief Resume of Mr. Sharad Chand Lunawat:

Mr. Sharad Chand Lunawat is a professional. His academic qualifications are M.A. (Economics) & M.A. (Public Admin.). Mr. Lunawat has over 35 years of experience being employed with various corporations and was primarily involved in finance and administration of companies engaged in the manufacture of a wide variety of products such as wood products, textiles, steel and steel products. Currently Mr. Lunawat is a financial consultant for various large and medium scale companies.

Hence, the resolution is placed before the shareholders for approval.

No director is concerned or interested in the said resolution except Mr. Sharad Chand Lunawat as it pertains to his appointment.

## For ALPA LABORATORIES LIMITED

Purushottam R Patel, Managing Director

Place: Pigdamber, Rau, Indore

Date: 26<sup>th</sup> August, 2008

DIRECTORS' REPORT

Your directors present the 20<sup>th</sup> Annual Report of the Company along with the Audited Accounts for the year ended March 31<sup>st</sup>, 2008.

**1. FINANCIAL RESULTS & PERFORMANCE**

For the year ended 31 <sup>st</sup> March	2008	2007
Sales, Other Income & Receipts	1446338161	1056968375
Expenditure	1356327547	986790266
Profit (before tax)	90010614	70178109
Less: Prior period Adjustment	126313	6079817
Less: Deferred Tax liability on Assets	58861	454800
Add: Balance Brought Forward From Previous Year	122954687	59641961
Less: Provision for Income Tax	20700000	13400000
Profit carried to Balance Sheet	192197849	122954687

**2. PAST HISTORY AND FUTURE PROSPECT**

The Company has come out with an initial public offer in July 2007 and successfully listed on The Bombay Stock Exchange and The National Stock Exchange on 06<sup>th</sup> August, 2008. The company has improved upon its past performance and continues to launch new products in new markets. The Company has been achieving incremental turnover and progressively better credit rating from its bankers. The company has also been receiving consistently greater demand from its export clients. This has firmly laid the foundation for a desired expansion into new therapeutic areas.

The company has envisioned a green field facility for this purpose and is in the process of commissioning the new plant in close proximity to the current facility. The location has been selected after ensuring sufficient availability of power, water, manpower and other basic infrastructure at reasonable rates.

The new plant is being built in compliance with international standards. With the knowledge gained from extensive experiences of the past 40 years, the new plant is being set up with a focused plan for establishing fully integrated production lines as per current international guidelines to manufacture the highest quality products. The expansion plan includes further enhancement of both its analytical laboratories and enhancing capabilities for enabling research activities with special emphasis on formulation development with the possibility of entering the contract research arena in the future.

**3. FIXED DEPOSITS**

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

**4. DIRECTORS**

In accordance with the provisions of Companies Act, 1956 and the provision of the Article of Association of the Company Mr. Sampat Lal Chaplot being director of the company is liable to retire by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Mr. Kuldeep Singh Parwana was appointed as Additional Director by the Board at its meetings held on 29<sup>th</sup> April, 2008. Further, the Board appointed Mr. Sharad Chand Lunawat as Additional Director at its meeting held on 29<sup>th</sup> July, 2008. Notices under section 257 were received proposing candidature for directorship of all additional directors, which will be discussed in the ensuing Annual General Meeting. As required under clause 49 of the Listing Agreement, the brief resume of the Directors proposed to be appointed are furnished in the Explanatory statements to the concerning resolution of notice of the Annual General Meeting.

Mr. Vijay Padaki resigned from the directorship of the Company w.e.f. 29<sup>th</sup> April, 2008. Further Mr. Ashok Das Gupta resigned from the directorship of the Company w.e.f. 29<sup>th</sup> July, 2008. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Vijay Padaki and Mr. Ashok Das Gupta during the tenure of their office as Directors.

Except above there has been no change in the composition of Board of Directors of the company.

**5. PARTICULARS OF EMPLOYEES**

The particulars of Employee in receipt of the remuneration in excess of the limits laid down in section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 is attached herewith as Annexure I forming part of the Directors Report.

**6. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 217(1)(c) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are provided in the Annexure II to the Report.

**7. RE-CONSTITUTION OF AUDIT COMMITTEE**

Pursuant to the Companies Act 1956 and the Listing Agreement, an audit committee exists in the company and the same was re-constituted on 21<sup>st</sup> January, 2003 and 29<sup>th</sup> April, 2008; consisting of a non-executive independent director as chairman and 2/3 number of members of total strength of the committee as non-executive independent directors.

**8. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed:

- a) That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2008; the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit or loss of the Company for the year under review.
- c) That the directors had taken proper and sufficient care for the 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.
- d) That the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2008, on a "Going Concern" basis.

**9. CORPORATE GOVERNANCE**

The board of directors of the company have adopted a code of conduct for all board members and senior management of the company and they declared and affirmed compliance of said code of conduct. Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance along with the Auditor's Certificate of its compliance forms part of the Annual Report.

**10. STOCK EXCHANGES - COMPLIANCE OF LISTING AGREEMENTS**

During the year under review, the Company's shares got listed at The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Company has paid the listing fees to all the Stock Exchanges.

**11. AUDITORS**

M/s. C. H. Padliya & Co., Chartered Accountants, Auditors of your company retires from the office of the Auditors and are eligible for re-appointment. The Company has received a certificate from them to the effect that the re-appointment if made will be within the limit prescribed under Section 224 (1) of the Companies Act, 1956.

**12. AUDITORS REPORT**

The Report of Auditors of the company for the year under reference is self explanatory and does not call for any further comments from the directors.

**13. COMPLIANCE OF ACCOUNTING STANDARD**

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

**14. APPRECIATION**

Your directors would like to take this opportunity to record their appreciation of the valuable services rendered by all employees of the company, gratitude to the Bankers for their assistance and to the Company's shareholders, customers, suppliers and other associates for their continued support.

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

Managing Director  
Purushottam R. Patel  
Place: Pigdamber, Rau, Indore  
Date: 26<sup>th</sup> Day of August, 2008

Whole Time Director  
Mahendra Singh Chawla

Whole Time Director  
Pravin C. Shah

**ANNEXURE I**(Annexed to and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2008)

Information as per Section 217(2A) of the companies act, 1956 Read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report

NAME AGE	DESIGNATION	GROSS REMUNERATION	QUALIFICATIONS EXPERIENCE	DATE OF JOINING	PREVIOUS EMPLOYER
Purushottam R. Patel 74 years	Chairman & Managing Director	Rs. 2700000	B.Sc. (Honors) 51 Years	Appointed as Director since Incorporation.	Partner, Alpa Laboratories
Mahendra Singh Chawla 65 years	Whole Time Director	Rs. 2700000	B.Sc. 41 Years	Appointed as Director since Incorporation.	Partner, Alpa Laboratories
Praveen C. Shah 61 Years	Whole Time Director	Rs. 2460000	B.Sc. 31 Years	Appointed as Director since Incorporation.	Partner, Alpa Laboratories

Notes:

1. The nature of employment is Contractual.
2. The above employees are also Directors of the company but they are not related to any other Directors of the Company.
3. Information about Qualifications and Last employment are based on particulars furnished by the employee.
4. All above directors are shareholders of the company and hold more than 2% each of the total issued shares of the Company.

**ANNEXURE II**(Annexed to and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2008)

Companies (Disclosure of particulars in the report of the Board of Directors) – Rules 1988

Particulars in respect of

**A. Conservation of Energy**

The total energy consumption and energy consumption per unit as per Form A given herein below:

**FORM A****FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

a) POWER CONSUMPTION	CURRENT YEAR	PREVIOUS YEAR
i. Electricity		
a. Purchased Units	16,90,560	14,21,928
Total Amount (Rs. In Lakhs)	76.37	66.63
Rate/Unit (Rs.)	4.52/unit	4.68/unit
b. Own Generation Units		
Through Diesel Generator Units	1758	5827
Total Amount (Rs. In Lakhs)	0.29	0.91
Cost Per Unit Rs.	16.50/Unit	15.61/Unit
ii. Coal	NIL	NIL
iii. Furnace Oil	152.90 MT	156.44MT
iv. Others/ Internal Generation (Specify)	NIL	NIL
b) CONSUMPTION OF ENERGY PER UNIT OF PRODUCTION		
Electricity (Units Purchased & Own Generated)	16,91,146	14,27,755

**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 (Rs. In lacs)**

Receipts/ Realizations		
Earning on Account of Export	928.35	893.21
Outgoings		
For Raw Material	152.58	80.54
For Capital Goods	3.07	Nil



**CORPORATE GOVERNANCE REPORT**

The detailed report on implementation by the company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with Stock-Exchanges is set out below:

**1. Corporate Governance Philosophy**

The management believes that corporate growth, goals, transparency and enhanced stakeholder value are to be achieved only through good corporate governance.

**2. Board of Directors**

The Board of Directors of Alpa Laboratories Limited (the Company) comprised of Promoter Chairman & Managing Director, two Promoter Whole Time Directors and three Non-Executive Independent Directors, complying the requirements of the Listing Agreement. During the period under review the Board maintained the composition as above.

The composition and category of the Board of Directors as on March 31, 2008 was as follows:

Category	Name of Director
Promoter Chairman & Managing Director	Mr. Purushottam R. Patel
Promoter Whole Time Directors	Mr. Mahendra Singh Chawla and Mr. Pravin C Shah
Independent Non-Executive Directors	Mr. Sampat Lal Chaplot, Mr. Vijay Padaki and Mr. Ashok Das Gupta

A brief write up about the Director coming up for re-appointment has been provided in the notice to the Shareholders. The Company has no pecuniary relationship or transaction with any of the non-executive Directors.

The Board of Directors met twelve times during the period under review on 04/05/2007, 20/06/2007, 25/06/2007, 27/06/2007, 28/06/2007, 11/07/2007, 18/07/2007, 19/07/2007, 24/07/2007, 28/07/2007, 29/10/2007 and 29/01/2008. 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		No of Committee Memberships* in domestic public limited companies	
			(including this Company)		(including this company)	
	Board Meetings	Last AGM	As Chairman	As Director	As Chairman	As Member
Mr. Purushottam R. Patel	12	Yes	1	-	-	2
Mr. Mahendra Singh Chawla	12	Yes	-	1	-	1
Mr. Pravin C Shah	12	Yes	-	1	-	-
Mr. Sampat Lal Chaplot	4	No	-	1	3	-
Mr. Vijay Padaki	2	No	-	4	-	2
Mr. Ashok Das Gupta	2	No	-	1	-	1

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**

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 comprised of 2 Independent Non Executive Directors (1 as the Chairman) and 1 Executive Whole Time Director. The committee was reconstituted on 29/01/2008 with the same composition of 2 Non Executive Independent Directors (1 as Chairman) and 1 Executive Whole Time Director.

The responsibilities of the Committee include financial reporting, standards compliances and review financial policies of the Company and also to recommend the appointment of Statutory Auditors and Internal Auditors and to fix their remuneration. The Audit Committee evaluates internal audit policies, plans and procedures and reviews other functions through various internal audit reports. The committee also reviews all the unaudited and audited financial results before the submission to the Board. The Audit Committee met three times during the year on 11/07/2007, 29/10/2007 and 29/01/2008. The members of the Audit Committee and their attendance are given below:

Name of the Member	No. of meetings attended	Whether attended AGM
Mr. Sampat Lal Chaplot	4	No
Mr. Purushottam R. Patel	4	No
Mr. Vijay Padaki (Ceased to be member w.e.f. 21/01/2008)	2	No
Mr. Ashok Das Gupta (Admitted as Member w.e.f. 21/01/2008)	1	No

Executive Managing Director also attended all the meetings of the Audit Committee. Representative of the Statutory Auditors are invited to attend the meetings. The Company Secretary/ Compliance Officer acts as the Secretary of the Audit Committee.

**4. Remuneration Committee**

There is a Remuneration Committee, constituted 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 of the Company. The Committee comprised of three Independent Non Executive Directors (one as the Chairman). The Committee met on 29/10/2007 and revised the remuneration payable to Mr. Pravin C. Shah to Rs. 24.60 lacs from Rs. 24.00 lacs.

The Non Executive Directors are remunerated by way of sitting fees only which is decided by the Board of Directors from time to time.

**5. Shareholders/ Investors Grievances Committee**

The Shareholders/ Investors Grievances Committee comprised of one Independent Non Executive Directors as the Chairman and two Executive Whole Time 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 three times during the year. The attendance of the committee is as under:

Name of the Member	No. of meetings attended
Mr. Sampat Lal Chaplot	3
Mr. Purushottam R. Patel	3
Mr. Mahendra Singh Chawla	3

**6. Code of Conduct**

As required by the amended Clause 49 of the Listing Agreement, the Board of Directors of the Company has adopted a Code of Conduct for all board members and senior management 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****a. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large**

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. Transactions with related parties as per requirements of Accounting Standard (AS-18) – 'Related Party Disclosures' are disclosed in the Notes to the Accounts.

**b. Disclosure of Accounting Treatment**

In the preparation of the financial statements, the company has followed the Accounting Standards referred to in Section 211 (3) (C) of the Companies Act, 1956. The significant accounting policies which are consistently applied are set out in the Annexure to the Notes to the Accounts.

**c. Risk Management**

The Company has laid down the procedures to inform the Board members about the risk assessment and minimization procedures of the material and they are being reviewed periodically.

**d. Details of non-compliance by the Company, Penalties& Strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years**

The Company has complied with all the requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non compliance of any matter related to the capital markets during the last three years.

**e. Non-mandatory requirements**

Adoption of non- mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

**8. Managing Director Certification**

A certificate from the Managing Director has been placed before the Board confirming that:

- he has reviewed financial statements and the cash flow statement for the year and to the best of his knowledge and belief
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- to the best of his knowledge and belief, there are no transactions that were entered into by the company during the year which are fraudulent, illegal or those that violate the company's code of conduct.
- he accepts the responsibility for establishing and maintaining internal control for financial reporting and he has evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and he has disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such controls, if any, of which he is aware and the steps that have been taken or are proposed to be taken to rectify theses deficiencies.
- he has indicated to the Auditors and the Audit Committee
  - significant changes in internal control over financial reporting during the year
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements
  - he has not come across any instances of significant fraud and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting