

Annual Report 2012-13



**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: [js@alpalabs.com](mailto:js@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, 470, 471 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

**CONTENTS.....PAGE**

Notice to Shareholders.....	1
Directors' Report.....	2
Annexure to Directors' Report.....	5
Report on Corporate Governance.....	5
Independent Auditor's Report.....	9
Annexure to Auditors' Report.....	11
Balance Sheet.....	13
Profit & Loss Account.....	14
Cash Flow Statement.....	15
Notes to the Account.....	16
Proxy Form for the AGM.....	Inside Back Cover
Attendance Slip for the AGM.....	Inside Back Cover

## **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the members of the Company will be held on the 06<sup>th</sup> Day of August 2013 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 2013 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. P. C. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Sharad Chand Lunawat, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

### **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 02<sup>nd</sup> August 2013 to 06<sup>th</sup> August 2013 (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. P. C. Shah, aged 66 years, an approved analytical chemist with over 40 years of experience in the pharmaceutical industry. He is also a co-founder of the Company..
  - b. Mr. Sharad Chand Lunawat, aged 63 years, is a post-graduate of Commerce, Administration and Law and with over 40 years of experience in various fields of Finance, Legal and Administration. He is an Independent Director in the Company.

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

**P. R. Patel**, Chairman & Managing Director  
Pigdamber, Rau, Indore, 01<sup>st</sup> July 2013

**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 25<sup>th</sup> Annual Report of the Company along with the Audited Accounts for the year ended 31<sup>st</sup> March 2013.

### **1. FINANCIAL SUMMARY**

(₹ in lacs)	Year Ended 31 <sup>st</sup> March	2013	2012
Gross total revenue		5,657.83	5,567.05
Profit/(Loss) before tax		(321.26)	83.55
Profit/(Loss) after tax		(436.80)	52.85
Balance Brought Forward From Previous Year		2,182.74	2,129.89
Profit carried to Balance Sheet		1,745.93	2,182.74

### **2. PAST HISTORY AND FUTURE PROSPECT**

The Company generated a revenue of ₹5,657.83 lacs for the Financial Year and incurred a loss of ₹436.80 lacs after taxes. Unit-II of the Company at Pithampur was commercialized during the year and the loss is on account of the effect of depreciation on this capital investment made by the Company. Further, the new plant has vigorously been undertaking several formulation development projects 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.

#### Manufacturing Facilities

The Company already has a state of the art WHO-GMP certified manufacturing facilities at Pigdamber, Indore (Unit-I) and Pithampur (Unit-II).

At Unit-I, the Company 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 Unit-II, the Company is developing and manufacturing hi-potency oral formulations in tablet form. This facility was commercialized during the year. 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.

#### 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 ANVISA, USFDA, UKMHRA, EU approvals.

#### 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 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. Unit-II has recently been commercialized and has already exported its products to Africa.

### Outlook

The Company is optimistic about the bright future lying ahead. It endeavors to grow by building on its strengths. 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, but the new unit 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 for most products. 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 which is the Primary Reportable Segment as per Accounting Standard (AS-17), however Secondary Segment reporting is given in Note 36 of the financial statements.

### 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. P.C. Shah, Mr. S.C. Lunawat retire by rotation and, being eligible, offer themselves for re-appointment. 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 asset 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. 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 2013 and of the 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 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

## 8. 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.

## 9. 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.

## 10. 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 to both the Stock Exchanges. Further, the Company has availed demat connectivity with NSDL and CDSL and paid the annual fees to both the Depositories.

## 11. 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 2013. The Cost Audit Reports would be submitted to the Central Government within the prescribed time.

## 12. 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.

## 13. AUDITORS REPORT

The Report of Auditors of the Company for the year under reference has 2 comments.

## 14. 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 *Provident Fund, Employee State Insurance, Entry Tax, Service Tax and Tax Deducted at Source*; due to change in contract labor arrangements, some Provident Fund and Employee State Insurance payments were delayed which have since been regularized and the management has faced practical difficulties in accurately computing the Entry Tax, Service Tax and Tax Deducted at Source amounts 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.

## 15. COMPLIANCE OF ACCOUNTING STANDARD

As clarified in point 8.d. 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, 01<sup>st</sup> July 2013

**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

Year Ended 31 <sup>st</sup> March	2013	2012
<b>POWER CONSUMPTION</b>		
i. Electricity		
a. Purchased Units	18,37,330	18,15,940
• Total Amount (₹ in lacs)	144.72	114.02
• Rate/Unit (in ₹)	7.88	6.28
b. Own Generation Units		
• Through Diesel Generator Units	22,045	15,643
• Total Amount (₹ in lacs)	4.18	3.51
• Cost Per Unit (in ₹)	18.98	22.43
ii. Coal	-	-
iii. Furnace Oil (MT)	133.86	104.95
iv. Others/ Internal Generation	-	-
<b>CONSUMPTION OF ENERGY</b>		
i. Electricity (Units Purchased & Own Generated)	18,59,375	1,827,475

### **B. Technology Absorption**

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

### **C. Foreign Exchange earning and outgo**

(₹ in lacs)	Year Ended 31 <sup>st</sup> March	2013	2012
Earning on Account of Export		1,524.09	958.52
Outgoings			
• For Raw Material		153.26	180.02
• For Capital Goods		47.45	98.86
• For Professional and Consultation fees		5.55	1.82
• For Bank Charges		2.18	1.86
• For Travel Expenses		1.65	1.05

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

**P. R. Patel**

Chairman & Managing Director

Pigdamber, Rau, Indore, 01<sup>st</sup> July 2013

**M. S. Chawla**

Director

**P. C. Shah**

Director

## **REPORT ON CORPORATE GOVERNANCE**

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

### **1. Corporate Governance Philosophy**

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

## 2. Board of Directors

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

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

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

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 four times during the period under review on 28/May/12, 14/Aug/12, 12/Nov/12 and 14/Feb/13. Attendance of each Director at the meeting of the Board of Director held during the year and the last Annual General Meeting and also the number of Board of Directors or Committee meetings of which he is a member/ chairman is as under:

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

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

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

The Terms of Reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49(11) of the Listing Agreement and as specified by the Board of Directors of the Company. The responsibilities of the Committee include financial reporting, standards compliance and review of financial policies of the Company and also to recommend the appointment of Statutory Auditors and Internal Auditors and to fix their remuneration. The committee also reviews all the unaudited and audited financial results before the submission to the Board. Representative of the Statutory Auditors are invited to attend the meetings. The Company Secretary/ Compliance Officer acts as the Secretary of the Audit Committee. The Committee met four times during the year on 28/May/12, 14/Aug/12, 12/Nov/12 and 14/Feb/13. The members of the Committee and their attendance are given below:

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

## 4. Remuneration Committee

A Remuneration Committee was constituted on 31/Jan/12 as required by the Schedule XIII of the Companies Act, 1956 to consider and approve the remuneration package payable to the Executive Whole Time Directors, the Managing Director & top managers of the Company. The Committee comprised of 3 Independent Non-executive Directors (1 as the Chairman). The Non-executive Directors are remunerated by way of sitting fees only which is decided by the Board of Directors from time to time. There was no meeting of Committee held during Financial Year. The members of the Committee and their attendance are given below:

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

### 5. Shareholders/ Investors Grievances Committee

The Shareholders/ Investors Grievances Committee comprised of 1 Independent Non-executive Director as the Chairman and 2 Executive Directors. The Committee apart from the ensuring timely share transfers also looks into any investors complaints. The Committee has designated the Compliance Officer as the officer in-charge of all investor complaints. The matters unresolved for more than 15 days are reported to the Committee. The Committee met four times during the year on 28/May/12, 14/Aug/12, 12/Nov/12 and 14/Feb/13. The members of the Committee and their attendance are given below:

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

### 6. Code of Conduct

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

### 7. Disclosure

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

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

### 8. Managing Director Certification

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

### 9. Annual General Meetings (AGM)

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

Year	Venue	Day/Date	Time
22 <sup>nd</sup>	33/2 Pigdambar. A B Road, Rau, Indore	09/Sep/2010	11:45 AM
23 <sup>rd</sup>	33/2 Pigdambar. A B Road, Rau, Indore	28/Sep/2011	11:45 AM
24 <sup>th</sup>	33/2 Pigdambar. A B Road, Rau, Indore	27/Sep/2012	11:45 AM

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

### 10. Means of Communications

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

### 11. General Shareholders Information

- Registered Office:** 33/2 Pigdambar, A B Road, Rau, Indore (M.P.) 453446, INDIA
- Compliance Officer:** Mr. Hemant Jain [cs@alpalabs.com](mailto:cs@alpalabs.com)
- Annual General Meeting:** 06<sup>th</sup> August 2013 at the Registered Office of the Company at 11:45 A.M.
- Financial Year:** 01<sup>st</sup> April to 31<sup>st</sup> March
- Date of Book Closure:** 02<sup>nd</sup> August 2013 to 06<sup>th</sup> August 2013 (Both days inclusive)
- Dividend Payment Date:** Not Applicable
- Listing on Stock Exchanges:** The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Company has paid listing fees to both the stock exchange for the year 2012-13
- Stock Code:** BSE: 532878 NSE: ALPA ISIN: INE385I01010

**i. Market Price Data:**

2012-13	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April	9.95	8.15	9.70	7.65
May	8.70	7.58	9.10	7.50
June	8.60	7.70	9.20	7.50
July	8.90	7.80	9.20	7.55
August	9.63	7.90	9.80	7.85
September	9.97	8.50	10.00	8.20
October	11.90	9.00	11.40	9.20
November	11.70	9.00	10.90	8.40
December	13.30	9.61	13.15	9.70
January	11.87	9.80	9.50	6.50
February	10.92	9.12	9.80	7.50
March	9.88	7.60	10.30	7.60

(Source: BSE &amp; NSE Websites)

**j. Registrar & Transfer Agent:** Bigshare Services Private Limited      Contact: Mr. N V K Mohan  
E/2 Ansa Industrial Estate, Saki Vihar Road, Andheri (East) Mumbai 400072  
Phone: +91-22-2847-0652      Fax: +91-22-2847-5207  
Email: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)      Website: [www.bigshareonline.com](http://www.bigshareonline.com)

Shareholders are advised to contact the registrar quoting their Folio nos. in each correspondence.

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

Nature of complaints	CURRENT YEAR		PREVIOUS YEAR	
	Received	Resolved	Received	Resolved
Non-receipt of share certificates	NIL	NIL	NIL	NIL
Non-credit of account	NIL	NIL	NIL	NIL
Other	9	12	5	2
<b>TOTAL</b>	<b>9</b>	<b>12</b>	<b>5</b>	<b>2</b>

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

No. of shares	No. of share holders	%	No. of shares held	%
1-5,000	10,014	79.44	18,87,648	8.97
5,001-10,000	1,445	11.46	11,71,105	5.57
10,001-20,000	652	5.17	9,87,956	4.70
20,001-30,000	152	1.21	3,90,511	1.86
30,001-40,000	70	0.56	2,51,957	1.20
40,001-50,000	74	0.59	3,48,281	1.66
50,001-100,000	94	0.75	6,72,497	3.20
Over 100,000	104	0.83	1,53,30,645	72.86
<b>TOTAL</b>	<b>12,605</b>	<b>100.00</b>	<b>2,10,40,600</b>	<b>100.00</b>

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

Category	No. of share holders	%	No. of shares held	%
Clearing Member	9	0.07	4,749	0.02
Corporate Bodies	182	1.44	6,71,296	3.19
NRI Promoters	2	0.02	49,900	0.24
NRIs	105	0.83	2,30,710	1.10
Promoters	24	0.19	1,14,39,470	54.37
Public	12,283	97.45	86,44,475	41.08
<b>TOTAL</b>	<b>12,605</b>	<b>100.00</b>	<b>2,10,40,600</b>	<b>100.00</b>

**n. De-materialization of Shares and Liquidity:**

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

**o. Outstanding Convertible Instruments:**

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

**p. Manufacturing Units:**

Unit-I	Unit-II
33/2 Pigdambar, A. B. Road, Rau Indore (M.P.) 453446, India	481, 470, 471 Sector III, Pithampur Dist. Dhar (M.P.) 454775

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

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

**Declaration relating to Code of Conduct**

All Board Members and Senior Management Personnel have, for the year ended 31<sup>st</sup> March 2013 affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Clause 49 (1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges.

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

**P. R. Patel**

Chairman & Managing Director  
Pigdamber, Rau, Indore, 01<sup>st</sup> July 2013

**M. S. Chawla**

Director

**P. C. Shah**

Director

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

To,

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

I have examined the compliance by Alpa Laboratories Limited (the Company) of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31<sup>st</sup> March 2013. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Shilpesh Dalal**, Practicing Company Secretary  
FCS No. 5316, Certificate of Practice No. 4235  
Indore, 01<sup>st</sup> July 2013

**INDEPENDENT AUDITOR'S REPORT**

**To The Members of Alpa Laboratories Limited,**

*Report on the Financial Statements*

1. We have audited the accompanying financial statements of Alpa Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall representation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Opinion*

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
  - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note – "39" to the Financial Statements, which describes the financial effect of the change of accounting policy for recognition of expenses in relation to consumption of analytical materials.

*Report on Other Legal and Regulatory Requirements*

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

**S. C. Padliya**, Partner, Membership Number 071666  
Indore, 30<sup>th</sup> May 2013

**ANNEXURE REFERRED TO IN PARAGRAPH 7 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2013 OF ALPA LABORATORIES LIMITED**

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
 (b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.  
 (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) We have been informed that the inventory has been physically verified during the year by the management except material lying with third party (which are substantially been confirmed). In our opinion, the frequency of verification is reasonable.  
 (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
 (c) On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under the section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under the section 301 of the Companies Act, 1956, paragraphs (iii)(b), (iii)(c) and (iii)(d) of the Order, are not applicable.  
 (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under the section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, to parties listed in the Register maintained under the section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (iii)(g) of the Order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- (v) In our opinion and according to the information and explanations given to us, there are no contractor arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the Register required to be maintained under that section. Hence clause (v)(b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits under the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the accounts and records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Value Added Tax, Wealth tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities **except Provident Fund, Employee State Insurance, Entry Tax, Service Tax and Tax Deducted at Source.**  
 (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable.

(c) According to the records of the Company, the dues of Sales Tax, Income Tax, Service Tax and cess that have not been deposited with the appropriate authorities on account of disputes as at 31<sup>st</sup> March 2013 and the forum where disputes are pending are given below:

Nature of Dues	Period to which the matter pertains	Forum where dispute pending	Amount ₹ in lacs
Value Added Tax	01/04/2002 to 31/03/2003	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal.	2.68
Central Sales Tax	01/04/2002 to 31/03/2003	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal.	12.28
Central Sales Tax	01/04/2005 to 31/03/2006	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal.	19.24
Value Added Tax	01/04/2005 to 31/03/2006	Second appeal filed before Madhya Pradesh Appeal Board, Bhopal.	14.25
Income Tax	01/04/2007 to 31/03/2008	Litigation Pending in the High Court.	21
Service Tax	01/04/2010 to 31/03/2012	Additional Commissioner, Customs, Excise & Service Tax, Indore	37.85

- (x) The Company has neither accumulated losses as at 31<sup>st</sup> March 2013 nor it has incurred any cash loss either during the year ended on that date or in the immediately preceding financial year.
- (xi) According to the information and explanations provided by the management, the Company has not defaulted in repayment of dues to bank or financial institution. The Company has not obtained any borrowing by way of debentures.
- (xii) According to the information and explanations provided by the management and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and to the best of our information and explanations provided by the management, the Company is not a chit fund or Nidhi mutual benefit society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report), 2003 are not applicable to the Company.
- (xiv) As per records of the Company and information and explanations provided to us by the management, the Company is not dealing or trading in share, securities, debenture and other investment. Accordingly the provisions of clause 4(xiv) of the order are not applicable to the Company.
- (xv) According to the records of the Company and the information and explanation provided by the management, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been applied for long term investments by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s 301 of the Companies Act, during the year.
- (xix) As the Company has no debentures outstanding at any time during the year, paragraph (xix) of the Order is not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the period covered by our report.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**S. C. Padliya**, Partner, Membership Number 071666  
Indore, 30<sup>th</sup> May 2013



(₹ in lacs)

<b>Profit &amp; Loss Statement for year ended 31st March</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
<b>Income</b>			
Revenue from Operations	16	5,610.85	5,512.99
Other Income	17	46.98	54.07
<b>Total Income</b>		<b>5,657.83</b>	<b>5,567.05</b>
<b>Expenditure</b>			
(a) Cost of Materials Consumed	18	3,619.30	3,721.23
(b) Purchases Of Stock In Trade		-	285.04
(c) Manufacturing and Operating Cost	19	394.78	289.02
(d) Changes in Inventories of Finished Goods, Work in Process and Stock in Trade	20	17.85	2.51
(e) Employee Benefits Expense	21	605.27	453.65
(f) Finance Costs	22	194.46	127.21
(g) Depreciation and Amortization Expense	9	472.85	100.32
(h) Other Expenses	23	674.57	504.52
<b>Total Expenses</b>		<b>5,979.08</b>	<b>5,483.50</b>
<b>Profit before tax</b>		<b>(321.26)</b>	<b>83.55</b>
Add/(Less): Current Tax	24	-	(31.15)
Add/(Less): Deferred Tax (Net)		(115.54)	0.44
<b>Profit/(Loss) for the period</b>		<b>(436.80)</b>	<b>52.85</b>
<b>Earnings per share of face value of ₹10 each</b>			
Basic and Diluted (in ₹)		(2.08)	0.25

The notes form an integral part of these financial statements

As Per Our Report of even Date

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

Chartered Accountants, FRN 003151C

**S. C. Padliya**

Partner, Membership Number 071666

**For ALPA LABORATORIES LIMITED****P.R. Patel**

Managing Director

**M.S. Chawla**

Director

Pigdamber, Rau, Indore, 30th May 2013

(₹ in lacs)

Cash Flow Statement for year ended 31st March	2013	2012
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	(321.26)	83.55
<i>Adjustments for:</i>		
Depreciation and Amortization Expense	472.85	100.32
Interest Expense	176.49	119.84
Provision for Doubtful Trade Receivables	-	17.49
Excess Provision Written Off	-	(0.05)
Bad Debts Written Off	92.18	6.51
Profit on Disposal of FA	(1.08)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>419.19</b>	<b>327.66</b>
<i>Adjustments for:</i>		
Decrease/ (Increase) in Trade Receivable	102.20	139.83
Decrease/ (Increase) in Loans & Advances & Other Current Assets	38.97	(367.80)
Decrease/ (Increase) in Inventories	223.98	72.87
Increase/ (Decrease) in Current Liabilities & Provision	(556.84)	(256.00)
Increase/ (Decrease) in Long Term Liabilities	143.87	11.06
Cash Generated from Operations	(47.81)	(400.04)
Income Tax	(115.54)	(30.71)
<b>Net Cash Generated by Operating Activities</b>	<b>255.83</b>	<b>(103.09)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(388.55)	(53.82)
Advance for Purchases of Capital Goods (net) & Capital Expenditure pending allocation	-	(208.14)
Sale of Fixed Assets	3.57	169.48
<b>Net Cash Used in Investing Activities</b>	<b>(384.98)</b>	<b>(92.48)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	353.43	244.70
Interest Paid	(176.49)	(119.84)
<b>Net Cash Generated by Financing Activities</b>	<b>176.94</b>	<b>124.86</b>
<b>D. Net Increase/(Decrease) In Cash and Cash Equivalents</b>	<b>47.79</b>	<b>(70.70)</b>
<b>E. Cash and Cash Equivalents as at the beginning of the year</b>	<b>4.94</b>	<b>75.64</b>
<b>F. Cash and Cash Equivalents as at the end of the year</b>	<b>52.73</b>	<b>4.94</b>
<b>G. Cash and Cash Equivalents as at the end of the year comprise of</b>		
Cash & Bank Balances as per the Balance Sheet	52.73	14.94
(Less) Deposits Lodged towards Security Deposit & Margin	-	(10.00)
Money against Bank Guarantees	-	(10.00)
	<b>52.73</b>	<b>4.94</b>

Notes:

1. Figures in brackets indicate cash outgo.
2. The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified under the Companies (Accounting Standard) Rules, 2006.
3. No effects of Capital Work In Progress as on 31.03.2012 amounting to ₹5,904.69 lacs capitalized during the year has been shown in the Cash Flow Statement as no actual cash outflow has taken place during the year.
4. No effects of allocations and appropriations as on 31.03.2012 amounting to ₹1,312.14 lacs capitalized during the year has been shown in the Cash Flow Statement as no actual cash outflow has taken place during the year.
5. The notes to accounts form an integral part of the Cash Flow Statement.

As Per Our Report of even Date

For C. H. PADLIYA &amp; CO.

Chartered Accountants, FRN 003151C

For ALPA LABORATORIES LIMITED

S. C. Padliya

Partner, Membership Number 071666

P.R. Patel

Managing Director

M.S. Chawla

Director

Pigdamber, Rau, Indore, 30th May 2013

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

<b>1. Share Capital</b>	<b>2013</b>	<b>2012</b>
<b>Authorized Capital</b>	2,500.00	2,500.00
2,50,00,000 Equity Shares of ₹10 Each (Previous Year 2,50,00,000 Equity Share of ₹10/- Each)		
<b>Issued Capital</b>	2,156.00	2,156.00
2,15,60,000 Equity Shares of ₹10 Each (Previous year 2,15,60,000 Equity Shares of ₹10/- Each)		
<b>Subscribed and Paid Up Capital</b>	2,104.06	2,104.06
2,10,40,600 Equity Shares of ₹10 Each (Previous year 2,10,40,600 Equity Shares of ₹10/- each)		
<b>Total Share Capital</b>	<b>2,104.06</b>	<b>2,104.06</b>

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

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

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

	2013		2012	
	Quantity	%	Quantity	%
Mahendra Singh Chawla	13,66,600	6.50%	13,66,600	6.50%
Pravin C. Shah	11,00,580	5.23%	11,00,580	5.23%

**(₹ in lacs)**

<b>2. Reserves and Surplus</b>	<b>2013</b>	<b>2012</b>
(a) Share Premium	5,496.05	5,496.05
(b) <i>Surplus/(Deficit) in Statement of Profit and Loss</i>		
Opening Balance	2,182.74	2,129.89
Add: Profit/(Loss) for the year	(436.80)	52.85
Closing Balance	1,745.93	2,182.74
<b>Total Reserve and Surplus</b>	<b>7,241.99</b>	<b>7,678.79</b>

**(₹ in lacs)**

<b>3. Long Term Borrowings</b>	<b>2013</b>	<b>2012</b>
<b>Secured</b>		
Term Loans from Banks	620.10	266.67
<b>Total Long Term Borrowings</b>	<b>620.10</b>	<b>266.67</b>

**Details of terms of repayment for the long term borrowings and security provided in respect of the secured long term borrowings:****A) Terms of Repayment :**

**1) Corporate Loan:** Repayable in 36 monthly instalments commencing from April 2012. Last instalment due in March 2015. Rate of interest 13.75% p.a. as at year end. (Previous year 13% p.a.)

**2) Machinery Term Loan:** Repayable in 60 monthly instalments commencing from June 2013. Last installment due in May 2018. Rate of interest 13.75% p.a. as at year end. (Previous year not applicable)

**B) Security Provided :**

Term loans are secured by mortgage of immovable properties including factory land, building structures and all Plant and Machinery attached to the earth or permanently fastened to anything attached to the earth, both present and future & hypothecation of assets purchased from term loan. Further, the loans are personally guaranteed by the Directors.

(₹ in lacs)

<b>4. Other Long Term Liabilities</b>	<b>2013</b>	<b>2012</b>
Trade/ Security Deposits received	100.07	71.74
<b>Total Other Long Term Liabilities</b>	<b>100.07</b>	<b>71.74</b>

(₹ in lacs)

<b>5. Short Term Borrowings</b>	<b>2,013</b>	<b>2,012</b>
<i>Secured</i>		
Working Capital Loan from Bank	804.18	784.59
<b>Total Short Term Borrowings</b>	<b>804.18</b>	<b>784.59</b>

**Security Provided:**

Working Capital Loan is secured by way of book debts and hypothecation of present and future stock of raw material, finished goods, stock in process consumables, stores & spares, packing material etc. Further, the Loan is personally guaranteed by the directors.

(₹ in lacs)

<b>6. Trade Payables</b>	<b>2013</b>	<b>2012</b>
Micro, Small and Medium Enterprises	99.40	82.34
Others	752.12	1,472.51
<b>Total Trade Payables</b>	<b>851.53</b>	<b>1,554.85</b>

**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006\***

<b>Particulars</b>	<b>2013</b>	<b>2012</b>
(i) Principal amount due and remaining unpaid as at the end of the acctg. year	99.40	82.34
(ii) Interest due thereon remaining unpaid as at the end of the accounting year	-	-
(iii) Amount of int. paid along with payment made beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

\*The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

(₹ in lacs)

<b>7. Other Current Liabilities</b>	<b>2013</b>	<b>2012</b>
(a) Current maturities of long-term debt -Secured Loans from Banks	249.93	133.33
(b) Interest accrued but not due on borrowings	10.21	4.83
(c) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	24.63	22.42
(d) Payables on purchase of fixed assets	9.24	99.12
(e) Advances from customers	114.33	151.51
(f) Other payables *	132.12	25.27
<b>Total Other Current Liabilities</b>	<b>540.47</b>	<b>436.49</b>

\* Includes security deposits of employees, salary and allowance payable to employees and other miscellaneous expenses.

(₹ in lacs)

<b>8. Short Term Provisions</b>	<b>2013</b>	<b>2012</b>
(a) Provision for tax (net of advance tax)	-	3.63
(b) Provision for employee benefits	22.08	33.58
(c) Provision for contingencies	-	12.00
(d) Other provisions	34.15	32.04
<b>Total Short Term Provisions</b>	<b>56.23</b>	<b>81.24</b>

**9. Fixed Assets**

ASSET	GROSS BLOCK			As At 31 Mar 2013	DEPRECIATION			Up To 31 Mar 2013	NET BLOCK	
	As At 01 Apr 2012	Additions	Deletions		Up To 31 Mar 2012	For the Year 2012-13	Deductions		As At 31 Mar 2013	As At 31 Mar 2012
Land and Site Dev.	254.59	9.74	-	<b>264.33</b>	-	-	-	-	<b>264.33</b>	254.59
Building	489.14	5,148.84	-	<b>5,637.98</b>	336.38	248.03	-	<b>584.41</b>	<b>5,053.57</b>	152.77
Plant and machinery	1,183.58	1,564.95	3.57	<b>2,744.97</b>	826.39	147.39	1.08	<b>972.71</b>	<b>1,772.26</b>	357.19
Furniture and Fixtures	23.16	51.57	-	<b>74.72</b>	11.66	6.66	-	<b>18.32</b>	<b>56.40</b>	11.50
Computers	22.74	12.07	-	<b>34.81</b>	19.88	3.29	-	<b>23.17</b>	<b>11.64</b>	2.86
Vehicles	-	10.84	-	<b>10.84</b>	-	1.27	-	<b>1.27</b>	<b>9.57</b>	-
Utility	175.37	-	-	<b>175.37</b>	115.71	8.30	-	<b>124.01</b>	<b>51.36</b>	59.66
Electrical Installation	170.69	255.39	-	<b>426.08</b>	121.48	22.68	-	<b>144.16</b>	<b>281.93</b>	49.21
QC and Lab Equipment	106.56	497.07	-	<b>603.62</b>	75.44	34.62	-	<b>110.06</b>	<b>493.56</b>	31.11
Office Equipment	6.96	2.57	-	<b>9.53</b>	4.93	0.60	-	<b>5.53</b>	<b>3.99</b>	2.03
Sub Total	<b>2,432.79</b>	<b>7,553.03</b>	<b>3.57</b>	<b>9,982.25</b>	<b>1,511.88</b>	<b>472.85</b>	<b>1.08</b>	<b>1,983.64</b>	<b>7,998.61</b>	920.92
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	5,904.69
<b>Total</b>	<b>2,432.79</b>	<b>7,553.03</b>	<b>3.57</b>	<b>9,982.25</b>	<b>1,511.88</b>	<b>472.85</b>	<b>1.08</b>	<b>1,983.64</b>	<b>7,998.61</b>	<b>6,825.61</b>
Previous Year	2,548.46	53.82	169.48	<b>2,432.79</b>	1,411.56	100.32	-	<b>1,511.88</b>	<b>7,346.98</b>	7,172.43

(₹ in lacs)

<b>10. Long Term Loans and Advances</b>	<b>2013</b>	<b>2012</b>
<b>Unsecured, Considered Good</b>		
(a) Capital advances	-	5.50
(b) Security deposits	85.28	76.57
<b>Total Long Term Loans and Advances</b>	<b>85.28</b>	<b>82.07</b>

(₹ in lacs)

<b>11. Inventories</b>	<b>2013</b>	<b>2012</b>
(a) Raw materials	939.07	1,145.20
(b) Work-in-progress	54.86	62.60
(c) Finished goods (other than those acquired for trading)	300.87	346.37
(d) Analytical Materials	35.38	-
<b>Total Inventories</b>	<b>1,330.18</b>	<b>1,554.16</b>

**Details of Raw Materials:**

	<b>2013</b>	<b>2012</b>
Drugs & Chemicals	577.09	850.69
Packing Materials	361.98	294.51
<b>Total</b>	<b>939.07</b>	<b>1,145.20</b>

**Details of Work in Progress:**

	<b>2013</b>	<b>2012</b>
Injection	8.42	14.89
Tablets & Capsules	25.44	25.79
Ointment & Cream	1.92	13.05
Eye/Ear Drops	3.05	4.01
Dry Powder	16.04	4.86
<b>Total</b>	<b>54.86</b>	<b>62.60</b>

**Details of Finished Goods:**

	<b>2013</b>	<b>2012</b>
Liquid Injection	180.18	130.43
Dry Powder Injection	16.40	21.55
Tablets	48.20	31.95
Capsules	39.12	143.90
Ointment	16.97	18.54
<b>Total</b>	<b>300.87</b>	<b>346.37</b>

**Details of Analytical Materials**

	<b>2013</b>	<b>2012</b>
GC Columns	5.19	-
HPLC Columns	30.19	-
<b>Total</b>	<b>35.38</b>	<b>-</b>

(₹ in lacs)

<b>12. Trade Receivables</b>	<b>2013</b>	<b>2012</b>
<i>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</i>		
Unsecured, considered good	274.87	1,192.31
Doubtful	27.16	173.01
<i>Other Trade receivables</i>		
Unsecured, considered good	1,643.64	770.67
Doubtful	1.36	22.92
	<b>1,947.04</b>	<b>2,158.92</b>
Less: Provision for doubtful trade receivables	-	17.49
<b>Total Trade Receivables</b>	<b>1,947.04</b>	<b>2,141.43</b>

(₹ in lacs)		
<b>13. Cash and Bank Balances</b>	<b>2013</b>	<b>2012</b>
<i>(a) Cash and Cash Equivalents</i>		
(i) Cash on Hand	7.74	2.02
(ii) Balances with Banks	3.34	2.91
<i>(b) Other Bank Balances *</i>		
(i) In Deposit Accounts	41.64	10.00
<b>Total Cash and Bank Balances</b>	<b>52.73</b>	<b>14.94</b>

\* Other Bank Balances include margin monies amounting to Nil (As at 31st March 2012 ₹10.00 lacs) which have an original maturity of more than 12 months.

(₹ in lacs)		
<b>14. Short Term Loans and Advances</b>	<b>2013</b>	<b>2012</b>
<i>(Unsecured and Considered Good)</i>		
(a) Security Deposits	5.16	10.67
(b) Loans and Advances to Employees	4.60	4.62
(c) Prepaid Expenses	6.65	0.98
(d) Balances with Government Authorities	391.10	451.93
(e) Advances to Suppliers	114.59	79.27
(f) Advance for Capital Goods	465.72	522.32
<b>Total Short Term Loans and Advances</b>	<b>987.82</b>	<b>1,069.79</b>

(₹ in lacs)		
<b>15. Other Current Assets</b>	<b>2013</b>	<b>2012</b>
(a) Unamortized Expenses	-	1,312.14
(b) Interest Accrued on Deposits	2.32	0.62
(c) Duty Drawback Receivable	9.76	-
(d) Refund Receivable against Rebate Claim of Duty	32.80	-
(e) Other Receivable	9.97	-
<b>Total Other Current Assets</b>	<b>54.84</b>	<b>1,312.76</b>

(₹ in lacs)		
<b>16. Revenue from Operations</b>	<b>2013</b>	<b>2012</b>
(a) Sale of Products	5,427.94	5,415.48
(b) Sale of Services	377.36	174.29
(c) Other Operating Revenues	179.96	121.43
	5,985.25	5,711.20
Less: Excise Duty/ Service Tax Recovered	374.41	198.22
<b>Total Revenue from Operations</b>	<b>5,610.85</b>	<b>5,512.99</b>

<b>Details of Sale of Products (Excluding Excise Duty)</b>	<b>2013</b>	<b>2012</b>
<b>Manufactured Goods</b>		
Liquid Injection	2,150.47	1,988.63
Dry Powder Injection	1,486.90	1,323.26
Tablets	975.18	1,239.22
Capsules	177.31	164.73
Ointments	276.09	219.55
<b>Total (A)</b>	<b>5,065.95</b>	<b>4,935.40</b>
<b>Stock-in-Trade</b>		
Buty Acetate	-	117.59
Caustic Soda	-	43.62
Potassium Hydroxide	-	124.11
<b>Total (B)</b>	<b>-</b>	<b>285.32</b>
<b>TOTAL (A+B)</b>	<b>5,065.95</b>	<b>5,220.72</b>

<b>Details of Sale of Services (Excluding Service Tax)</b>	<b>2013</b>	<b>2012</b>
<b>Services</b>		
Analytical Charges	32.02	33.53
Conversion & Packing Charges	174.71	137.31
Formulation Development	158.28	-
<b>TOTAL</b>	<b>365.00</b>	<b>170.84</b>

<b>Details of Other Operating Revenue</b>	<b>2013</b>	<b>2012</b>
<b>Other Revenues</b>		
Sale of Scrap	2.10	2.58
Duty Drawback and Other Export Incentives	173.88	110.59
Other Revenues	3.98	8.26
<b>TOTAL</b>	<b>179.96</b>	<b>121.43</b>

	(₹ in lacs)	
<b>17. Other Income</b>	<b>2013</b>	<b>2012</b>
(a) <i>Interest Income</i>		
(i) Interest from Banks	2.29	1.52
(ii) Interest from Others	1.94	1.10
(b) Net Gain on Foreign Currency Transactions and Translation	25.41	51.39
(c) Compensation Received on Cancellation of Agreement	15.00	-
(d) Other Non-Operating Income	2.34	0.05
<b>Total Other Income</b>	<b>46.98</b>	<b>54.07</b>

	(₹ in lacs)	
<b>18. Cost of Materials Consumed</b>	<b>2013</b>	<b>2012</b>
Opening stock	1,145.20	1,215.56
Add: Purchases	3,413.17	3,650.87
Less: Closing stock	939.07	1,145.20
<b>Total Cost of Materials Consumed</b>	<b>3,619.30</b>	<b>3,721.23</b>

Detail of Raw Materials Purchased	2013		2012	
	Value	%	Value	%
Imported	153.25	4.49%	180.02	4.93%
Indigenous	3,259.92	95.51%	3,470.85	95.07%
<b>TOTAL</b>	<b>3,413.17</b>	<b>100.00%</b>	<b>3,650.87</b>	<b>100.00%</b>

Detail of Raw Materials Consumed	2013	2012
Drugs & Chemicals	2,887.30	3,006.70
Packing Material	732.00	714.53
<b>TOTAL</b>	<b>3,619.30</b>	<b>3,721.23</b>

(₹ in lacs)

19. Manufacturing and Operating Cost	2013	2012
Stores and Spares	44.20	25.32
Power and Fuel	209.12	159.25
Repairs to Buildings	8.36	20.17
Repairs to Machinery	10.74	4.43
Analytical Expenses	75.71	36.76
Other Manufacturing and Operating expenses	46.64	43.10
<b>Total Manufacturing and Operating Cost</b>	<b>394.78</b>	<b>289.02</b>

Detail of Imported and Indigenous Stores and Spare Parts Consumed	2013		2012	
	Value	%	Value	%
Indigenous	44.20	100.00%	25.32	100.00%

(₹ in lacs)

20. Changes in Inventories of Fin. Goods, Work in Process	2013	2012
<u>Inventories at the end of the year:</u>		
Finished goods	300.87	346.37
Work-in-progress	54.86	62.60
Analytical Materials	35.38	-
	<b>391.11</b>	<b>408.96</b>
<u>Inventories at the beginning of the year:</u>		
Finished goods	346.37	331.10
Work-in-progress	62.60	80.37
	<b>408.96</b>	<b>411.47</b>
<b>Total Changes in Inventories of Fin. Goods, Work in Process</b>	<b>(17.85)</b>	<b>(2.51)</b>

(₹ in lacs)

21. Employee Benefits Expense	2013	2012
Salaries and Wages	579.59	416.15
Contribution to Provident and Other Funds	17.70	34.93
Staff Welfare Expenses	7.98	2.57
<b>Total Employee Benefits Expense</b>	<b>605.27</b>	<b>453.65</b>

The Company makes Provident Fund contributions under defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹14.46 lacs (Previous Year ₹7.82 lacs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(₹ in lacs)		
<b>22. Finance Costs</b>	<b>2013</b>	<b>2012</b>
(a) Interest Expense on:		
(i) Borrowings	173.02	116.84
(ii) Others	3.48	2.99
(b) Other Borrowing Costs	17.97	7.37
<b>Total Finance Costs</b>	<b>194.46</b>	<b>127.21</b>

(₹ in lacs)		
<b>23. Other Expenses</b>	<b>2013</b>	<b>2012</b>
Rent including Lease Rentals	8.24	9.56
Repairs and Maintenance (Others)	1.66	1.75
Insurance	3.02	2.55
Rates and Taxes	29.77	15.20
Communication	12.12	8.81
Traveling and Conveyance	88.98	61.48
Printing and Stationery	10.64	7.76
Freight and Forwarding	33.22	38.26
Sales Commission	145.59	202.47
Business Promotion	13.15	22.94
Donations and Contributions	0.41	0.49
Legal and Professional	34.41	30.31
Liquidated Damages, Testing and LSP Charges	58.03	-
Membership & Subscription	0.31	2.61
Payments to Auditors	3.03	4.15
Bad Trade and Other Receivables, Loans and Advances written off	92.18	29.18
Prior Period Items (net)	103.32	21.29
Miscellaneous Expenses	36.49	45.72
<b>Total Other Expenses</b>	<b>674.57</b>	<b>504.52</b>

<b>Payment to Auditors Comprise</b>	<b>2013</b>	<b>2012</b>
As Auditors – Statutory Audit	2.25	3.00
For Other Services	0.78	1.15
<b>TOTAL</b>	<b>3.03</b>	<b>4.15</b>

<b>Prior Period Items (net) Represent</b>	<b>2013</b>	<b>2012</b>
Debits Relating to Earlier Years	104.95	23.91
Credits Relating to Earlier Years	(1.63)	(2.62)
<b>TOTAL</b>	<b>103.32</b>	<b>21.29</b>

(₹ in lacs)		
<b>24. Current Tax</b>	<b>2013</b>	<b>2012</b>
Current Tax	-	31.00
Prior Period Tax	-	0.15
<b>Total Current Tax</b>	<b>-</b>	<b>31.15</b>

(₹ in lacs)		
<b>25. Value of Imports on C.I.F. Basis</b>	<b>2013</b>	<b>2012</b>
Raw Materials and Stock-in-Trade	153.25	180.02
Capital Goods	47.45	98.86
<b>Total Value of Imports on C.I.F. Basis</b>	<b>200.71</b>	<b>278.88</b>
(₹ in lacs)		
<b>26. Expenditure in Foreign Currency</b>	<b>2013</b>	<b>2012</b>
Professional and Consultation fees	5.55	1.82
Bank Charges	2.18	1.86
Traveling Expenses	1.65	1.05
<b>Total Expenditure in Foreign Currency</b>	<b>9.37</b>	<b>4.72</b>
(₹ in lacs)		
<b>27. Earnings in Foreign Currency</b>	<b>2013</b>	<b>2012</b>
Export of Goods Calculated on FOB Basis	1,433.81	958.52
Export of Services	90.28	-
<b>Total Earnings in Foreign Currency</b>	<b>1,524.09</b>	<b>958.52</b>
(₹ in lacs)		
<b>28. Details of Leasing Arrangements</b>	<b>2013</b>	<b>2012</b>
<i>As Lessee (operating lease)</i>		
The Company has entered into operating lease arrangements for certain facilities and office premises.		
A. Future minimum lease payments		
- not later than one year	-	0.67
B. Lease Payments recognized in the Statement of Profit and Loss	6.87	7.36
(₹ in lacs)		
<b>29. Government Grants</b>	<b>2013</b>	<b>2012</b>
Government Grants Received by the Company during the Year towards		
- Duty Drawback (Recognized under Other Operating Revenues)	23.54	25.94
<b>Total Government Grants</b>	<b>23.54</b>	<b>25.94</b>
(₹ in lacs)		
<b>30. Borrowing Costs</b>	<b>2013</b>	<b>2012</b>
Borrowing Costs Capitalized during the year	26.02	28.72
<b>Total Borrowing Costs</b>	<b>26.02</b>	<b>28.72</b>

(₹ in lacs)

31. Related Party Disclosures	2013	2012
-------------------------------	------	------

## A. Relationships:

## i. Key Management Personnel

a. P. R. Patel, CMD	b. M. S. Chawla, Director	c. P. C. Shah, Director
d. Jayesh Patel, CEO	e. Paresh Chawla, COO	f. B. C. Shah, VP

## ii. Relatives of Key Management Personnel and their enterprises where transactions have taken place

a. Shitul Shah	b. Soni Chawla	c. Rima Shah
----------------	----------------	--------------

## B. Transactions carried out with related parties referred to in A.i. &amp; A.ii. above, in the ordinary course of business:

Remuneration for Key Management Personnel referred to in A.i. above	74.40	74.40
Salary for Key Management Personnel referred to in A.i. above	43.80	43.80
Traveling Expenses for Key Management Personnel referred to in A.i. above	7.38	4.01
Salary for Relatives of Key Management Personnel referred to in A.ii. above	8.04	8.04

(₹ in lacs)

32. Deferred Tax Liabilities	2013	2012
------------------------------	------	------

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

The Major Components of deferred tax liabilities arising on account of timing differences are as follows:

Tax effect of items constituting deferred tax liability

- on difference between book balance and tax balance of fixed assets	137.88	44.66
--	--------	-------

Tax effect of items constituting deferred tax assets

- Retirement Benefits	-	10.65
- Others	-	11.67

**Total Deferred Tax Liabilities**

<b>137.88</b>	<b>22.34</b>
---------------	--------------

(₹ in lacs)

33. Contingent Liabilities & Commitments (to the extent not provided for)	2013	2012
---	------	------

a. Bank Guarantees of ₹77.91 lacs (Previous Year ₹58.37 lacs) have been given to various government departments for tenders for supply of medicines.

b. Bank Guarantee of ₹17.85 lacs (Previous Year – ₹17.85 lacs) has been given to Deputy Commissioner of Customs against import of capital goods under Export Promotion Capital Goods Scheme for a period of ten years ending 09/02/2020.

c. Bank Guarantee of ₹3.70 lacs (Previous Year – ₹3.70 lacs) has been given in favor of President of India through Commissioner of Customs Nhava Sheva, Raigarh for import of Raw Materials without payment of import duty under DEEC Scheme for a period of three years ending 30 Aug 2013.

d. Bank Guarantee of ₹0.83 lacs (Previous Year – Nil) has been given in favor of President of India through Deputy Commissioner of Central Excise for Bond for procurement of Raw Material ( Methyl Prednisolone Buffered Sterile) Without Payment of Duty for production of Life Saving Drugs for a period of one year ending 29 Aug 2013.

e. Disputed demands before relevant authorities :

Value Added Tax	24.67	36.67
Central Sales Tax	47.31	66.32
Income Tax	21.00	-
Service Tax	37.85	-

**34. Court Cases** have been filed against M/s Rajiv Pharma Udyog & Innovec Laboratories Private Limited for ₹0.59 lacs and ₹28.95 lacs respectively, for recovery of outstanding amounts.

**35. In compliance with Para 9 of Accounting Standard-10** issued by The Institute of Chartered Accountants of India administration and other general overheads up to the date of the commencement of commercial production i.e. 18 Oct 2012 and which are specifically attributable to construction of a project amounting to ₹1,461.14 lacs have been included as part of the cost of the new unit at Plot No. 470,471 & 481 at Sector-III, Pithampur Dist. Dhar

The same have been further appropriated to the cost of fixed assets commissioned, in the proportion of their individual cost to the total cost of the new plant.

### 36. Segment Reporting

a. As the Company operates in the single segment of Drugs and Chemicals which is the Primary Reportable Segment as per Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, no separate disclosure pertaining to attributable Revenue, Profits, Assets, Liabilities and Capital Employed are given.

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

Detail of geographical segments based on location of the customers	2013		2012	
	Value	%	Value	%
Outside India	1,556.10	27.73%	958.52	17.39%
Within India	4,054.74	72.27%	4,554.47	82.61%
Total	5,610.85	100.00%	5,512.99	100.00%

**37.** The Company successfully completed the installation of its Unit-II at Pithampur, District Dhar, Madhya Pradesh for manufacturing of High Potency Tablets and commenced commercial production with effect from 18<sup>th</sup> Oct, 2012.

(₹ in lacs)

### 38. Capital Work in Progress

a. Capital Work in Progress include expenditure during construction period of new unit of the Company as under:

	2013	2012
Opening Balance	5,904.69	5,514.15
Incurring during the year / Transferred from amount Pending for allocation	81.44	390.54
Amount of advance revert back during the year	47.93	-
Capitalized during the year	5,938.20	-
Closing balance	-	5,904.69

b. Capital WIP includes Advances for Capital Expenditure Nil ( P.Y.- ₹115.48 lacs)

### 39. Change in Accounting Policy

In order to make presentation of Financial Statements of the Company more appropriate, the Company has changed the policy of recognizing expenses relating to consumption of columns used for providing analytical services from the year of acquisition to the year of actual consumption. As a result the Company has recognized stock of unused columns which are used for providing analytical services amounting to ₹35.38 lacs. Due to such change of policy, the loss for the year has been understated and reserves have been overstated by ₹35.38 lacs as compared to previous accounting policy.

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

### 41. Previous Year Figures

Comparative financial information is presented in accordance with the corresponding figure reporting framework as set out in Standards on Auditing 710 on "Comparatives". Previous Year figures have been regrouped or rearranged, as wherever appropriate to correspond to figures of the current year.

As Per Our Report of even Date

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

Chartered Accountants, FRN 003151C

For **ALPA LABORATORIES LIMITED**

**S. C. Padliya**

Partner, Membership Number 071666

**P.R. Patel**

Managing Director

**M.S. Chawla**

Director

Pigdamber, Rau, Indore, 30th May 2013

**Annexure A (Annexed to and forming part of the Accounts for the year ended 31<sup>st</sup> March 2013)**  
**SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

**COMPANY BACKGROUND**

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

**1. Basis of Preparation of Financial Statements**

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

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

**2. Use of Estimates**

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

**3. Revenue Recognition**

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

**4. Expenditure**

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

**5. Fixed Assets**

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

**6. Depreciation**

- Fixed asset is depreciated on a written down value basis at the rate specified in scheduled XIV of Companies Act 1956.
- Depreciation for assets purchased or sold during the period is charged to revenue pro-rata to the period of their use.
- Individual low cost asset (value of less than ₹5000) is entirely depreciated in the year of acquisition.

**7. Inventories**

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

**8. Investments**

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

**9. Foreign Currency Transactions**

- Initial Recognition**  
Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- Conversion**  
At the year-end, monetary assets in foreign currency are translated at the rates of exchange at the Balance Sheet date and resultant gain or loss is recognized in the Profit and Loss Account.

c. **Exchange Differences**

All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted in the cost of the corresponding asset.

**10. Employee Benefit**

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

**11. Borrowing Cost**

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

**12. Service Tax Input Credit**

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

**13. Provisions & Contingent liabilities and assets**

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

**14. Taxation**

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

**15. Events occurring after the date of Balance Sheet**

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

**16. Prior Period Adjustments**

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

**17. Leases**

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

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

For **ALPA LABORATORIES LIMITED**

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

**P. R. Patel**  
Managing Director

**M. S. Chawla**  
Director  
Pigdamber, Rau, Indore, 30<sup>th</sup> May 2013

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

PROXY FORM

I/ We \_\_\_\_\_ of \_\_\_\_\_ being member/  
members of the above named company hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ as my/ our proxy to  
attend and vote for me/ us on my/ our behalf at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on 06<sup>th</sup> August 2013  
at 11:45 AM and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013      Signature(s) \_\_\_\_\_

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

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

Affix ₹ 1 revenue  
stamp

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

ATTENDANCE SLIP

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

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on 06<sup>th</sup> August 2013, at 11:45 AM.

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

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

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

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

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

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

**BOOK-POST  
PRINTED MATTER**

**ALPA LABORATORIES LIMITED**

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



# Alpa Laboratories Ltd.

33/2, A. B. Road, Pigdamber - 453 446 Distt. Indore - (M.P.)  
+91-731-429-4567 Phone : ~~4020440~~ Fax : ~~4020440~~ +91-731-429-4444  
E-mail : mail@alpalabs.com

## FORM A (Unqualified/ Matter of Emphasis Report)

Name of the Company	Alpa Laboratories Limited
Annual financial statements for the year ended	31st March 2013
Type of Audit observation	Unqualified/ Matter of Emphasis
Frequency of observation	First time and applicable only in FY 2012-13

### Emphasis of Matter in the Auditor's Report:

The Auditor's Report states:

Without qualifying our opinion, we draw attention to Note – “39” to the Financial Statements, which describes the financial effect of the change of accounting policy for recognition of expenses in relation to consumption of analytical materials.

Further Note 39 of the financial statements discloses the following:

### 39. Change in Accounting Policy

In order to make presentation of Financial Statements of the Company more appropriate, the Company has changed the policy of recognizing expenses relating to consumption of columns used for providing analytical services from the year of acquisition to the year of actual consumption. As a result the Company has recognized stock of unused columns which are used for providing analytical services amounting to ₹35.38 lacs. Due to such change of policy, the loss for the year has been understated and reserves have been overstated by ₹35.38 lacs as compared to previous accounting policy.

### Management's Response:

This change in Accounting Policy has been brought about to give the shareholders a fair view of the financial information. Although the chromatography columns used for testing may be categorized both as consumables or spare parts, with the substantial rise in the cost of these columns and their productive life span being multiple years, as disclosed in Note 39 of the financial statements, the Company has switched to considering them as spares to better control the consumption of the same and control costs.

For **C. H. PADLIYA & CO.**  
Chartered Accountants, FRN 003151C

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

**P. R. Patel**  
Managing Director

For **ALPA LABORATORIES LIMITED**

**M. S. Chawla**  
Director/ CFO Chairman, Audit Committee  
Pigdamber, Rau, Indore, 01<sup>st</sup> July 2013

**D. K. Baheti**