

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

## 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-I

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

## 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	0	0	
iii. Furnace Oil (MT)	104.95	113.06	
iv. Others/ Internal Generation	0	0	
<b>CONSUMPTION OF ENERGY</b>			
i. Electricity (Units Purchased & Own Generated)	18,27,475	15,92,334	