

Annual Report 2014-15



Alpa Laboratories Limited

# Annual Report 2014-15

## THE BOARD OF DIRECTORS

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

## REGISTERED & CORPORATE OFFICE

CIN: L85195MP1988PLC004446  
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)

## Factory:

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

News & Results: [alpalabs.com/financials.html](http://alpalabs.com/financials.html)  
Governance Policies: [alpalabs.com/cg\\_policies.html](http://alpalabs.com/cg_policies.html)

## COMPLIANCE OFFICER

Ms. Monali Patel, Company Secretary

## STATUTORY AUDITORS OF THE COMPANY

C. H. Padliya & Co., Chartered Accountants

## COST AUDITORS OF THE COMPANY

Sudeep Saxena & 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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## Cautionary Statement

*Certain statements in this annual report may constitute "forward-looking statements". These forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, cash flow projections, our exposure to market risks as well as other risks.*

## **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the members of the Company will be held on the 30<sup>th</sup> Day of September 2015 at the registered office at 11:45 AM to transact the following business:

### **ORDINARY BUSINESS**

1. To consider and adopt the audited Financial Statements for the Financial Year ended 31<sup>st</sup> March 2015 together with the Report of the Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Pravin C. Shah (DIN 01232138), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint C. H. Padliya & Co., Chartered Accountants (FRN 003151C), 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 modifications, the following resolution as an Ordinary Resolution:  
**“RESOLVED THAT** Ms. Shashi Jain (DIN 07143573), a Director who was appointed as an additional Director in the meeting of the Board of Directors of the Company held on 31<sup>st</sup> March 2015 and who holds office as such up to the date of Annual General Meeting and in respect of whom notices under Section 160 of the Companies Act, 2013 have been received from a member signifying his intention to propose Ms. Shashi Jain, as a candidate for the office of Director of the company, be and is hereby appointed as a Director of the Company.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, and Companies (Audit and Auditors) Rules, 2014 including any statutory modification or re-enactments thereof, Sudeep Saxena and Associates, Cost Accountants, Indore (Firm Reg No. 100980), be and are hereby confirmed as Cost Auditor of the Company, as appointed by the Board of directors of the Company, to conduct the audit of the cost records of the Company, as applicable, for the Financial Year ending 31<sup>st</sup> March 2016, be confirmed and be paid remuneration of Rs. 70,000 per year plus reimbursement of out of pocket expenses.”

### **NOTES:**

- 1) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and a proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxies, to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
- 2) Statement pursuant to section 102 of the Companies Act, 2013 (“the Act”) is annexed hereunder and forms part of the Notice.
- 3) The ‘Register of Members’ and ‘Share Transfer Books’ will remain closed from 19<sup>th</sup> September 2015 to 30<sup>th</sup> September 2015 (both days inclusive).
- 4) The information required to be provided under Clause 49 of the Listing Agreement with the Stock Exchanges regarding the directors retiring by rotation and eligible for re-appointment as well as directors being appointed is furnished in the Corporate Governance Report.
- 5) Members seeking specific information are requested to write to the Company by email at [is@alpalabs.com](mailto:is@alpalabs.com) at least 7 days before the date of the AGM to enable the management to reply appropriately at the AGM.
- 6) Members are requested to: a) 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, b) Quote their ledger folio number in all their correspondence, c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
- 7) Nomination facility is available as per the provision of the Companies Act, 2013. Those who wish to avail themselves of this facility may send in their Nomination Forms either to the Registrar or to the Company at its Registered Office.
- 8) Electronic copy of this Notice of AGM inter alia indicating the process and manner of e-voting along with the Annual Report, Attendance Slip and Proxy Form is being sent to the members whose email IDs are registered with the Company /Depository Participants unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above is being sent in the permitted mode. Members may also note that the above documents are also available for downloading on Company’s website at [www.alpalabs.com](http://www.alpalabs.com)
- 9) Documents referred to in this Notice of AGM are open for inspection by the members at the registered office of the Company on all working days between 11:00 A.M and 1:00 P.M up to the date of the meeting.
- 10) Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 (Amended Rules 2015) and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 27<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting system provided by Central Depository Services (India) Limited (CDSL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The members who do not have access to e-voting or who do not wish to cast the vote electronically may request a physical ballot paper for casting their vote, which will be provided by the Company upon request. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- III. The remote e-voting period begins on 27<sup>th</sup> September 2015 (9:00 am) and ends on 29<sup>th</sup> September 2015 (5:00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September 2015, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast, the member cannot change it subsequently.
- IV. The instructions for members for voting electronically are as under:  
In case of members receiving e-mail:
  - (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (ii) Click on “Shareholders” tab
  - (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
    - c. Members holding shares in Physical Form should enter Folio /Sequence Number registered with the Company
  - (v) Next enter the Image Verification as displayed and Click on Login
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used
  - (vii) If you are a first time user follow the steps given below:  
For Members holding shares in Dematerialized Form and Physical Form  
PAN\*: Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
    - Members who have not updated their PAN with the Company /Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker /Postal Ballot Form /mail) in the PAN field
    - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 100 then enter RA00000100 in the PAN field
 DOB#: Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format  
 Dividend Bank Details#: Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio
    - Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field
  - (viii) After entering these details appropriately, click on “SUBMIT” tab
  - (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
  - (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice
  - (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote
  - (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution
  - (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details
  - (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote
  - (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote

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

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

- Non-Individual (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same

In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote

V. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) in help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

VI. Any person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date may also vote electronically following the above procedure.

VII. CS Shilpesh Dalal has been appointed as the Scrutinizer to scrutinize the e-voting process (including poll at the meeting) in a fair and transparent manner.

VIII. The Chairman shall, at the end of discussion on resolutions on which voting is to be held, allow e-voting with the assistance of scrutinizer, for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting /physical ballot facility.

IX. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, no later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

X. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.alpalabs.com](http://www.alpalabs.com) and on the website of CDSL. The results shall also be forwarded to BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

This Notice has been updated with the instructions for voting through electronic means as per amended Rules 2015.

By Order of the Board of Directors of **ALPA LABORATORIES LIMITED**

Pigdamber, Rau, Indore, 08<sup>th</sup> August 2015

**Monali Patel**, Company Secretary

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### Item No. 4

The Board had appointed Ms. Shashi Jain (DIN 07143573), as an Additional /Independent Director of the Company on 31<sup>st</sup> March 2015. In terms of the provisions of Section 160 of the Companies Act, 1956, Ms. Jain holds office as an Additional /Independent Director up to the date of the ensuing Annual General Meeting.

As per provisions of Section 160 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, a member proposed to appoint her as regular Director in the Company.

Particulars of Ms. Shashi Jain are as follows:

Ms. Shashi Jain, aged 51 years, is a graduate of Arts and has been involved in various social causes for over 20 years. She is an Independent Director in the Company and holds 2,000 shares of the Company.

Your Directors therefore recommend for approval of members, the appointment of Ms. Shashi Jain, as a Director of the Company by passing the resolution set out at item no. 4 of the notice as an Ordinary Resolution.

Your Directors recommend the resolution for approval. None of the Directors of the Company except the appointee, are interested in the resolution.

As per opinion of Your Board of Directors, Ms. Jain fulfills the conditions specified in this Act for such an appointment.

**Item No. 5**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board has appointed Sudeep Saxena & Associates, Cost Accountants on the recommendations of the Audit Committee, for conduct of Cost Audit of cost records of company for Financial Year 2015-16 at a remuneration of Rs. 70,000 plus out of pocket expenses.

The Board of Directors recommends the resolution set out at Item No. 5 of the accompanying Notice for the approval of the members as an Ordinary Resolution. None of the Directors or Key Managerial Persons is concerned or interested in the resolution.

By Order of the Board of Directors of **ALPA LABORATORIES LIMITED**

Pigdamber, Rau, Indore, 08<sup>th</sup> August 2015

**Monali Patel**, Company Secretary

## **DIRECTORS' REPORT**

The Directors present the 27<sup>th</sup> Annual Report of the Company along with the Standalone and Consolidated Audited Accounts for the year ended 31<sup>st</sup> March 2015.

### **FINANCIAL SUMMARY**

<b>Standalone</b>	<b>Consolidated</b>	<b>All figures are ₹ in lacs</b>	<b>Standalone</b>	<b>Consolidated</b>
<b>Year Ended 31<sup>st</sup> March 2014</b>			<b>Year Ended 31<sup>st</sup> March 2015</b>	
5,727.61	5,727.61	Gross total revenue	6,018.20	6,018.20
(495.12)	(495.12)	Profit/(Loss) before tax	(271.08)	(271.17)
(515.48)	(515.48)	Profit/(Loss) after tax	(139.68)	(139.77)
1,745.94	1,745.94	Balance Brought Forward From Previous Year	1,230.46	1,230.46
1,230.46	1,230.46	Profit carried to Balance Sheet	1,090.78	1,090.69

### **MANAGEMENT DISCUSSION AND ANALYSIS**

**a) Industry:** The global pharmaceutical market is now estimated to be US \$ 1 trillion and is growing at an annual rate of about 4-5 %. Even though North America, Japan and Europe constitute about 70% of the global pharmaceutical market, continued rise of emerging markets is a key trend that will shape the Indian pharmaceutical industry in the coming years.

**b) Outlook, Risks and Concerns:** Though in the world pharmaceutical market, India is ranked 3<sup>rd</sup> in volume, it has a negligible share by value and ranks 13<sup>th</sup>. Branded generics constitute 70% of Indian pharmaceutical market. Indian pharmaceuticals exports have increased from US\$ 2 billion in 2006 to about US\$ 10 billion in 2014. Indian companies are focusing on global generic and contract manufacturing alliances. India is also fast emerging as a preferred pharmaceuticals manufacturing location. Several large selling drugs going off patent over next few years and increasing use of pharmaceutical generics to reduce healthcare cost will provide attractive growth opportunities to generics manufacturers and thus Indian pharmaceutical industry is poised for an accelerated growth in the coming years. The Government of India has unveiled 'Pharma Vision 2020' aiming at making India a global leader in end-to-end drug manufacturing. However, the growing ambit of drug price control also poses serious concerns for the industry. Further, poor public healthcare funding and infrastructure, low per capita consumption of medicines in developing and under developed countries including India, currency fluctuations, regulatory issues, inflation and resultant all round increase in input costs are other causes of concern.

**c) Financial Performance and Operations Review:** The Company generated a revenue of ₹6,018.20 lacs for the Financial Year and incurred a loss of ₹139.68 lacs after taxes. The last few years have been tough for the Company, with the added operational expenses of Unit-II. The performance of Unit-I has been steady, but Unit-II required substantial additional resources for product registrations in the regulated markets and market development. Increasing debt compounded with heightened finance/ interest cost was creating additional pressure on the resources of the Company and jeopardizing the well established steady business of Unit-I. Further, sky-rocketing cost of compliance in regulated markets which is the target for Unit-II had created substantial uncertainties for the long term interest of the Company and other stakeholders. With these factors in mind, the Company passed one Resolution by way of postal ballot vide notice dated 12<sup>th</sup> February 2014 to enable the sale of the loss generating Unit-II of the Company and the Resolution was declared passed by the Chairman on 04<sup>th</sup> April 2014. Subsequently various offers were evaluated and the Company sold its Unit-II manufacturing unit situated at Sector III, Pithampur, Dhar, MP together with its employees by way of a slump sale during the financial year. This sale of the loss generating Unit-II of the Company has substantially reduced the strains on the resources of the Company and the future prospects of the Company look brighter than ever. No material changes or commitments affecting the financial position have occurred after the end of the financial year till the date of this report.

**d) 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.

**e) Manufacturing Facilities:** The Company has a state of the art WHO-GMP certified manufacturing facilities at Pigdamber, Indore that manufactures a wide range of dosage forms like Injections, Tablets, Ointments and Capsules. 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 at this site.

**f) Subsidiaries, Associates and Joint Ventures:** During the financial year, the Company acquired 100% of the shares of Norfolk Mercantile Private Limited making it a wholly owned subsidiary. In accordance with the provisions of Section 136(1) of the Companies Act, 2013, Annual Report of the Company containing therein its standalone and the consolidated financial statements and audited annual accounts of each of the subsidiary companies have been placed on the website of the Company. Further, as required, the financial data of the subsidiaries, joint venture and associate companies is furnished in the prescribed Form AOC-1 attached to the consolidated financial statements. Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 and Accounting Standard, AS-21 read with Accounting Standard, AS-23, the audited consolidated financial statements of the Company are also attached.

**g) 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 and veterinary products through a ethical marketing model.

**h) International Markets:** The Company continues to lay emphasis on its overseas business. The Company works closely with all its overseas associates 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.

**i) Business Strategy:** The Company has its vision towards optimizing shareholder value. The Company has been consolidating its product range to a more efficient range which has resulted in a higher profit for most products. The Company is deriving its strength from diverse product capability, established client relationship, location advantage and an experienced management team.

**j) 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.

**k) Internal Control Systems and its adequacy:** 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.

**l) 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.

**m) Regulatory Approvals:** The Company 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.

**n) Segment-wise Results:** The Company operates in the single segment of Drugs and Chemicals which is the Primary Reportable Segment as per Accounting Standard, AS-17. Secondary Segment reporting is given in Notes to the financial statements.

## SHARE CAPITAL

There is no change in the Share Capital of Company. The Company has not issued any security during the Financial Year.

## DIVIDEND

The Directors do not recommend any dividend for the financial year in reference, with a view to retain internal accruals.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Sharad Lunawat, Mr. Devendra Baheti and Mr. Krishna Das Malani were re-appointed as Independent Directors as per provisions of Section 149 of Companies Act, 2013. The Independent Directors of the Company have

declared that they meet the criteria of Independence in terms of Section 149(6) of the Companies Act, 2013 and that there is no change in their status of Independence.

Mr. P. R. Patel was re-appointed as Managing Director and Mr. M. S. Chawla and Mr. P. C. Shah were re-appointed as Whole Time Directors of the Company.

Mr. P. R. Patel, Managing Director, Mr. M. S. Chawla & Mr. P. C. Shah, Whole Time Directors, Mr. Jayesh Patel, CEO, Mr. B. C. Shah, CFO and Ms. Monali Patel, Company Secretary are “Key Managerial Personnel” of the Company as per Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Ms. Shashi Jain was appointed as Additional /Independent Director (Woman) by the Board of Directors. Your Board has received the proposal to confirm her as regular director in ensuing Annual General Meeting.

Mr. P. C. Shah, Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-appointment. A brief note on Directors retiring by rotation and eligible for re-appointment as well as Independent Directors being appointed is furnished in the annexed Corporate Governance Report.

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS**

The Nomination and Remuneration Committee has laid down the criteria for Directors' appointment and remuneration including criteria for determining qualification, positive attributes and independence of a Director.

### **REMUNERATION POLICY**

The Remuneration policy of the Company comprising the appointment and remuneration of the Directors, Key Managerial Persons and Senior Executives of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the Corporate Governance Report annexed to this report. The Company's philosophy is to align Directors and employees compensation with the longer term interests of the Company and its shareholders. The Company pays remuneration by way of salary to its Managing Director and Executive Directors. Annual increments are decided by the Compensation Committee within the salary scale approved by the Board and Shareholders. The Remuneration Policy is detailed in the Report on Corporate Governance. Information about elements of remuneration package of directors is provided in the annexed Extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013.

### **FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS**

The Company conducts a familiarization program for the Independent Directors with regards to their role, rights and responsibilities. The Independent Directors are also regularly briefed on the nature of the pharmaceuticals industry and the Company's business model. The details of the familiarization program has been uploaded on the website of the Company.

### **MEETINGS OF THE BOARD AND COMMITTEES THEREOF**

The Board met 10 times in the year. Detailed information has been furnished under the annexed Corporate Governance Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, it is confirmed that the Directors have:

- i. followed applicable accounting standards in the preparation of the annual accounts along with proper explanation relating to material departures
- 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 2015 and of the Profit and Loss 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 Act 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
- v. laid down internal financial controls to be followed and that such controls are adequate and were operating effectively
- vi. devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

### **CORPORATE GOVERNANCE**

The Corporate Governance Report as stipulated under Clause 49 of the Listing Agreement forms part of this report.

### **FIXED DEPOSITS**

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

### **AUDIT COMMITTEE**

Details of the Audit Committee, its constitution and other details are provided in the annexed Corporate Governance Report.

**AUDITORS, AUDIT REPORT AND AUDITED ACCOUNTS**

C. H. Padliya & Co. (FRN 003151C), Chartered Accountants, retire as auditors and being eligible, offer themselves for re-appointment. The Auditors' Report is self-explanatory and does not contain any qualification, reservation or adverse remark.

**COST AUDITOR**

Pursuant to the provisions of Section 148 of the Companies Act, 2013, Sudeep Saxena & Associates (FRN 100980), Cost Accountants, were appointed to conduct audit of cost records for the financial year 2014-15. The Cost Audit Report for the financial year 2013-14 was filed with the Ministry of Corporate Affairs on 24<sup>th</sup> September 2014.

**SECRETARIAL AUDIT**

The Board had appointed Shilpesh Dalal & Co., Company Secretary in Practice, as the secretarial auditor for the financial year 2014-15. The Secretarial Audit Report (MR-3) for the financial year ending 31<sup>st</sup> March 2015 is annexed to this report.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Particulars under Section 186 of the Companies Act, 2013 are provided in the Notes to the Financial Statements.

**RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the Company's business. There were no materially significant transactions within the meaning of Clause 49 of the listing agreement with any Related Parties which were in conflict with the interest of the Company. Related party transactions under Accounting Standard, AS-18 are disclosed in the Notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the website of the Company. Form AOC-2 pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed to this report.

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Details of remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report. There were no employees with remuneration in excess of the limits set out under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**CODE OF CONDUCT**

The Board has laid down a Code of Conduct for Board Members and Key Managerial Persons of the Company. The Code of Conduct is posted on Company's website and the Managing Director has declared that all Board Members and Key Managerial Persons have affirmed compliance with the Code of Conduct of the Company.

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company has also adopted a code of conduct for prevention of insider trading. This is also posted on Company's website and all Directors, Key Managerial Persons and other employees who have access to unpublished price sensitive information of the Company are governed by this code and have complied with it.

**VIGIL MECHANISM /WHISTLE BLOWER POLICY**

There is a Whistle Blower Policy in the Company and no personnel has been denied access to the Chairman of the Audit Committee. The policy provides adequate safeguards against victimization of persons who use vigil mechanism. No complaints have been received during the year and the Vigil Mechanism /Whistle Blower Policy is posted on the website of the Company.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, temporary, contractual and trainees) are covered under this policy. No cases were reported under the Prevention of Sexual Harassment during the year in reference.

**RISK MANAGEMENT**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. There are no risks which threaten the existence of your Company.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY ANY REGULATOR, TRIBUNAL OR COURT**

There are no significant or material orders passed by any regulator, tribunal or court that would impact the going concern status of the Company and its future operations.

**ENERGY CONSERVATION, TECH. ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In accordance with the requirements of Section 134 of the Companies Act, 2013, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed to this report.

**EXTRACT OF ANNUAL RETURN**

An Extract of Annual Return in Form MGT-9 as on 31<sup>st</sup> March 2015 is annexed to this report.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the continued hard work put in by employees and all stakeholders at all levels.

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

**P. R. Patel**

Managing Director

Pigdamber, Rau, Indore, 08<sup>th</sup> August 2015

**M. S. Chawla**

Director

**P. C. Shah**

Director

**ANNEXURES TO THE DIRECTORS' REPORT****Annexure-1 to Directors' Report****Corporate Governance Report**

(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 currently comprised of a Promoter Managing Director, two Promoter Executive Directors and four 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 Managing Director:	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
Independent Non-Executive Woman Director:	Ms. Shashi Jain

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 ten times during the period under review on 29/May/14, 20/Jun/14, 08/Aug/14, 14/Aug/13, 23/Sep/14, 14/Nov/14, 02/Feb/15, 11/Feb/15, 11/Mar/15 and 31/Mar/14. As per the provisions of Schedule IV to the Companies Act, 2013 and Clause 49 of the listing agreement, a separate meeting of the Independent Directors of the Company was held on 22/Sep/14. Attendance at meetings during the year & the last AGM held on 30/Sep/14 and Board /Committee membership details is as under:

Name of Director <sup>2</sup>	Attendance Particulars		No of Directorships in domestic companies (including this Company)	No of Committee Memberships <sup>1</sup> in domestic public limited companies (including this Company)	No. of equity shares held on 31/Mar/15
	Board Meetings	Last AGM			
Mr. Purushottam R. Patel	9	Yes	1	5	5,40,870
Mr. Mahendra Singh Chawla	10	Yes	2	4	13,66,600
Mr. Pravin C. Shah	10	Yes	2	-	11,00,580
Mr. Sharad Chand Lunawat	5	Yes	8	2	-
Mr. Devendra Baheti	6	Yes	2	6	-
Mr. Krishna Das Malani	5	Yes	1	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.

<sup>2</sup>Ms. Shashi Jain Appointed as an Additional /Independent Director (Woman) at the Board Meeting held on 31<sup>st</sup> March 2015. Ms. Jain holds 2,000 shares of the Company.

None of the Directors are related to each other.