



RED HERRING PROSPECTUS

Date: June 27, 2007

Please read Section 60B of the Companies Act, 1956
(100% Book Building Issue)

Alpa Laboratories Limited

(Incorporated as Alpa Laboratories Private Limited on March 18, 1988 under the Companies Act, 1956 and converted to public limited company on September 3, 1998 with the name of Alpa Laboratories Limited)

Registered Office: 33/2, Pigdamber, A.B. Road, Rau, District Indore -453446, Madhya Pradesh (The Registered office of our Company was changed from 104, Usha Nagar, Indore, Madhya Pradesh to 33/2, Pigdamber, A.B. Road, Rau, District, Indore -453446, Madhya Pradesh with effect from November 15, 1998)

Tel: +91-731- 4020440 Fax: +91 731-4020444; Website: www.alpalabs.com;

Contact Person: Mr. Mukesh Kumar Gupta, Company Secretary & Compliance Officer, Email: ipo@alpalabs.com

ISSUE OF 95,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS [●] PER EQUITY SHARE FOR CASH AGGREGATING RS [●] LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"), INCLUDING EMPLOYEE RESERVATION OF 2,50,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT A PRICE OF RS [●] PER EQUITY SHARE FOR CASH AGGREGATING RS [●] (HEREINAFTER REFERRED TO AS THE "EMPLOYEE RESERVATION PORTION") THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION SHALL BE 92,50,000 EQUITY SHARES OF RS. 10/- EACH (HEREINAFTER REFERRED TO AS THE "NET ISSUE TO THE PUBLIC"). THE ISSUE WILL CONSTITUTE 44.06% OF THE POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. 62 TO Rs. 68 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH

THE ISSUE PRICE IS 6.2 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND IS 6.8 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for 3 additional working days after such revision, subject to the Bidding / Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager ("BRLM") and the terminals of the member of the Syndicate.

RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first Issue of the Equity Shares of Alpa Laboratories Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares of the Company is Rs. 10/- per share and the Issue Price is 6.2 times of the face value at the lower price band and 6.8 times of the face value at the higher price band. The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Red Herring Prospectus. **The Issue is not graded by any Credit Rating Agency.**

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The in-principle approval of NSE and BSE for listing of Equity Shares of the Company have been received pursuant to letters dated February 1, 2007 and January 19, 2007 respectively. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER



ALLIANZ SECURITIES LIMITED

2nd Floor, 3 Scindia House
Janpath, New Delhi-110001
Phone: +91 11 41514666-69
Fax: +91 11 41514665
Email: alpa.ipo@aslfincial.com
Investor Grievance Email Id : complaint@aslfincial.com
website: www.aslfincial.com
Contact Person: Mr. Sunit Shangle

REGISTRARS TO THE ISSUE



BIGSHARE SERVICES PRIVATE LIMITED

E/2.Ansa Industrial Estate,
Saki Vihar Road,
Andheri (E), Mumbai-400 072.
Phone: (022) 2847 0652/0653,
Fax: (022) 2847 5207
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr N.V.K. Mohan

BID / ISSUE PROGRAMME

BID / ISSUE OPENS ON : THURSDAY, JULY 12, 2007

BID / ISSUE CLOSURES ON : TUESDAY, JULY 17, 2007

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Section I - General

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
"Alpa Laboratories Limited" or "APL" or "the Company" or "our Company"	Alpa Laboratories Limited, a Public limited company incorporated under the Companies Act, 1956 with its Registered office at, 33/2, Pigdamber, A.B. Road, Rau, District Indore-453446 Madhya Pradesh
"we" or "us" and "our"	Unless the context otherwise require, refers to Alpa Laboratories Limited.

CONVENTIONAL/GENERAL TERMS

Terms	Description
Articles / Articles of Association	Articles of Association of Alpa Laboratories Limited.
Auditors	Statutory Auditors of the Company viz., M/s C.H. Padliya & Co., Chartered Accountants
Board of Directors / Board	The Board of Directors of Alpa Laboratories Limited.
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Director(s)	Director(s) of Alpa Laboratories Limited, unless otherwise specified
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles
MOA / Memorandum/ Memorandum of Association	Memorandum & Articles of Association of Alpa Laboratories Limited
Non Residents	A person resident outside India, as defined under FEMA.
NRIs / Non-Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoters	Mr. Purushottam R. Patel, Mr. Nayana J. Patel, Mr. M.S. Chawla, Mr. Paresh Chawla, Mr. Pravin C. Shah, Ms. Rima S. Shah, Mr. Bakulesh C. Shah and Ms. Rupal B. Shah

Alpa Laboratories Limited

Terms	Description
Registered Office	Registered office of the Company is situated at 33/2, Pigdamber, A.B. Road, Rau, District Indore, Madhya Pradesh
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
ISSUE RELATED TERMS	
Terms	Description
Allianz	Allianz Securities Limited
Allotment/Alot/ Allocation	Unless the context otherwise requires, the issue and the allotment of Equity Shares, pursuant to the Issue
Allottee	The successful bidder to whom the Equity Shares are being / have been allotted.
Bankers / Escrow Bankers to the Issue	ICICI Bank Limited, Hongkong and Shanghai Banking Corporation, Standard Chartered Bank, UTI Bank Limited and HDFC Bank Limited
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the issue, which shall be notified in an English National Newspaper and a Hindi National Newspaper with wide circulation.
Bid cum Application Form/ Bid Form	The form in terms of which the Bidder shall make an offer to subscribe the Equity Shares of the Company in terms of this Red Herring Prospectus
Bid Opening Date / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English National Newspaper and a Hindi National Newspaper with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders may submit their Bids

Terms	Description
Book Building Process	Book Building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Allianz Securities Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLM. A Bid submitted at Cut-off Price by the Retail Bidder is a valid Bid at all price levels within the Price Band
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Employees	All or any of the following: a) a permanent employee of the Company as on May 31, 2007 and working as on the date of submission of the Bid cum Application form. b) Director of the Company, whether a whole time director, part time director or otherwise, except any promoters or members of the promoter group, as on the date of the Red Herring Prospectus and based and present in India as on the date of submission of the Bid cum Application Form.
Employee Reservation Portion	The portion of issue being a maximum of 2,50,000 Equity Shares available for allocation to employees described above.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account will be opened.

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Terms	Description
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The price advertised by the Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with BRLM on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Members of the Syndicate	The BRLM and the Syndicate Members
Mutual Fund portion	5% of QIB portion or 2,31,250 Equity Shares available to allocation to Mutual Funds only, out of QIB portion.
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLM and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of this Issue being not less than 15% of the Net Issue consisting of 13,87,500 Equity Shares of Rs. 10 each aggregating to Rs.[*] Lakhs, available for allocation to Non Institutional Bidders.
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	Being the price band of a minimum price of Rs. 62 per Equity Share (Floor Price) and the maximum price of Rs. 68 per Equity Share (Cap Price)(both inclusive), and including revision thereof.
Pricing Date	Means the date on which the Company, in consultation with the BRLM, finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information

Terms	Description
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Bid / Issue Opening Date
Public Issue/ Issue	Issue of 95,00,000 Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating to Rs. [●] lakhs (hereinafter referred to as "Issue"), including employee reservation of 2,50,000 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating Rs. [●] lakhs (hereinafter referred to as the "Employee Reservation Portion"). The Issue less Employee Reservation Portion shall be 92,50,000 Equity Shares of Rs. 10/- each (hereinafter referred to as the "Net Issue to the public"). The Issue will constitute 44.06 % of the post issue paid-up capital of our Company.
QIB Portion	Consists of 46,25,000 Equity Shares of Rs. 10 each aggregating at a price of Rs. [●] for cash aggregating Rs. [●] lakhs being not more than 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Red Herring Prospectus or RHP	Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allotment
Registrars / Registrars to the Issue	Registrars to the Issue, in this case being Bigshare Services Private Limited.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 100,000.
Retail Portion	Consists of 32,37,500 Equity Shares of Rs. 10 each aggregating Rs. [●] lakhs, being not less than 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
RoC / Registrar of Companies	Registrar of Companies, Gwalior, Madhya Pradesh
Syndicate Agreement	Agreement to be entered into amongst the BRLM, Syndicate Member(s) and the Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of this Red Herring Prospectus
Underwriters	The BRLM and the Syndicate Members

Alpa Laboratories Limited

COMPANY/INDUSTRY RELATED TERMS/DEFINITIONS

Terms	Description
AHU	Air Handling Unit
API	Active Pharmaceutical Ingredients
Aqueous	A solution in which the solvent is water.
Aseptic	Free of pathogenic microorganisms.
B.M.R.	Batch Manufacturing Record
Beta -Lactam	Any of a class of broad-spectrum antibiotics that are structurally and pharmacologically related to the penicillins.
BG	Bank Guarantee
Blister packing	The process of packing tablets, capsules, etc. in between 2 layers of pvc or metal foils.
Bunging	To close and seal a vial with a rubber stopper.
cGMP	Current Goods Manufacturing Practices
CIS	Commonwealth of Independent States
CRAMS	Contract Research Manufacturing Services
D.G. Set	Diesel Generator Set
EXIM	Export-Import
HVAC	Heating, Ventilation, and Air Conditioning
LAL test	Limulus Amebocyte Lysate test is used for the detection and quantitation of bacterial endotoxins.
MLSS	Mixed Liquor Suspended Solids is a measure of dry solids concentration in mg/l in mixed liquor in an aeration tank.
MPPCB	Madhya Pradesh Pollution Control Board
MSEB	Madhya Pradesh State Electricity Board
MT	Metric Tonnes
MTPA	Metric Tonnes Per Annum
NCR	National Capital Region covering Delhi, Rajasthan, Uttar Pradesh and Haryana
NOC	No Objection Certificate
Non-Beta lactam	Broad-spectrum antibiotics other than Beta-Lactam
Osmosis	Diffusion of fluid through a semi-permeable membrane from a solution with low concentration to a solution with higher concentration until there is an equal concentration of fluid on both sides of the membrane.
Pre-Biotics	Certain foods, and occasionally to certain food products, that support probiotic microorganism viability, enhancing their survivability.

Terms	Description
Probiotics	Live microorganisms administered in adequate amounts which confer a beneficial health effect on the host. These microorganisms are non-pathogenic bacteria (small, single celled organisms which do not promote or cause disease), and one yeast, Saccharomyces.
Quarantine	A condition of enforced isolation.
RF	Redemption Fine
R&D	Research & Development
SGS Belgium	Certifying Agency
SIA	Secretariat of Industrial Assistance
Sifting	To put a powder through a sieve in order to separate the fine from the coarse particles.
TGA, Australia	Therapeutic Goods Administration, Australia
US FDA / UK MHRC	United States Foods & Drugs Administration/United Kingdom Medicines and Health Care Products Regulatory Agency
Veterinary	Connected with the treatment of animals
Vials	A small bottle-like container for filling liquid injections.
WHO GMP	World Health Organization Goods Manufacturing Practices

ABBREVIATIONS OF GENERAL TERMS

Abbreviation	Full Form
A/c	Account
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DRHP	Draft Red Herring Prospectus
EGM	Extraordinary General Meeting
EPS	Earning Per Share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII's	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board

Alpa Laboratories Limited

Abbreviation	Full Form
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GIR Number	General Index Registry Number
Gol/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NAV	Net Asset Value
NPV	Net Present Value
NRE Account	Non Resident External Account
NRIs	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rs.	Rupees
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
Sec.	Section
US	United States of America
USD/ US\$/ \$	United States Dollar

SECTION II - RISK FACTORS

CERTAIN CONVENIONS; PRESENTATION OF FINANCIAL AND USE OF MARKET DATA

In the Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. All references to "India" contained in this Red Herring Prospectus are to the Republic of India.

Fiscal year of the Company commences on April 1 and ends on March 31, so all references to a particular "fiscal year" or "Fiscal" are to the twelve-month period ended March 31 of that year, unless otherwise specified. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page no. a of the Red Herring Prospectus. In the section titled 'Main Provisions of Articles of Association of the Company' beginning on page 159 of the Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

In the section titled 'Main Provisions of Articles of Association of the Company' beginning on page no. 159 of the Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Market data used throughout the Red Herring Prospectus has been obtained from industry publications or internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.

Alpa Laboratories Limited

FORWARD LOOKING STATEMENTS

Statements included in this Red Herring Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expression or variations of such expressions, that are "forward-looking statements".

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others: -

- General economic and business conditions in India and other countries
- Regulatory changes relating to the pharmaceutical industry in India and its ability to respond to them
- Ability to successfully implement Company's strategy, growth and expansion, technological changes, Company's exposure to market risks that have an impact on its business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political condition in India

For further discussion of factors that could cause actual results to differ, see the section titled "Risk Factors" beginning on page no. iii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in equity involves a higher degree of risk. Investors should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in equity shares of the Company. Any of the following risks as well as other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse affect on business, financial condition and results of operations and could cause the trading price of Equity Shares of the Company to decline, which could result in the loss of all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.

INTERNAL TO THE COMPANY

1. ***There are outstanding litigations of our Company and our Group Company.***

We are defendants in following legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. In the event of rulings against us by courts or tribunals in these proceedings or levy of penalties by any statutory authorities, we may need to make payment to others or book provisions against probable future payments, which could increase our expenses and our current liabilities.

A summary of these cases is as follows:

Type	Total No.	Amount (Rs. In lakhs)	Nature of Case
Cases against the Company:			
Drugs and Cosmetics Act	2	Not Quantifiable	Certain drugs manufactured by our Company were alleged not to be of standard quality as per the Drugs and Cosmetics Act, 1940
Excise Cases	1	3.26	The Excise department demanded an amount of Rs. 3.26 Lacs, calculating 8% amount on the value of exempted life saving medicines cleared during the period between June 1999 to July 15, 2000 on the basis that our Company was not maintaining separate inventories of Inputs in terms of provisions of Central Excise Rules, 1944
Cases filed by our Company			
Criminal Cases	2	1.01	Complaints filed under Section 138 and Section 420 of the Negotiable Instruments Act, against Mr. Dilip Mankani
Cases filed by our Promoter Group Company - Alpa Labs (India) Limited	1	Not Quantifiable	Suit filed for Permanent Injunction restraining Infringement of Trademark and Copyright, passing off, rendition of accounts of profits, delivery Up, etc., of Alpa Labs (India) Limited against Mr. Anil Kumar Bhangdia.

Alpa Laboratories Limited

Our Company has paid a penalty of Rs. 3,000 in July, 2005 for the late submission of the excise returns with the Excise Department. For more information regarding litigations, please refer to section titled "Outstanding Litigation, Material Developments and other Disclosures" beginning on page no. 118 of this Red Herring Prospectus.

2. *The active pharmaceutical ingredients (APIs) consumed by our Company are susceptible to price volatility.*

The volatility in prices of the major API's viz. Cloxacillin Sodium, Amikacin Sulphate, Cefoperazone, Hydrocortizone Sodium Succinate etc can fluctuate dramatically, depending on, among other factors, the number of producers and their production volumes and changes in demand in the principal drug markets. APIs have significant impact on profitability of our Company and there are factors affecting API prices which are beyond our control, though we cover purchases to a certain extent in anticipation of any price increases, we are still exposed to and will have to absorb any fluctuations in the prices of APIs, which may adversely affect the financials of our Company.

3. *We have not appointed any independent agency for the appraisal of the proposed project.*

The projects, for which we intend to use our Issue proceeds as mentioned in the Objects of the Issue, have not been appraised by any bank or financial institution. The total cost of expansion and working capital requirements are our own estimates based on current conditions and are subject to changes in external circumstances or costs. Our estimates for total cost of expansion have been based on various quotations received by us from different suppliers and our estimated long term working capital requirements may exceed which may require us to reschedule our project expenditure and may have an adverse impact on our business, financial condition and results of operations.

4. *The implementation of our proposed project has already delayed by three months and is subject to further delays. Any delay beyond reasonable time will affect our future plans adversely.*

We have already commenced implementation of our project, which we propose to complete in a phased manner by March 2008. For details of our proposed schedule of implementation, please refer to the section titled "Objects of the Issue" beginning on page no 27 of this Red Herring Prospectus. The project has already been delayed by three months, for any reason if there is a further delay in schedule of implementation of the proposed project, including but not limited to, construction delays, delay in receipt of government approvals, delay in delivery of equipment by suppliers etc., our business may be adversely affected. Although we will make all efforts to implement the projects on time, we cannot assure that the projects will be implemented on a timely basis.

5. *Expansion plans are dependent on Issue proceeds and any delay in raising funds from IPO could adversely impact the implementation of the project.*

The proposed capital expenditure as specified under "Objects of the Issue" will be significantly funded through the proceeds of the issue. Any delay / failure in public issue process may disrupt the implementation of these proposed plans which could have a material adverse effect on our financial condition and results of operations.

6. *We have not placed orders for plant and machinery/equipments. In case of any escalation in prices of these equipments, our total project cost may increase which in turn will adversely affect our financials.*

We have received quotations from various suppliers for our plant and machinery equipment. However, we have yet to place orders for 100% of our total capital equipment requirement which aggregates to Rs. 3420.79 lakhs. For details of the quotations received, please refer section titled "Objects of the Issue" beginning on page no. 27 of this Red Herring Prospectus. Pending the deployment of funds towards the various objects of the Issue, the funds would be deployed either towards temporary reduction in utilization

of short term working capital facilities and / or in liquid instruments such as bank deposits, units, gilt edged securities and other interest bearing securities as may be approved by the board of directors or a committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. Should our Company utilize the funds towards temporary reduction in utilization of short term working capital facilities, we undertake that it would ensure consistent and timely availability of the Issue money so temporarily deposited in the working capital facilities to meet the fund requirement of the project.

7. *We do not have long term contracts with customers and typically operate on the basis of purchase orders, which could adversely impact our revenues and profitability.*

We may or may not enter into any formal agreement or contract for sale of our products as we prefer not to be dictated by the terms and conditions of any of contracts / agreements. Our business is dependent on the decisions and actions of our customers, and there are number of factors relating to our customers that are outside our control that might result in the termination of contract or the loss of any customer. Any of these factors could adversely affect our business operations and in turn adversely affect our financial operations.

8. *We could be adversely affected if we fail to keep pace with technical and technological developments in pharmaceutical formulation industry.*

To meet our clients' needs, we must regularly update our existing technology and acquire or develop new technology for our existing and / or expansion project. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipments obsolete, requiring substantial new capital expenditure and / or write-down of assets. Our failure to anticipate or to respond adequately to changing technical, market demands and / or client requirements could adversely affect our business and financial results.

9. *Our operations may be subject to labour unrest, slowdowns and increased wage costs, which could adversely impact our operations and financial condition.*

India has stringent labour legislation to protect the interest of workers and also the legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Although our employees are not currently and have never been unionized, its not sure that they will not unionise in future under the Trade Union Act. Moreover, whether or not our employee unionise, we may be subject to industrial unrest or slowdowns. In future, our employees might unionise we might experience unrest or slowdowns, and it may become difficult for us to maintain flexible labor policies and we may experience increased wage costs and employee numbers.

10. *Our business depends on our manufacturing facility and the loss of or shutdown of operations of the manufacturing facility on any grounds could adversely affect our business or results of operations*

Our manufacturing facility is subject to operating risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Manufacturing of the pharmaceutical formulations requires expensive and delicate machines which is subject to normal wear and tear and therefore require lots of maintenance. Breakdown of any of the machines may also affect our business or results of operation.

11. *Our business is subject to regulation by several authorities, which could have an adverse effect on our business and our results of operation.*

Our Company has to comply with the regulations under the Drug and Cosmetics Act, 1940; Drugs and Cosmetics Act Rules, 1945; The Drugs (Prices Control) Order, 1995, Drugs and Magic Remedies Act,

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1954; Patent Regulation. Further, our business operations are subject to strict regulations by environmental regulations, Trade Mark Act, Factories Act, etc. We incur costs to comply with requirements of environmental laws and regulations. Any lapses or non-compliance of any laws or regulations or rules or acts or policies by us may adversely affect our business and / or financial operations. For more details on the regulations and policies, please refer to the section titled "Regulations and Policies" beginning on page no. 77 of this Red Herring Prospectus.

12. *Our failure to attract and retain skilled manpower could adversely affect our growth strategy. Our success depends partly upon our senior management and key personnel and our ability to attract and retain them.*

Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain highly skilled personnel, particularly for research and development activities. We believe that there is significant demand for personnel who possess the skills needed to perform the services we offer. Our inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. Further, we cannot assure you that we will be able to re-deploy and retain our technical personnel to keep pace with continuing changes in our business. While we have never experienced a work stoppage as a result of labour disagreements or otherwise and we believe our relationship with our employees and their union is generally good, we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future.

13. *We face growing and new competition that may adversely affect our competitive position and our profitability*

We operate in a highly competitive environment. Significant additional competition in the markets where we sell our products may erode our market shares and may result in reduced prices and thereby may negatively affect our revenues and profitability. Competition from competent low cost competitors may adversely impact our revenues. In most of our export markets, global players are significantly larger than us and have significantly stronger market positions, production capacities and greater financial resources than we do. These market participants include small, limited service providers and a number of full service global companies. The larger competitors have a much broader portfolio of business, greater resources and more experience than small companies.

14. *Our top ten customers accounted for more than 50% of our turnover in the past and loss of any one or more of clients could adversely affect our business and financial operations.*

The percentage of revenues derived from our Company's top customers is more than 50%, details of which are as under:

Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Top 10 Customers	16.17%	20.00%	49.45%	60.45%	60.62%

Loss of any one or more of these clientele for any reason whatsoever, could adversely affect our financial operations.

15. *Our business has experienced growth in the past, which we may not be able to sustain in the future.*

Our total income has grown from Rs. 2891.13 lakhs in fiscal year 2003 to Rs. 3645.12 lakhs in the fiscal year 2004 showing an increase of 26.08%; from Rs. 3645.12 lakhs during 2003-04 to Rs. 3848.93 lakhs during 2004-05 showing an increase of 5.59%; from Rs. 3848.93 lakhs during 2004-05 to Rs 7124.55 lakhs during 2005-06 showing an increase of 85.10% and from Rs. 7124.55 lakhs to Rs. 10180.81 lakhs during 2006-07 showing an increase of 42.90 %. We incurred net loss of Rs. 9.66 lakhs during financial year

2003-04 on account of deferred tax liability of Rs. 77.18 lakhs, which was implemented in that fiscal. During financial year 2006-07, we earned net profit after tax of Rs. 640.07 lakhs. We may not be able to sustain such growth in revenues and profits or maintain a similar rate of growth in the future.

Further, we are now intending to expand our operations significantly i.e. total expansion project cost is more than Rs. 7200 lakhs against our total revenue of Rs. 10180.81 lakhs during financial year 2006-07. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we scale-up and expand our operations, we may not be able to focus on existing operations efficiently, which could result in delays, increased costs and diminished quality and may adversely affect our reputation. Any inability to manage our growth may have an adverse effect on our business and results of operations.

16. *We had negative cash flows in the past*

We had negative cash flow of Rs. 9.90 lakhs, Rs. 0.05 lakhs and Rs. 48.76 lakhs during F.Y. ended March 31, 2003, March 31, 2004 and March 31, 2007 respectively.

17. *We may be unable to cope with technical and regulatory developments in the Industry.*

We may be unable to adapt to new trends in the pharmaceutical industry. Our failure to adopt new chemical and process technologies may adversely affect our cost competitiveness and ability to develop newer generation products. Further, we may be unable to adjust to regulatory changes in the pharmaceutical industry in relation to manufacturing and marketing of our products. In such an event, our business and profitability may be affected.

18. *If we are sued for defects in our products it could harm our reputation and our profits*

Our business (pharmaceutical formulations) inherently exposes us to potential liability. So also, product liability claims could require a pharmaceutical company to spend money on litigation, divert management's time, damage a company's reputation and affect the marketability of a company's products.

19. *We may not be sufficiently protected or insured for certain losses that we may incur or claims that we may face against us.*

Although, we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through insurance policies, the limitations of liability set forth in our insurance policies may not be enforceable in all instances or may not protect us from liability for damages. These may lead to financial liability/adverse consequences for us. Further, even where we have availed of insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies.

20. *Our inability to fulfill export obligations under the Export Promotion Capital Goods Scheme and Advance License could result in potential custom duty liability.*

We have one license under the Export Promotion Capital Goods Scheme and 25 outstanding advance licenses aggregating an outstanding export obligation of Rs. 766.68 Lakhs as on June 21, 2007. We could not fulfill our export obligation arising out of two of our advance licenses on due date falling on February 13, 2007 and applied to Director General of Foreign Trade on May 5, 2007 for extension of time for a period of 6 months. The export obligation on these two licenses was aggregating Rs. 44.09 lakhs. In another advance license, where we have to fulfil our export obligation of Rs. 34.42 lakhs by June 2, 2007 we could meet our obligation on June 21, 2007. Our failure to fulfill these future outstanding export obligations in time could result in potential custom duty liability or penalty which could adversely affect our financial operations. For details of our export obligations, please refer to para "Export Obligations" appearing on page no. 70 of this Red Herring Prospectus.

21. *We manufacture our products under various trademarks, some of which trademarks are not registered in the countries in which we export our products. Any misuse of our trademarks in those*

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countries may cause damage to our reputation and goodwill and may also result in loss of business.

We have not taken registration of trademarks in countries to which we export our products otherwise than on selective basis for selective countries which in the opinion of the Management are material. Any misuse of any of these unregistered trademarks by an unscrupulous person or entity in those countries can cause serious damage to our reputation and goodwill and may also result in a loss of business. Further, laws of these countries may afford little or no effective protection to our trademarks and any unscrupulous person or entity may be able to misuse our trademarks and impact our business by causing serious damage to our reputation, goodwill and / or sales.

22. *Auditors have qualified their Audit Report for FY 2003-04, 2004-05 and 2005-06 for non-verification of assets physically.*

Statutory Auditors' of our Company qualified that all the assets have not been physically verified by the management during financial year 2003-04, 2004-05 and 2005-06, but there is a regular programme of verification, which in their opinion, is reasonable having regard to the size of our Company and the nature of our assets.

23. *Our Promoters and promoter group will continue to retain majority control in our Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.*

After completion of the Issue the Promoters and promoter group will continue to hold approximately 49.73% of post-issued paid up share capital. So long as the Promoters and promoter group holds a majority of our Company's Equity Shares, they will be able to control most matters affecting our Company, including the appointment and removal of our Directors; our business strategy and policies; any determinations with respect to mergers, business combinations and acquisitions; our dividend payout and financing. Further, the extent of Promoters and promoter group shareholding may result in delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to our other shareholders.

24. *Our promoter Group Company, Alpa Labs (India) Limited has incurred losses during the last three financial years.*

Alpa Labs (India) Limited incurred Losses in the last three financial years, details of which are as under:

Name of the Company	March 31, 2006	March 31, 2005	March 31, 2004
	Profit / (Loss)		Rs. in lakhs
Alpa Labs (India) Limited	0.41	(1.68)	(31.24)

25. *Any penalty or action taken by any regulatory authorities in future for non-compliance of Section 383A of the Companies Act, 1956 could impact financial position of our Company to that extent.*

We have not complied with the provisions of Section 383A of the Companies Act, 1956 during the period September 24, 1998 to March 4, 2006 as we had not appointed any Company Secretary during the said period. No show cause notice in respect of the above has been received by us from the office of Registrar of the Companies till date. Any penalty in future by any regulatory authorities could affect our financials to that extent.

26. *Three of our key managerial personnel are related to our Promoter Directors and they may influence our decisions relating to our business and financial operations.*

Three of our key managerial personnel viz. Mr. Jayesh Patel, Mr. Paresh Chawla and Mr. Bakulesh Shah are related to Promoter Directors viz. Mr. Purushottam R. Patel, Mr. Mahendra Singh Chawla and Mr. Pravin

C. Shah. Mr. Jayesh Patel is designated as CEO and is looking after overall operations of our Company, Mr. Paresh Chawla is Vice President (Sales & Marketing) and Mr. Bakulesh Shah is Vice President (Operations & Services) looking after our plant operations. All these three key managerial personnel are holding key positions in our Company and they alongwith promoters may influence any key decisions relating to our business or financial operations, which could adversely affect us.

27. *Our Promoter Group Company viz. Alpa Labs (India) Limited is having common objects as per the Memorandum & Articles of Association, which could give rise to conflict of interest in future.*

Alpa Labs (India) Limited authorizes to carry on activities relating to manufacturing, importing, exporting, buying, selling, formulating, etc. for vials, injections, orals, syrups, tablets, capsules, etc. Alpa Labs (India) Limited is not having any manufacturing operations and is only engaged in trading activities to a limited extent. The total income during last financial year 2004-05 and 2005-06 was Rs. 21.06 lakhs and Rs. 17.80 lakhs respectively. However, any decision by their management to begin manufacturing operations could be a potential source of conflict of interest in future. We cannot assure you that any conflict of interest will be resolved by Alpa Labs (India) Limited in our favour.

28. *There are restrictive covenants under our Loan Agreements*

We have entered into agreements with the State Bank of Indore & State Bank of Travancore for short term loans and long term borrowings. These agreements contain certain restrictive covenants on certain activities, which require the prior written permission of the Bank for concluding any fresh borrowing arrangement either secured or unsecured with any other bank or financial institutions, company or otherwise, or for creating any further charge over fixed /current assets, undertaking any major expansion or fresh project or acquiring fixed assets, investing by way of share capital or lending or advancing to or placing deposits with any other concern, including associate concern/concerns having common representation, formulating any scheme of amalgamation with any other company or reconstruction, acquiring any other company or any third party, undertaking guarantee obligations on behalf of any other company or any third party, effecting any change in capital structure, declaring any dividend for any year except out of profits relating to that year after making all the due and necessary provisions, making any repayment of the loans and deposits and discharge other liabilities except those shown in the funds flow statement submitted from time to time and making any drastic changes in the management set up.

29. *We do not own the trademark "Alpa" and logo of "Alpa" which may give rise to conflict of interest in case of any adverse event.*

The trademark "Alpa" and logo of "Alpa" is not owned by our Company. We have acquired rights for using the trademark and logo through Trademark User License Agreement dated January 4, 2000 with our promoter group company viz. Alpa Labs (India) Limited. Any adverse event for not owning the trademark may give rise to conflict of interest.

30. *Your holdings may be diluted by additional issuance of Equity Shares or sale of Equity Shares by members of our Promoter Group, which may adversely affect the market price of our Equity Shares.*

Any future issuances of our Equity Shares may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by the members of our Promoter Group could adversely affect the market price of our Equity Shares. The perception that any such primary or secondary sale may occur also could adversely affect the market price of our Equity Shares.

31. *We have entered into certain related party transactions and may continue to do so.*

We have entered into transactions with related parties amounting to Rs. 126.00 lakhs as on March 31, 2007. Further the transactions entered with the related parties are in the nature of remuneration payable to directors/ Promoters and / or Key managerial personals. For detailed information on our related party

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transactions, please refer to section "Related Party Transactions" appearing on page no. 97 of this Red Herring Prospectus.

32. *We have certain contingent liabilities not provided for that may affect our financial condition.*

Our Company has following contingent liabilities not provided for in the books of accounts under Indian Accounting Standards, which may adversely affect our financial condition.

As per our audited accounts for the period ended March 31, 2007, we have following outstanding contingent liabilities:

(Rs. in Lakhs)	
Particulars	March 31, 2007
Bank Guarantees	7.29
Total	7.29

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

EXTERNAL RISK FACTORS

1. *Our business could be adversely impacted by economic, political and social developments in India and particularly in the regional markets where we operate*

Our performance and growth are dependent on the health of the Indian economy and in particular the economies of the regional markets we serve. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect our prospective customers, which in turn would adversely impact our business and financial performance and the price of our Equity Shares.

2. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact its financial condition.*

Any decline in foreign exchange reserves could negatively impact the valuation of the rupee. Further, this could result in reduced liquidity and higher interest rates that could adversely affect our future financial performance and the market price of the Equity Shares.

3. *After this Issue, the price of Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.*

The prices of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors, and the perception in the market about investments in the construction sector; adverse media reports about us or the Indian construction sector; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares of the company and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

- 4. *There is no existing market for the Equity Shares, and we do not know if one will develop to provide you with adequate liquidity. Our stock price may fluctuate after the Issue and as a result, you could lose a significant part or all of your investment.***

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the real estate sector in India, and volatility in the Indian Stock Exchanges and securities markets elsewhere in the world.

- 5. *You will not be able to sell immediately any of the Equity Shares you purchase in this Issue on an Indian stock Exchange***

The Equity Shares will be listed on NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity shares can be listed and trading may commence. Investors' book entry or demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval of the stock exchanges, trading in the equity shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within the time periods specified above.

- 6. *Stability of policies and political situation in the country***

Any change in government policy towards pharmaceutical industry or any global, political and economic factors that are outside the control of the company like interest rates, rates of economic growth, liberalization policies of governments, inflation, deflation etc may have an adverse effect on the operations and results of the company. Any political instability could delay the reform process and may diminish investor's confidence in the Indian markets, which in turn would adversely affect the market for our shares.

Notes to Risk Factors:

- The Net worth of the Company as per the financial statements of the Company before the Issue is Rs 2685.23 lakhs and the size of the Issue is Rs. [●] Lakhs.
- The average cost of acquisition of Equity shares of the Promoters is as follows:-

S. No	Name of Promoter	No of Shares	Average Cost of Acquisition (Rs. per Equity Share)
1	P. R. Patel	5,40,870	16.75
2	M. S. Chawla	13,66,600	17.69
3	Pravin C. Shah	11,00,580	13.93
4	Bakulesh C. Shah	10,26,600	9.65
5	Paresh Chawla	6,34,000	8.06
6	Nayana Patel	5,46,420	9.50
7	Rima Shah	6,45,200	6.37
8	Rupal Shah	5,58,780	7.95

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3. The Book value per share as on March 31, 2007 is Rs 22.36 per Equity Share of Rs.10/- each.
4. Issue of 95,00,000 Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating Rs. [●] Lakhs. 2,50,000 Equity Shares of face value of Rs. 10/- are reserved for permanent employees of Alpa Laboratories Limited.
5. There are other ventures of promoters having business interests/ other interests in the Company viz Alpa Labs (India) Limited.
6. Other than as disclosed in the "Related Party Information" aggregating to Rs.126.00 lakhs, the promoters / directors / key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
7. No loans and advances have been made to any person(s) / Companies in which the Director(s) of the Company are interested.
8. The Investors are advised to refer to the Para on "Basis for Issue Price" on page no. 46 of this Red Herring Prospectus before making any investment in this Issue.
9. The Investors may contact the Book Running Lead Manager to the Issue or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same and no selective or additional information would be available for a section of investor for any manner whatsoever.
10. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.

SECTION III- INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information on “Risk Factors” and our “Financial Statements” and related notes beginning on page iii and page no. 99 of this Red Herring Prospectus, before deciding to invest in our Equity Shares

INDUSTRY OVERVIEW

The Indian Pharmaceuticals sector has come a long way, being almost non-existent during 1970, to a prominent provider of health care products, meeting almost 95% of country's pharmaceutical needs. The domestic pharmaceutical output has increased at a compound growth rate (CAGR) of 13.7% per annum. Currently the Indian pharmaceutical industry is valued at approximately \$ 8.0 billion. Globally, the Indian industry ranks 4th in terms of volume and 13th in terms of value. Indian pharmaceuticals industry has over 20,000 units. Around 260 constitute the organized sector, while others exist in the small scale sector. However, the Indian pharmaceutical sector is currently undergoing unprecedented change. This can be attributed largely to the country's introduction of product patents on January 1, 2005. Under the new patent regime, many multinationals are making a comeback on the Indian centre stage; the attractions being India's traditional strengths in contract manufacturing and as an outsourcing location for R&D, particularly for clinical trials and other services.

(Source: FICCI Report for National Manufacturing Competitiveness Council, 2005)

Today the sector has increasing direct investment from MNCs and is placing more emphasis on the biotech segment and brand development. Global pharmaceutical outsourcing is also gaining popularity and Indian companies are well poised to exploit this opportunity with its technical skills, regulatory skills, cost advantage and global relationships.

India is fast becoming a leading destination for CRAMS with advantages like cGMP and FDA compliant facilities, manufacturing capabilities, R&D base, superior information technology capability, cost efficiency and pool of skilled personnel.

Key Trends

- Indian Pharmaceutical industry is on a global acquisition drive and is becoming a significant player of the global pharmaceutical market in the generics space.
- Global pharmaceutical value chain is being redefined by Indian players through building collaborative networks and becoming outsourcing partners of the MNC pharmaceutical majors.
- The Draft New Drug Policy, which intends to bring additional 354 drugs under price control, has been opposed by the pharmaceutical industry. The matter is now referred to a Committee which is expected to give its report.
- Many Indian pharmaceutical companies are now unlocking the value of their NCEs, which are currently under development, by out-licensing them to a pharmaceutical MNC or de-merging them into a separate company. Private equity funding is also being considered as alternate funding mechanism.
- There is an increasing visibility in the Contract Research and Manufacturing (CRAMS) space, which is being considered as the next emerging and scalable opportunity for the Indian pharmaceutical industry.
- In the generics space the pricing pressure continues, however, Indian companies have been able to win rights on blockbuster drugs.
- With the advent of product patent regime and increasing affordability, MNC companies are planning to accelerate launch of their patented products in India.

(Source: FICCI Report for National Manufacturing Competitiveness Council, 2005)

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BUSINESS OVERVIEW

We manufacture a range of products such as ethical drugs, generic drugs, over the counter drugs (OTC) and veterinary products in various dosage forms and market them under the trade mark “Alpa” which is a registered trademark in the name of Alpa Labs (India) Limited, a promoter group company. We also manufacture formulations for a number of other pharmaceutical companies of national and international repute such as Cipla, Zydus Cadila, Lupin, Glenmark, Genom Biotech, Jenburkt, etc. (under their own brands) located both in India and abroad in countries such as Philippines, Iran, Iraq, Sierra Leon, Madagascar, Kenya, Liberia, Puerto Rico, Haiti, Sudan, Ghana, Nigeria, Srilanka etc. Further, we also undertake contract manufacturing of a large variety of pharmaceuticals.

We manufacture various dosage forms which include injectables (vials / ampoules both liquid and dry), tablets, capsules, eye / ear drops, ointment and creams and dry syrups. We have an established product-marketing network covering both metro and mini metro cities, which enable us to reach our existing and potential customers through our network of distributors and dealers spread across the country. For the purpose of marketing the various products, our Company’s business has been categorized as Branded Generic Division, Veterinary Division, Exports Division and Contract Manufacturing Division.

OUR COMPETITIVE STRENGTHS

Multi-product capability

We have approvals to manufacture 1366 formulations. We routinely manufacture 300 to 350 types of formulations based on market demand and limited formulation lines. However, we have versatile manufacturing facilities which can produce multiple products using a combination of processes. The flexible manufacturing infrastructure helps us change our product mix in response to changes in market demand. We have complete infrastructure of formulation development, pilot plant and validation studies and are able to develop efficient and cost effective specialized processes at short notice.

Established client relationship

We have established client relationships in domestic and international markets from whom we get orders on a continuous basis. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and growing our business. Some of the domestic clients from whom continuous orders have been received are Jai Ambe Pharma, Mac Pharma, Mahaveer & Co, Trimurti Drugs & Pharmaceuticals Ltd, Bharat Medical Corp., Starry Healthcare Private Limited and Sen Enterprises. The major international clients include Pehacheve S.A., Synergy Healthcare Limited, Farmad S.A., Abeer Pharmaceuticals, Kaytee Star Limited and Regional Bargains Limited.

International Standards

Our Company has been continually WHO GMP certified since 2001. This certification, currently valid till December 31, 2007 has been awarded to the Company by the State Drugs Controlling Authority, Directorate of Health & Family Welfare, Madhya Pradesh. All products manufactured at our manufacturing plant are covered under this certification. For the period 2001-02, we achieved audit and WHO GMP certification by SGS, Belgium.

Complying with environmental norms

We have already set up systems in the existing business which not only meet the present environment norms but are also geared to face the stricter environmental norms when enforced and thereby enabling us to leverage newer business opportunities.

Locational advantage

Our unit is situated at Pigdamber, Indore. The location is in close proximity to infrastructural facilities as under:

- Road – Our facility is situated at Agra-Bombay National Highway (NH3) which is well connected with major business cities.
- Freight Charges - The developed transportation on the route (NH3) provides competitive freight charges.
- Port - Pithampur, being a Dry Port is 20 kms from the plant thus facilitating exports as well as imports.
- Manpower- The skilled manpower is easily available in and around the area where our plant is situated thereby fulfilling our human resource requirements.

- Water- Water is one of the basic requirements of pharmaceutical companies. We are situated adjacent to the Narmada River Water Supply pipeline, facilitating easy access to river water (fulfilling our requirement of 30,000 liters/day).

Experienced management team

Our company is managed by a team of experienced and professional managers with experience of different aspects of pharmaceutical industry including production, quality control, sales, marketing and finance. Our promoters and management are qualified approved chemists and have an experience of around 35 years in pharmaceutical industry.

OUR BUSINESS STRATEGY

Expand our installed capacity and widen our product range

The implementation of the proposed expansion will enable us to produce a diverse range of products. We intend to venture into segments like probiotics and prebiotics and pre-filled Syringes, as there is a consistent demand for these products. We would also be diversifying into a growing market for drugs used in lifestyle disorder segments like diabetes, cardio-vascular and gynaecology by launching the products and promoting them ethically.

Be cost competitive by increasing our capacity to benefit from economies of scale

We intend to be cost effective in our products by scaling up the manufacturing operations and through bulk purchasing of some of the raw materials and further by implementing automation processes.

Entry into regulated markets

We intend to set up regulated market compliant manufacturing facility which would enable us to tap into these markets.

Contract Manufacturing

Many R&D-based multinational pharmaceutical companies are expected to be affected by the number of drugs going off patent. To maintain their growth momentum, the affected companies have to reduce their manufacturing costs. To achieve this cost reduction, these companies are expected to increasingly outsource part of manufacturing of bulk actives and formulations. This increases the prospects for countries that offer a low-cost manufacturing base, India being one of them. We intend to expand our contract manufacturing activities to include large multinational companies.

Alpa Laboratories Limited

STATEMENT OF PROFITS AND LOSSES AS RESTATED

(Rs. in lacs)

	As at March 31				
	2007	2006	2005	2004	2003
Income					
Sale of products manufactured by the Company	10525.21	7441.44	4203.82	4170.80	3175.21
Less Excise Duty	388.86	385.85	465.95	471.55	325.62
Net Sales (Net Of Excise Duty)	10136.35	7055.59	3737.87	3699.25	2849.59
Other Income	7.52	12.16	9.05	17.37	11.40
Accretion / (Depletion) of Stocks	36.94	56.80	102.01	(71.50)	30.14
Total Income	10180.81	7124.55	3848.93	3645.12	2891.13
Expenditure					
Raw Material Consumed	8508.10	5832.62	3090.66	3046.05	2418.13
Staff Costs	86.36	75.73	64.72	45.51	36.88
Other Manufacturing Expenses	183.81	155.53	167.10	153.63	124.32
Administration Expenses	94.43	80.00	66.87	58.64	42.10
Selling & Distribution Expenses	256.51	124.21	88.14	51.25	36.16
Interest (Net)	141.04	94.71	91.11	99.76	95.01
Depreciation	140.65	119.01	130.79	117.26	105.66
Miscellaneous Expenditure W/o	0.38	0.38	0.38	0.38	0.38
Total	9411.28	6482.19	3699.77	3572.48	2858.64
Net Profit before tax	769.53	642.36	149.16	72.64	32.49
Taxation					
Provision for taxation - Current	134.00	225.00	12.50	5.50	2.75
Provision for taxation - Deferred	(4.54)	4.70	(12.07)	77.18	0.00
Provision for taxation – Fringe Benefit	0.00	0.00	0.00	0.00	0.00
Total Provision for Taxation	129.46	229.70	0.43	82.68	2.75
Net Profit after Tax	640.07	412.44*	147.28	(9.66)	30.12
Prior Period Adjustments (net)	(6.95)	(0.60)	(1.85)	0.00	0.00
Net Profit after adjustment of Extraordinary Items	633.12	411.84	145.43	(9.66)	30.12

Note:

The accompanying statement on changes due to adjustments (Annexure III) and significant accounting policies and notes (Annexure IV) are an integral part of this statement.

*Profit after tax have increased exceptionally during 2005-06 on account of increased margins on account of sales of high value products, excise-exempt life saving products and companies added emphasis on sales of its own products, having higher margins as opposed to sales of products under contract manufacturing. Further, there was additional contribution from 27 new products launched during the year.

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in lacs)

	As at March 31				
	2007	2006	2005	2004	2003
A FIXED ASSETS					
Gross Block	1955.24	1681.91	1567.17	1525.86	1186.44
Less: Depreciation	916.22	775.57	656.56	525.77	408.51
Net Block	1039.02	906.34	910.61	1000.09	777.93
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00
Net Block after Revaluation Reserve	1039.02	906.34	910.61	1000.09	777.93
Total Fixed Assets	1039.02	906.34	910.61	1000.09	777.93
B Investments	2.03	2.03	0.20	0.20	0.20
C Current Assets, Loans And Advances					
Inventories	1434.90	1064.64	893.95	636.96	661.88
Sundry Debtors	1980.71	3103.92	968.95	786.34	593.93
Cash & Bank Balances	6.03	54.79	11.81	1.74	1.80
Loans & Advances	1595.04	184.49	68.28	89.81	97.04
Total Current Assets	5016.68	4407.84	1942.99	1514.58	1354.65
D Total Assets (A+B+C)	6057.73	5316.21	2853.80	2515.14	2132.78
E Liabilities and Provisions					
Loan Funds					
Secured Loans	1815.85	1194.77	979.84	922.43	682.40
Unsecured Loans	0.00	0.00	0.00	0.00	0.00
Total	1815.85	1194.77	979.84	922.43	682.40
F Current Liabilities & Provisions					
Current Liabilities	1165.26	2027.62	1033.05	906.06	843.09
Provisions	324.07	255.77	27.39	15.78	12.15
Deferred Tax Liability	67.32	71.87	67.17	77.18	0.00
Total	1556.65	2355.26	1127.61	999.02	855.24
G Total Liabilities & Provisions	3372.50	3550.03	2107.45	1921.45	1537.64
H Net Worth (D-G)	2685.23	1766.18	746.35	593.69	595.14
I Represented by Share Holder's Fund					
Share Capital	1206.00	563.91	563.91	558.91	357.43
Share Application Money	0.00	607.00	0.00	0.00	193.65
Reserves & Surplus	1480.00	596.42	183.97	36.69	46.35
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00
Shareholders' Fund	2686.00	1767.33	747.88	595.60	597.43
J Miscellaneous Expenditure (to the extent not written off or Adjusted)	0.77	1.15	1.53	1.91	2.29
Net Worth (I-J)	2685.23	1766.18	746.35	593.69	595.14

Note: The accompanying statement on changes due to adjustments (Annexure III) and significant accounting policies and notes (Annexure IV) are an integral part of this statement.

* There was a steep increase in the Sundry Debtors from 2004-05 to 2005-06 because we were enjoying sales tax exemption as we were situated in thrust sector and this exemption expired on March 26, 2006. In order to maximize sales tax exemption advantage before its expiry, we made sales even though on credit basis in the last quarter of financial year 2006.

Alpa Laboratories Limited

THE ISSUE

PARTICULARS	
Equity Shares offered through this Offer Document:	95,00,000 Equity Shares
Employee Reservation Portion	2,50,000 Equity Shares
Net Issue to Public	92,50,000 Equity Shares
QIB Portion including Mutual Funds**	Not more than 46,25,000 Equity Shares constituting 50% of the Net Issue to the Public (Allocation on proportionate basis) out of which 5% i.e. 2,31,250 Equity Shares will be available for allocation to Mutual Funds and the remaining QIB portion will be available for allocation to QIBs, including Mutual Funds.
Non Institutional Portion**	At least 13,87,500 Equity Shares constituting 15% of the Net Issue to the Public (Allocation on proportionate basis)
Retail Portion**	At least 32,37,500 Equity Shares constituting 35% of the Net Issue to the Public (Allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	1,20,60,000 Equity Shares
Equity shares outstanding after the Issue	2,15,60,000 Equity Shares

** Under subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories including from over subscription at the sole discretion of our company, in consultation with the BRLM.

The unsubscribed portion in the employee reservation portion, if any, shall be added back to the Net Issue to the public.

In case of undersubscription in the net issue to the public portion, spill over to the extent of undersubscription shall be permitted from the reserved category to the net public Issue portion.

GENERAL INFORMATION

Alpa Laboratories Limited

(Originally incorporated as Alpa Laboratories Private Limited on March 18, 1988 under the Companies Act, 1956 and converted to Public Limited Company on September 3, 1998)

Registered & Corporate Office of the Company

Alpa Laboratories Limited
33/2, Pigdamber, A.B. Road
Rau, District Indore-453446
Madhya Pradesh

Changes in the Registered Office of the Company

The Registered office of the Company was changed from 104-Usha Nagar, Indore, Madhya Pradesh to 33/2, A.B. Road, Pigdamber, Rau, District Indore-453446 w.e.f. November 15, 1998

Company Identification Number

U85195MP1988PLC004446

Address of Registrar of Companies:

3rd floor, A Block,
Sanjay Complex,
Jayendraganj, Lashkar,
Gwalior, Madhya Pradesh

Board of Directors

The Board of Directors comprise of the following members:

Name	Designation
Mr. Purushottam R. Patel	Chairman & Managing Director
Mr. Mahendra Singh Chawla	Whole Time Director
Mr. Pravin C. Shah	Whole Time Director
Mr. S. L. Chaplot	Director (Non-Executive Independent)
Mr. Vijay Padaki	Director (Non-Executive Independent)
Mr. Ashok Das Gupta	Director (Non-Executive Independent)

Brief details of Chairman & Managing Director and Whole Time Directors

Mr. Purushottam R. Patel, Chairman & Managing Director

Mr. Purushottam R. Patel, aged 72 years is having more than 50 years of experience in pharmaceutical Industry. He is a graduate in Science from Gujarat University. He is a qualified manufacturing chemist, who started his career working as a medical representative, back in 1950s for Alembic Limited and then Alembic Chemical Works Co. Limited in Ujjain and Indore. He then co-founded Alpa Laboratories a partnership firm in the year 1967 and has been associated with pharmaceutical marketing & manufacturing for almost 50 years. He provides strategic direction and expertise in raw material sourcing.

Mr. Mahendra Singh Chawla, Whole Time Director

Mr. Mahendra Singh Chawla, aged 64 years, holds the Bachelors Degree in Science, Indore University. He is also an approved manufacturing chemist who started his career operating as a chemist and also as pharmaceutical formulators before co-founding M/s. Alpa Laboratories in the year 1967. He has experience of around 40 years in the production and planning in the pharmaceutical industry.

Alpa Laboratories Limited

Mr. Pravin C. Shah, Whole Time Director

Mr. Pravin C. Shah, aged 60 years, holds the Bachelors Degree in Science from Indore University. He is also an approved analytical chemist and is responsible for the overall operations of commercial, analytical and testing laboratory. He is also a co-founder of M/s. Alpa Laboratories. He checks and maintains the quality standards of the products manufactured by our Company. He manages the in-house analytical laboratory & the commercial testing laboratory for the last 30 years. He has knowledge in the science of testing basic drugs, bulk drugs and formulations.

For more details of Directors of the Company, please refer to section titled "Our Management" on page no. 83 of this Red Herring Prospectus

Company Secretary & Compliance Officer

Mr. Mukesh Kumar Gupta

Alpa Laboratories Limited
33/2, Pigdamber, A.B. Road Rau District,
Indore, Madhya Pradesh – 453 446
Ph: +91 731- 4020440
Fax No: +91 731-4020444
E-mail: ipo@alpalabs.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

Book Running Lead Manager

Allianz Securities Limited

2nd Floor, 3 Scindia House
Janpath, New Delhi-110001
Phone: +91 11 41514666-69
Fax: +91 11 41514665
Email: alpa.ipo@aslfinancial.com
Website: www.aslfinancial.com
Contact Person: Mr. Sunit Shangle

Syndicate Members

Allianz Securities Limited

2nd Floor, 3 Scindia House
Janpath, New Delhi-110001
Phone: +91 11 41514666-69
Fax: +91 11 41514665
Email: alpa.ipo@aslfinancial.com
Website: www.aslfinancial.com
Contact Person: Mr. Sunit Shangle

Registrars to the Issue

Bigshare Services Private Limited

E/2, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri(E), Mumbai-400072
Ph: 022- 2847 0652/ 0653
Fax: 022- 2847 5207
Contact Person: Mr N.V.K. Mohan
Email: ipo@bigshareonline.com
Website: www.bigshareonline.com

Legal Advisor to the Issue**M/s. Crawford Bayley & Co.**

Advocates & Solicitors
State Bank Buildings,
N.G. N. Vaidya Marg,
Fort, Mumbai 400 023
Ph. : 022- 2266 8000
Fax: 022- 2266 3978
E-mail : sanjay.asher@crawfordbayley.com

Bankers to the Company**State Bank of Indore**

Yeshwant Nivas Road Branch,
Indore, MP
Ph: +91 731-2548228
Fax: +91 731-2540248
Website: www.indorebank.org
Email: sbn3115@sbindore.co.in

State Bank of Travancore

Indore Branch, AB Road, Navalaka,
Indore, MP
Ph: +91 731-2403428
Fax: +91 731-2401844
Website: www.statebankoftravancore.com
Email: indore@sbt.co.in

Bankers to the Issue and Escrow Collection Banks**ICICI Bank Ltd**

Capital Markets Division, 30, Mumbai Samachar Marg, Fort,
Mumbai - 400 001
Phone: +91 22 22627600, Fax: +91 22 2261 1138
Email: sidharth.routray@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

Hongkong and Shanghai Banking Corporation Limited

52/60. Mahatma Gandhi Road,
Mumbai-400001
Phone: +91 22 22685584, Fax: +91 22 22623890
Email: srirambalakrishnan@hsbc.co.in
Website: www.hsbc.co.in
Contact person: Mr. Sriram Balakrishnan

Standard Chartered Bank

270, D.N. Road, Fort, Mumbai
Tel: +91 22 22683965; Fax: +91 22 22092213
Email: Rajesh.Malwade@in.standardchartered.com
Website: www.standardchartered.co.in
Contact Person : Mr. Rajesh Malwade

Alpa Laboratories Limited

UTI BANK Limited

16/2, Sneh Nagar, Main Road,
Sapna Sangita Road, Indore – 452 001
Tel: +91 731 4249020; Fax: +91 731 4249030
Email: harish.kukreja@utibank.co.in
Contact Person: Mr. Harish Kukreja

HDFC Bank Limited

26A, Narain Properties, L-Wing,
4th Floor, Saki Vihar Road, Sakinaka,
Chandiwali, Andheri (East),
Mumbai- 400 0072
Tel: +91 22 28569228; Fax: +91 22 28569256
Email: uday.dixit@hdfcbank.com
Contact Person: Mr. Uday Dixit

Statutory Auditors of the Company

C.H. Padliya & Co.
Chartered Accountants
90, Dawa Bazar, 2nd floor,
13-14, RNT Marg, Indore-452001
Ph: +91 731-2704343 Fax: +91 731-4025211
Contact Person: Mr. S.C. Padliya
Email: chpadliya@satyam.net.in

IPO Grading

We have not opted for the grading of this issue from any credit rating agency

Credit Rating

As the Issue is of Equity Shares, there is no credit rating for this issue.

Trustees

As the Issue is of Equity Shares, the appointment of Trustees is not required.

Appraisal

The Project has not been appraised by any outside appraising entity.

Monitoring Agency

State Bank of Indore

Yeshwant Niwas Road,
Indore – 452003
Tel: +91 731 2531007; Fax: +91 731 2540248
Email: sbn3115@sbindore.co.in
Contact Person: Mr. Neeraj Nayak

Book Building Process

Book building refers to the process of collection of Bids, on the basis of this Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date / Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- Book Running Lead Manager;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE /

BSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM;

- Escrow Collection Bank(s); and
- Registrar to the Issue.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation to QIBs. Out of QIB portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

The Company will comply with the SEBI Guidelines for this Issue. In this regard, the Company has appointed the BRLM to manage the Issue and to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date / Issue Closing Date and are now required to pay 10% Margin Amount upon submission of their Bid. For details, please refer the section titled “Terms of the Issue” on page no. 44 of this Red Herring Prospectus.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead manager, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

- Check eligibility for bidding, see the section titled “Issue Procedure-Who Can Bid?” on page no. 134 of this Red Herring Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Alpa Laboratories Limited

Underwriters to the Issue

After the determination of the Issue Price and allocation of Equity Shares of the Company but prior to filing of the Prospectus with the RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
Allianz Securities Limited 2 nd Floor, 3 Scindia House Janpath, New Delhi-110001 Phone: +91 11 41514666-69 Fax: +91 11 41514665	[●]	[●]
TOTAL	[●]	[●]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●].

In the opinion of Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors at the meeting held on [●] and the Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is set forth below:

(Rs. In Lakhs)

Number of Equity Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. Authorised Capital*		
2,50,00,000 Equity Shares of Rs. 10/- each	25,00,00,000	[●]
B. Issued, Subscribed and Paid-Up Capital before this Issue		
1,20,60,000 Equity Shares of Rs. 10/- each	12,06,00,000	[●]
C. Present Issue to the Public		
95,00,000 Equity Shares of face value of Rs. 10/- each at a premium of Rs. [●] per share	9,50,00,000	[●]
Out of which Reserved for employees		
2,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per share are reserved for allotment to eligible employees of our Company	25,00,000	[●]
D. Net Issue to the Public		
92,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per share	9,25,00,000	[●]
E. Paid up Equity Share Capital after this issue		
2,15,60,000 Equity Shares of Rs. 10/- each	21,56,00,000	[●]
F. Securities Premium Account		
Before this Issue	2,50,45,000	[●]
After this Issue	[●]	[●]

* Our Company, vide resolution passed by the shareholders of our Company at the EGM held on July 28, 2006, subdivided the face value of Equity Shares from one equity share of the face value of Rs. 100/- per equity share to 10/- equity shares of the face value of Rs. 10/- per Equity share. The equity share capital of our Company constituting of 11,55,910 equity shares of face value Rs. 100/- each was subdivided to 1,15,59,100 equity shares of the face value of Rs. 10/- each.

Notes to Capital Structure:

1. Details of Increase in Authorised Share Capital

Date of Meeting	Authorized Capital increased/reclassified from	Increase in Authorised Capital	Authorized Capital after increased/reclassified
January 24, 1998	Rs. 10,00,000/- divided into 10,000 equity shares of Rs. 100/- each	1,05,00,000/-	Rs. 1,15,00,000/- divided in to 1,15,000 Equity Shares of Rs. 100/- each
March 25, 1998	Rs. 1,15,00,000/- divided in to 1,15,000 Equity Shares of Rs. 100/- each	1,35,00,000/-	Rs. 2,50,00,000/- divided in to 2,50,000 Equity Shares of Rs. 100/- each
December 31, 1998	Rs. 2,50,00,000/- divided in to 2,50,000 Equity Shares of Rs. 100/- each	1,50,00,000/-	Rs. 4,00,00,000/- divided in to 4,00,000 Equity Shares of Rs. 100/- each

Alpa Laboratories Limited

Date of Meeting	Authorized Capital increased/reclassified from	Increase in Authorised Capital	Authorized Capital after increased/reclassified
December 10, 1999	Rs. 4,00,00,000/- divided in to 4,00,000 Equity Shares of Rs. 100/- each	1,00,00,000/-	Rs. 5,00,00,000/- divided in to 5,00,000 Equity Shares of Rs. 100/- each
March 31, 2003	Rs. 5,00,00,000/- divided in to 5,00,000 Equity Shares of Rs. 100/- each	6,00,00,000/-	Rs. 11,00,00,000/- divided in to 11,00,000 Equity Shares of Rs. 100/- each
September 30 2003	Rs. 11,00,00,000/- divided in to 11,00,000 Equity Shares of Rs. 100/- each	2,00,00,000/-	Rs. 13,00,00,000/- divided in to 13,00,000 Equity Shares of Rs. 100/- each
July 28, 2006	Sub division of face value of equity shares from Rs. 100/- to Rs. 10/- per share.	-	-
November 15, 2006	Rs. 13,00,00,000/- divided in to 1,30,00,000 Equity Shares of Rs. 100/- each	12,00,00,000/-	Rs. 25,00,00,000/- divided in to 2,50,00,000 Equity Shares of Rs. 10/- each

2. a) Share Capital History of our Company in respect of Equity Shares: Our existing equity share capital has been subscribed and allotted as under:

Date of Allotment / Fully Paid-up	No. of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Consideration	Nature of allotment	Cumulative Securities Premium (Rs.)	Cumulative Paid-up Capital (Rs.)
March 18, 1988	30*	100*	-	Cash	Subscribers to the Memorandum of Association	-	3,000
March 31, 1997	750*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	78,000
March 1, 1998	74,540*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	75,32,000
March 30, 1998	45,900*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	1,21,22,000
March 31, 1999	1,86,800*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	3,08,02,000
March 31, 2000	49,410*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	3,57,43,000
March 30, 2004	2,01,480*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	5,58,91,000
September 1, 2004	5,000*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	5,63,91,000
April 30, 2006	5,92,000*	100*	100	Cash	Further Allotment to the Promoters and their relatives	-	11,55,91,000
Sub Total	11,55,910*						
July 28, 2006	115,59,100*	10*	-	-	Sub division of face value of equity shares from Rs. 100 to Rs. 10 per share.	-	11,55,91,000
September 1, 2006	5,00,900	10	60	Cash	Further Allotment to the Promoters	2,50,45,000	12,06,00,000
Total	1,20,60,000						

* Our Company, vide resolution passed by the shareholders of our Company at the EGM held on July 28, 2006, subdivided the face value of Equity Shares from one equity share of the face value of Rs. 100/- per equity share to 10/- equity shares of the face value of Rs. 10/- per Equity share. The equity share capital of our Company constituting of 11,55,910 equity shares of face value Rs. 100/- each was subdivided to 1,15,59,100 equity shares of the face value of Rs. 10/- each pursuant to the resolution passed by the shareholders at the EGM held on July 28, 2006.

- 3. Promoters Contribution and Lock-in:** Our Company has 8 promoters namely Mr. Purushottam R. Patel, Ms. Nayana J. Patel, Mr. Mahendra Singh Chawla, Mr. Paresh Chawla, Mr. Pravin C. Shah, Ms. Rima Shah, Mr. Bakulesh C. Shah, Ms. Rupal Shah whose name figures in the Red Herring Prospectus as Promoters in the section titled “Our Promoters and their Background” beginning on page no. 92 of this Red Herring Prospectus. Details of Equity Shares held by them and locked-in pursuant to the Issue are as follows:

Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period **** (Years)
Mr. Purushottam R. Patel	March 18, 1988	Cash	10*	100*	100	0.00%	0.00%	1 year
	March 1, 1998	Cash	17,260*	100*	100	1.43%	0.80%	3 years
	March 30, 1998	Cash	250*	100*	100	0.02%	0.01%	3 years
	April 30, 2002	Cash (Transfer)	1,000*	100*	15	0.08%	0.05%	3 years
	March 30, 2004	Cash	10,000*	100*	100	0.83%	0.46%	3 years
	April 30, 2006**	Cash	18,100*	100*	100	1.50%	0.84%	1 year
		Sub Total	46,620*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	4,66,200	10				
	September 1, 2006***	Cash	7,467	10	60	0.62%	0.35%	3 years
		Total (A)	5,40,870			4.48%	2.51%	
Mr. Mahendra Singh Chawla	March 18, 1988	Cash	10*	100*	100	0.00%	0.00%	1 year
	March 1, 1998	Cash	16,560*	100*	100	1.37%	0.77%	3 years
	March 30, 1998	Cash	950*	100*	100	0.08%	0.04%	3 years
	March 31, 1999	Cash	5,000*	100*	100	0.41%	0.23%	3 years
	April 30, 2002	Cash (Transfer)	10,000*	100*	15	0.83%	0.46%	3 years
	March 30, 2004	Cash	56,500*	100*	100	4.68%	2.62%	3 years
	April 30, 2006**	Cash	24,930*	100*	100	2.07%	1.16%	1 year
		Sub Total	1,13,950*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	11,39,500	10				
	September 1, 2006***	Cash	2,27,100	10	60	1.88%	1.05%	3 years
		Total (B)	13,66,600			11.33%	6.34%	
Mr. Pravin C. Shah	March 18, 1988	Cash	10*	100*	100	0.00%	0.00%	1 year
	March 1, 1998	Cash	7,510*	100*	100	0.62%	0.35%	3 years
	March 30, 1998	Cash	950*	100*	100	0.08%	0.04%	3 years
	March 31, 1999	Cash	10,000*	100*	100	0.83%	0.46%	3 years
	March 31, 2000	Cash	1,800*	100*	100	0.15%	0.08%	3 years
	April 30, 2002	Cash (Transfer)	9,250*	100*	15	0.77%	0.43%	3 years
	March 30, 2004	Cash	43,732*	100*	100	3.63%	2.03%	3 years
	April 30, 2006**	Cash	26,586*	100*	100	2.20%	1.23%	1 year
		Sub Total	99,838*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	9,98,380	10				
	September 1, 2006***	Cash	1,02,200	10	60	0.85%	0.47%	3 years
		Total (C)	11,00,580			9.13%	5.10%	

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Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre- Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period **** (Years)
Mr. Bakulesh C. Shah	March 31, 1997	Cash	100*	100*	100	0.01%	0.00%	1 year
	March 1, 1998	Cash	19,400*	100*	100	1.61%	0.90%	3 years
	March 30, 1998	Cash	700*	100*	100	0.06%	0.03%	3 years
	March 30, 1999	Cash	11,670*	100*	100	0.97%	0.54%	3 years
	March 31, 2000	Cash	240*	100*	100	0.02%	0.01%	1 year
	April 30, 2002	Cash (Transfer)	4,250*	100*	15	0.35%	0.20%	3 years
	March 30, 2004	Cash	10,000*	100*	100	0.83%	0.46%	3 years
	April 30, 2006**	Cash	56,300*	100*	100	4.67%	2.61%	1 year
		Sub Total	1,02,660*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	10,26,600	10				
		Total (D)	10,26,600			8.51%	4.76%	
Mr. Paresh Chawla	March 31, 1997	Cash	250*	100*	100	0.02%	0.01%	3 years
	March 1, 1998	Cash	5,260*	100*	100	0.44%	0.24%	3 years
	March 30, 1998	Cash	2,840*	100*	100	0.24%	0.13%	3 years
	March 31, 1999	Cash	9,920*	100*	100	0.82%	0.46%	3 years
	March 31, 2000	Cash	2,330*	100*	100	0.19%	0.11%	3 years
	April 30, 2002	Cash (Transfer)	14,500*	100*	15	1.20%	0.67%	3 years
	March 30, 2004	Cash	3,690*	100*	100	0.31%	0.17%	3 years
	April 30, 2006**	Cash	24,610*	100*	100	2.04%	1.14%	1 year
		Sub Total	63,400*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	6,34,000	10				
		Total (E)	6,34,000			5.26%	2.94%	
Ms. Nayana J. Patel	March 31, 1997	Cash	50*	100*	100	0.00%	0.00%	1 year
	March 30, 1998	Cash	15,750*	100*	100	1.31%	0.73%	3 years
	March 31, 2000	Cash	3,000*	100*	100	0.25%	0.14%	3 years
	April, 30, 2002	Cash (Transfer)	10,000*	100*	15	0.83%	0.46%	3 years
	March 30, 2004	Cash	5,000*	100*	100	0.41%	0.23%	3 years
	April 30, 2006**	Cash	19,690*	100*	100	1.63%	0.91%	1 year
		Sub Total	53,490*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	5,34,900	10				
	September 1, 2006***	Cash	11,520	10	60	0.10%	0.05%	3 years
		Total (F)	5,46,420			4.53%	2.53%	
Ms. Rima Shah	October 15, 2005	Cash (Transfer)	39,050*	100*	20	3.24%	1.81%	3 years
	October 20, 2005	Cash (Transfer)	18,500*	100*	20	1.53%	0.86%	3 years
	April 30, 2006**	Cash	2,450*	100*	100	0.20%	0.11%	1 year
		Sub Total	60,000					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	6,00,000	10				
	September 1, 2006***	Cash	45,200	10	60	0.37%	0.21%	3 years
		Total (G)	6,45,200			5.35%	2.99%	

Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre- Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period **** (Years)
Ms. Rupal Shah	March 31, 1997	Cash	100*	100*	100	0.01%	0.00%	1 year
	March 1, 1998	Cash	300*	100*	100	0.02%	0.01%	3 years
	March 31, 1999	Cash	4,670*	100*	100	0.39%	0.22%	3 years
	April 30, 2002	Cash (Transfer)	13,500*	100*	15	1.12%	0.63%	3 years
	March 30, 2004	Cash	2,508*	100*	100	0.21%	0.12%	3 years
	April 30, 2006**	Cash	34,800*	100*	100	2.89%	1.61%	1 year
		Sub Total	55,878*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	5,58,780	10				
		Total (H)	5,58,780			4.63%	2.59%	
		Grand Total (A+B+C+D+E+F+G+H)	64,19,050			53.22	29.77	

* Our Company, vide resolution passed by the shareholders of our Company at the EGM held on July 28, 2006, subdivided the face value of Equity Shares from one equity share of the face value of Rs. 100/- per equity share to 10/- Equity Shares of the face value of Rs. 10/- per Equity share. The equity share capital of our Company constituting of 11,55,910 equity shares of face value Rs. 100/- each was subdivided to 1,15,59,100 equity shares of the face value of Rs. 10/- each pursuant to the resolution passed by the shareholders at the EGM held on July 28, 2006.

** These shares are not taken for three years lock in, because the shares allotted to the Promoters at price expected to be lower than the Offer price in the preceding one year is locked in for one year as per the clause 4.6.2 of the SEBI (DIP) Guidelines, 2000.

*** The Shares issued to the Promoters are taken for three years lock in, which are allotted in the preceding one year. The difference of the issue price to the Promoters and the Public Issue Price if any, for these will be brought in by the Promoters in compliance with clause 4.6.2 of SEBI (DIP) Guidelines 2000

**** At least 20% of the post-issue paid-up equity share capital, as determined after the book-building process from the above mentioned 8 Promoters i.e., Mr. Mr. Purushottam R. Patel, Ms. Nayana J. Patel, Mr. Mahendra Singh Chawla, Mr. Paresh Chawla, Mr. Pravin C. Shah, Ms. Rima Shah, Mr. Bakulesh C. Shah, Ms. Rupal Shah, would be locked-in for a period of three years from the date of allotment in the present Issue and the balance Pre-Issue Paid-up Equity Share Capital would be locked-in for a period of one year from the date of allotment in the present Issue.

Summary of Equity Shares offered by the Promoters for three years lock in:

Sr. No.	Name of the Promoter	No. of Shares offered for Lock-in	% of Post Issue Capital
1.	Mr. Purushottam R. Patel	3,59,770	1.67
2.	Mr. Mahendra Singh Chawla	11,17,200	5.18
3.	Mr. Pravin C. Shah	8,34,620	3.87
4.	Mr. Bakulesh C. Shah	4,60,200	2.13
5.	Mr. Paresh Chawla	3,87,900	1.80
6.	Ms. Nayana J. Patel	3,49,020	1.62
7.	Ms. Rima S. Shah	6,20,700	2.88
8.	Ms. Rupal B. Shah	2,09,780	0.98
	Total	43,39,190	20.13

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Shares held by Promoters which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoters/Promoters Group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan. However, as on date of filing this Red Herring Prospectus with SEBI, none of the Equity Shares held by our Promoters forming a part of three years lock in have been pledged to any person, including banks and financial institutions

Further, the Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

4. Individual shareholding of persons who constitute Promoters Group (other than Promoters):

Name of the Person	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period * (Years)
Purushottam R. Patel (HUF)	March 31, 1997	Cash	50*	100*	100	0.00%	0.00%	1 year
	March 1, 1998	Cash	2,450*	100*	100	0.20%	0.11%	1 year
	March 30, 1998	Cash	1,500*	100*	100	0.12%	0.07%	1 year
	March 31, 2000	Cash	1,500*	100*	100	0.12%	0.07%	1 year
	April 30, 2002	Cash (Transfer)	3,500*	100*	15	0.29%	0.16%	1 year
	March 30, 2004	Cash	3,000*	100*	100	0.25%	0.14%	1 year
	April 30, 2006	Cash	21,280*	100*	100	1.76%	0.99%	1 year
		Sub Total	33,280*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	3,32,800	10				
		Total (A)	3,32,800			2.76%	1.54%	1 year
Bakulesh Shah (HUF)	April 30, 2006	Cash	13,900*	100*	100	1.15%	0.64%	1 year
		Sub Total	13,900*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	1,39,000	10				
		Total (B)	1,39,000			1.15%	0.64%	1 year
Jayesh Patel	March 31, 1997	Cash	50*	100*	100	0.00%	0.00%	1 year
	March 1, 1998	Cash	1,400*	100*	100	0.12%	0.06%	1 year
	March 30, 1998	Cash	13,540*	100*	100	1.12%	0.63%	1 year
	March 31, 1999	Cash	300*	100*	100	0.02%	0.01%	1 year
	March 31, 2000	Cash	5,740*	100*	100	0.48%	0.27%	1 year
	April 30, 2002	Cash (Transfer)	5,000*	100*	15	0.41%	0.23%	1 year
	April 30, 2006	Cash	23,100*	100*	100	1.92%	1.07%	1 year
		Sub Total	49,130*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	4,91,300	10				
	September 1, 2006	Cash	12,000	10	60	0.10%	0.06%	1 year
		Total (C)	5,03,300			4.17%	2.33%	1 year

Name of the Person	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre- Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period * (Years)
Jayesh Patel (HUF)	April 30, 2006	Cash	15,640*	100*	100	1.30%	0.73%	1 year
		Sub Total	15,640*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	1,56,400	10				
	September 1, 2006	Cash	15,330	10	60	0.13%	0.07%	1 year
		Total (D)	1,71,730			1.42%	0.80%	1 year
Kamlaben Patel	March 31, 1997	Cash	50*	100*	100	0.00%	0.00%	1 year
	March 1, 1998	Cash	3,450*	100*	100	0.29%	0.16%	1 year
	Marc 30, 1998	Cash	1,950*	100*	100	0.16%	0.09%	1 year
	March 31, 1999	Cash	300*	100*	100	0.02%	0.01%	1 year
	March 31, 2000	Cash	2,500*	100*	100	0.21%	0.12%	1 year
	April 30, 2002	Cash (Transfer)	2,700*	100*	15	0.22%	0.13%	1 year
	March 30, 2004	Cash	8,500*	100*	100	0.70%	0.39%	1 year
	April 30, 2006	Cash	22,990*	100*	100	1.91%	1.07%	1 year
		Sub Total	42,440*					
	July 28, 2006	Sub Division of face value from Rs 100 to Rs 10	4,24,400	10				
		Total (E)	4,24,400			3.52%	1.97%	1 year
Jayana Patel	April 30, 2006	Cash	8700*	100*	100	0.72%	0.40%	1 year
		Sub Total	8700*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	87,000	10				
		Total (F)	87,000					
Neil Patel	April 30, 2006	Cash	5000*	100*	100	0.41%	0.23%	1 year
	September 1, 2006	Cash	1288*	100*	600	0.11%	0.06%	1 year
		Sub Total	6,288*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	62880	10				
		Total (G)	62,880			0.52%	0.29%	
Jethabhai Patel	March 30, 1998	Cash	800*	100*	100	0.07%	0.04%	1 year
	April 30, 2002	Cash (Transfer)	5,000*	100*	15	0.41%	0.23%	1 year
		Sub Total	5,800*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	58,000	10				
		Total (H)	58,000			0.48%	0.27%	1 year
Sandhya Patel	March 30, 1998	Cash	260*	100*	100	0.02%	0.01%	1 year
	March 31, 1999	Cash	1,900*	100*	100	0.16%	0.09%	1 year
		Sub Total	2,160*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	21,600	10				
		Total (I)	21,600			0.18%	0.10%	1 year

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Name of the Person	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre- Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period * (Years)
Amita Patel	March 31, 1997	Cash	50*	100*	100	0.00%	0.00%	1 year
	March 1, 1998	Cash	950*	100*	100	0.08%	0.04%	1 year
	March 31, 1999	Cash	1,150*	100*	100	0.10%	0.05%	1 year
	March 31, 2000	Cash	7,000*	100*	100	0.58%	0.32%	1 year
	April 30, 2002	Cash (Transfer)	6,000*	100*	15	0.50%	0.28%	1 year
	April 30, 2006	Cash	12,300*	100*	100	1.02%	0.57%	1 year
		Sub Total	27,450*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	2,74,500	10				
		Total (J)	2,74,500			2.28%	1.27%	1 year
Kusum Patel	March 30, 1998	Cash	2,830*	100*	100	0.23%	0.13%	1 year
		Sub Total	2,830*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	28,300	10				
		Total (K)	28,300			0.23%	0.13%	1 year
Chhaya Chandel	March 30, 1998	Cash	350*	100*	100	0.03%	0.02%	1 year
	March 31, 2000	Cash	3,000*	100*	100	0.25%	0.14%	1 year
	April 30, 2002	Cash (Transfer)	1,000*	100*	15	0.08%	0.05%	1 year
	April 30, 2006	Cash	15,620*	100*	100	1.30%	0.72%	1 year
		Sub Total	19,970*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	1,99,700	10				
		Total (L)	1,99,700			1.66%	0.93%	1 year
Asha Chawla	March 31, 1999	Cash	6,310*	100*	100	0.52%	0.29%	1 year
	April 30, 2002	Cash (Transfer)	20,000*	100*	15	1.66%	0.93%	1 year
	September 1, 2004	Cash	1,600*	100*	100	0.13%	0.07%	1 year
	April 30, 2006	Cash	20,480*	100*	100	1.70%	0.95%	1 year
		Sub Total	48,390*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	4,83,900	10				
		Total (M)	4,83,900			4.01%	2.24%	1 year
Pooja Chawla	March 31, 1999	Cash	3,300*	100*	100	0.27%	0.15%	1 year
	March 30, 2004	Cash	500*	100*	100	0.04%	0.02%	1 year
	September 1, 2004	Cash	1,700*	100*	100	0.14%	0.08%	1 year
	April 30, 2006	Cash	24,875*	100*	100	2.06%	1.15%	1 year
		Sub Total	30,375*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	3,03,750	10				
		Total (N)	3,03,750			2.52%	1.41%	1 year

Name of the Person	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre- Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period * (Years)
Soni Chawla	March 31, 1999	Cash	5,300*	100*	100	0.44%	0.25%	1 year
	March 30, 2004	Cash	500*	100*	100	0.04%	0.02%	1 year
	September 1, 2004	Cash	1,700*	100*	100	0.14%	0.08%	1 year
	April 30, 2006	Cash	25,180*	100*	100	2.09%	1.17%	1 year
		Sub Total	32,680*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	3,26,800	10				
		Total (O)	3,26,800			2.71%	1.52%	1 year
Saraswati Shah	March 31, 1999	Cash	1,920*	100*	100	0.16%	0.09%	1 year
	April 30, 2002	Cash (Transfer)	7,000*	100*	15	0.58%	0.32%	1 year
	April 30, 2006	Cash	8,400*	100*	100	0.70%	0.39%	1 year
		Sub Total	17,320*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	1,73,200	10				
		Total (P)	1,73,200			1.44%	0.80%	1 year
Shitul Shah	March 31, 1997	Cash	50*	100*	100	0.00%	0.00%	1 year
	March 30, 1998	Cash	1,250*	100*	100	0.10%	0.06%	1 year
	March 31, 1999	Cash	1,670*	100*	100	0.14%	0.08%	1 year
	March 31, 2000	Cash	2,300*	100*	100	0.19%	0.11%	1 year
	April 30, 2002	Cash (Transfer)	6,000*	100*	15	0.50%	0.28%	1 year
	November 30, 2002	Cash (Transfer)	3,500*	100*	15	0.29%	0.16%	1 year
	April 30, 2006	Cash	18,600*	100*	100	1.54%	0.86%	1 year
		Sub Total	33,370*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	3,33,700	10				
		Total (Q)	3,33,700			2.77%	1.55%	1 year
Mitin Shah	March 31, 1999	Cash	1,670*	100*	100	0.14%	0.08%	1 year
	April 30, 2002	Cash (Transfer)	500*	100*	15	0.04%	0.02%	1 year
	April 30, 2006	Cash	18,386*	100*	100	1.52%	0.85%	1 year
		Sub Total	20,556*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	2,05,560	10				
		Total (R)	2,05,560			1.70%	0.95%	1 year
Kimi Shah	April 30, 2006	Cash	13,550*	100*	100	1.12%	0.63%	1 year
		Sub Total	13,550*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	1,35,500	10				
		Total (S)	1,35,500			1.12%	0.63%	1 year

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Name of the Person	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre- Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period * (Years)
Vinit Shah	April 30, 2006	Cash	4,200*	100*	100	0.35%	0.19%	1 year
		Sub Total	4,200*					
	July 28, 2006	Sub Division of face value from Rs. 100 to Rs. 10	42,000	10				
	November 15, 2006	Cash (Transfer/ Sold)	(5,100)	10	80	(0.04)	(0.02)	
		Total (T)	36,900			0.31	0.17	1 year
	Grand Total (A+B+C+D+E+F+ G+H+I+J+K+L+M+ N+O+P+Q+R+S+T)		43,02,520			35.68	19.96	

5. Details of Pre-Issue shareholding of the Promoter / Promoter Group as on date are as follows:

S. No.	Name	Shareholding
	Core Promoters	
1.	Mr. Purushottam R. Patel	5,40,870
2.	Mr. Mahendra Singh Chawla	13,66,600
3.	Mr. Pravin C. Shah	11,00,580
4.	Mr. Bakulesh C. Shah	10,26,600
5.	Mr. Paresh Chawla	6,34,000
6.	Ms. Nayana J. Patel	5,46,420
7.	Ms. Rima Shah	6,45,200
8.	Ms. Rupal Shah	5,58,700
	Sub-Total (A)	64,19,050
	Promoter Group	
1	Purushottam R. Patel (HUF)	3,32,800
2	Bakulesh Shah (HUF)	1,39,000
3	Jayesh Patel	5,03,300
4	Jayesh Patel (HUF)	1,71,730
5	Kamlaben Patel	4,24,400
6	Jayana Patel	87,000
7	Neil Patel	62,880
8	Jethabhai Patel	58,000
9	Sandhya Patel (NRI)	21,600
10	Amita Patel	2,74,500
11	Kusum Patel (NRI)	28,300
12	Chhaya Chandel	1,99,700
13	Asha Chawla	4,83,900
14	Pooja Chawla	3,03,750

S. No.	Name	Shareholding
	Promoter Group	
15	Soni Chawla	3,26,800
16	Saraswati Shah	1,73,200
17	Shitul Shah	3,33,700
18	Mitin Shah	2,05,560
19	Kimi Shah	1,35,500
20	Vinit Shah	36,900
	Sub-Total	43,02,520
	Total	107,21,570

5. Shareholding pattern of the Company prior and post this Issue

Name of the Shareholders	Pre-Issue		Post-Issue*	
	No. of Equity Shares	%	No. of Equity Shares	%
Promoters	64,19,050	53.22	64,19,050	29.77
Promoter's Group	43,02,520	35.68	43,02,520	19.96
Others	13,38,430	11.10	13,38,430	6.21
Net Offer to Public	-	-	95,00,000	44.06
Total	1,20,60,000	100.00%	2,15,60,000	100.00%

* Post Issue Shareholding pattern may change if any pre-Issue Shareholder(s) are allotted equity shares in this Issue.

6. a) Our top ten shareholders and the shares held by them as on the date of filing this Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each	% of holding in the Company
1.	Mahendra Singh Chawla	13,66,600	11.33
2.	Pravin C. Shah	11,00,580	9.13
3.	Bakulesh C. Shah	10,26,600	8.51
4.	Rima S. Shah	6,45,200	5.35
5.	Paresh Chawla	6,34,000	5.26
6.	Rupal B. Shah	5,58,780	4.63
7.	Nayana J. Patel	5,46,420	4.53
8.	Purushottam R. Patel	5,40,870	4.48
9.	Jayesh P. Patel	5,03,300	4.17
10.	Asha Chawla	4,83,900	4.01

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- b) Our top ten shareholders and the shares held by them ten days prior to the date of filing this Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each	% of holding in the Company
1.	Mahendra Singh Chawla	13,66,600	11.33
2.	Pravin C. Shah	11,00,580	9.13
3.	Bakulesh C. Shah	10,26,600	8.51
4.	Rima S. Shah	6,45,200	5.35
5.	Paresh Chawla	6,34,000	5.26
6.	Rupal B. Shah	5,58,780	4.63
7.	Nayana J. Patel	5,46,420	4.53
8.	Purushottam R. Patel	5,40,870	4.48
9.	Jayesh P. Patel	5,03,300	4.17
10.	Asha Chawla	4,83,900	4.01

- c) Our top ten shareholders and the shares held by them two years prior to the date of filing this Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each	% of holding in the Company
1	Mahendra Singh Chawla	89,020	15.79
2	Pravin C. Shah	73,252	12.99
3	Bakulesh C. Shah	46,360	8.22
4	Paresh Chawla	38,790	6.88
5	Nayana J. Patel	33,800	5.99
6	Purushottam R. Patel	28,520	5.06
7	Asha Chawla	27,910	4.95
8	Jayesh P. Patel	26,030	4.62
9	Rupal B. shah	21,078	3.74
10	Kamlaben P. Patel	19,450	3.45

8. Our Promoters, Directors or Promoters Group companies have not purchased and/or sold/financed any Equity Share of our Company in the past 6 months.
9. Our Company, Promoters, Directors, and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
10. An over-subscription to the extent of 10% of Net Issue to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Offer to Public, as a result of which, the post Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock- in shall be suitably increased, so as to ensure that 20% of the post Issue paid-up capital is locked in.
11. In the case of over-subscription in all categories, not more than 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual

Funds only. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above this Issue Price. Under-subscription, if any, in any category, would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.

12. In case of under-subscription, if any, in the Employee Reservation Portion, would be added back to the Net Issue. In case of under subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
13. As on date of filing of this Red Herring Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up.
14. Our Company undertakes that at any given point of time, there shall be only one denomination for the Equity Shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
15. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
16. Our Company has not revalued its assets since inception and has not issued any shares out of the revaluation reserves or for consideration other than cash.
17. Our Company has not capitalized its reserves since inception.
18. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
19. Our Company has not made any public issue since its incorporation.
20. Our Company has not raised any bridge loan against the proceeds of this Issue.
21. As on the date of filing of this Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
22. In respect of various agreements entered into by our Company with the lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenants. As per the loan agreements and sanction letters, we require written consent from the lenders for this Issue. For details, please refer to para titled "Restrictive Covenants in Loan Agreements" appearing on page no. 74 of this Red Herring Prospectus.

Pursuant to the aforesaid covenants we have obtained the prior written approvals from the lenders as follows:

S.No.	Name of the Bank	Letter dated
1.	State Bank of Indore	December 5, 2006
2.	State Bank of Travancore	December 6, 2006

23. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
24. Since the entire money in respect of the issue is being called on application, all the successful applicants will be issued fully paid-up shares. The securities offered through this issue shall be made fully paid-up or may be forfeited within 12 months from the date of allotment of securities, if not made fully paid-up, in the manner specified in clause 8.6.2 of the SEBI DIP guidelines.

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25. The securities, which are subject to lock-in, shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the Equity Shares are to be listed, before the listing of the securities.
26. The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary
27. The total number of members of our Company as on the date of filing this Red Herring Prospectus is 40.

OBJECTS OF THE ISSUE

RATIONALE FOR THE ISSUE

We are presently engaged into manufacturing of pharmaceuticals formulations comprising of five product lines viz. Liquid Injections, Dry Powder Injections, Tablets, Capsules, and Ointments. We presently have facilities to manufacture various pharmaceutical formulations including human and veterinary medicines. Our present sales operations are spread in major parts of India and our products being sold both in the domestic and foreign markets.

In order to meet the increased demands of our clients, we have decided to expand the existing production capacity, widen our product range and plan to venture into segments like pro biotics, pre-biotics and pre-filled syringes. We would also be focusing on growing markets for the drugs used in the lifestyle disorder segments like diabetes, cardiovascular, and gynaecology segments by launching our existing/new products in these segments and promoting them.

The main objects of the Issue are as follows:

1. Setting up a new plant at Pigdamber, Indore for increasing our production & testing capacities;
2. Meeting Margin money working capital requirements;
3. General Corporate Purposes and
4. Meeting Issue Expenses

The Main Object clause and the Objects Incidental or Ancillary to the Main Objects clause of our Memorandum & Articles of Association enable us to undertake its existing activities as well as the activities for which the funds are being raised by our Company through this Issue.

With the completion of the above-mentioned project, our existing manufacturing capacities will be as under: -

(In numbers)

Products	Present Capacity/ Day	Capacity expansion through proposed project / Day	Total Expected capacity post expansion/ Day
Liquid injections	150000	500000	650000
Dry Powder injections	125000	325000	450000
Ampoules	65000	300000	365000
Tablets	1500000	1500000	3000000
Capsules	600000	1000000	1600000
Creams Ophthalmic/ Skin	40000	80000	120000
Eye/ Ear Drops	40000	80000	120000
Dry Syrups	12000	40000	52000

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TOTAL COST OF PROJECT

The total project cost for the above-mentioned objects as per our Company's estimate is as follows: -

(Rs. in Lakhs)

S. No.	Particulars	Amount
1	Setting up a new plant at Pigdamber, Indore for increasing our production & testing capacities	
(i)	Land & Site Development	488.49
(ii)	Setting up new liquid Injectibles manufacturing lines	1478.70
(iii)	Setting up new dry powder Injectibles manufacturing lines	573.20
(iv)	Setting up new Tablets & capsules manufacturing lines	478.57
(v)	Setting up new ointments manufacturing lines	329.41
(vi)	Setting up a new analytical laboratory for testing	887.22
(vii)	Miscellaneous Fixed Assets	1585.69
(viii)	Preoperative and preliminary expenses	317.25
(ix)	Contingencies	174.63
2	Working Capital requirements	1263.52
3	General Corporate Purposes	[●]
4	Meeting Issue Expenses	[●]
	Total Cost of the Project	[●]

MEANS OF FINANCE

The above requirements of the funds are proposed to be met as follows:

S. No	Particulars	Amount (Rs. In lakhs)
1	Term Loan#	
	State Bank of Indore	1500.00
	State Bank of Travancore	500.00
2	Promoters Paricipation*	300.60
3	Issue Proceeds**	[●]
	Total	[●]

State Bank of Indore has sanctioned a Term loan of Rs 1500.00 lakhs vide their letter no YNRD/ADVTL.15/06-07/00553 dated October 23, 2006 and State Bank of Travancore has sanctioned a Term loan of Rs 500.00 lakhs vide their letter no DGM/MRO/C&I dated November 23, 2006 to our Company.

* As per certificate from M/s. C. H. Padliya & Co, Chartered Accountants, Statutory Auditors of our Company dated December 12, 2006 the Promoters of our Company have brought in an amount of Rs 300.60 Lakhs against which 5,00,900 Equity Shares of Rs 10/- each at the price of Rs 60/- each being a premium of Rs. 50/- each have been allotted, which would be subject to lock- in for three years. For more details please refer to section titled Capital Structure on page no. 13 of this Red Herring Prospectus.

** Will be incorporated after finalization of Issue Price

Firm arrangements of finance through verifiable means towards more than 75 % of the stated means of finance excluding the amount to be raised through public Issue have been made.

The fund requirement and means of finance is based on internal management estimates and has not been appraised by any bank or financial institution. In the event of any shortfall in raising the required amount through the IPO the same will be met from internal accruals or promoters contribution. In case the company realizes a surplus amount then the same will be used for general corporate purposes as detailed hereunder.

DETAILS OF OBJECTS OF THE ISSUE

1. Setting up a new plant at Pigdamber, Indore for increasing our production capacities

(i) Land & Site Development

We are in the process of acquiring approximately 9 acres of land at Village Pigdamber out of Khasra Numbers 462, 464, 505, 506, 507, 508 from various persons. We have paid an amount of Rs 225.00 Lakhs towards the purchase of the land, which is under process of registration. Further, site development cost at our new plant will include construction of internal roads, land scaping, gardening boring of water, compound walls etc. Land scaping is a vital land development activity and is desired as per US FDA/UK MHRC standards as well as WHO GMP parameters as this will eliminate dust and can also be used as a recycling avenue for drainage water, thus enabling non pollutant environment. The details of the cost incurred for land & site development are as follows: -

Particulars	Amount (Rs. in Lacs)
Cost of green field facilities along with site Development and incidental charges	297.00
Registration & Other legal charges	44.85
Lands Scaping	75.00
Internal Roads	21.68
Boring Well for water & other amenities	12.71
Underground Water Tank	17.00
Compound Wall & Gate	20.25
Total	488.49

(Source: Company's Management Estimate)

Building & Allied Constructions

The rates of construction are taken as per estimates received from architect viz. M/s Saxena & Associates on December 5, 2006. We have decided to construct manufacturing facilities on block system. The entire construction will be under air-conditioned facility with separations between each sterile manufacturing area.

Each of these blocks shall have a service floor in the first floor, to enable convenient provision of air condition, air handling, steam and gases dispensation along with water for injection dispensation in the manufacturing floors.

Plant & Machinery

At present the operations of our Company are manual and Semi-Automatic, which we believe are more labour intensive and time consuming. We now propose to install fully automatic lines, which will improve the product quality, productivity and reduce the involvement of labour.

Further, in order to minimize the contamination in the production floor tunnel system of manufacturing is being proposed for formulating each line in all injectable sections.

The costs proposed for each manufacturing line are as under: -

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(ii) Liquid Injectibles manufacturing line

Building & Allied Constructions

Particulars	Area (Sq. ft.) & Unit Cost	Amount (Rs. in Lakhs)
Liquid Injectibles (Block I)		
Manufacturing floor	15000 @ 1200	180.00
Service Floor	15000 @ 500	75.00
Block II		
Manufacturing floor	15000 @ 1200	180.00
Service Floor	15000 @ 500	75.00
Total		510.00

(Source: Company's estimates)

Plant & Machinery

(Rs. In lakhs)

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Process Equipment for compact Liquid injectable Glass Vial filling Line	Indigenous	Klenzaid	2/6/2007	3	149.10	447.30
Support Equipments for Glass Vial Lines*	Indigenous	Ambey Engineering	8/6/2007		Lump Sum	20.00
Class 100 Sterilising and Depyrogenating Tunnel Model C-450	Indigenous	Klenzaid	2/6/2007	2	31.15	62.30
Other direct process machines like ampoule washing machine, ampoule filling & sealing machine, ampoule inspection machine and ampoule labelling machine	Indigenous	Surya Technik	5/12/2006	2	125.00	250.00
Support Equipments for Ampoule Lines*	Indigenous	Ambey Engineering	8/6/2007		Lump Sum	20.00
Process Equipment for compact Liquid injectable Glass Vial filling Line (Eye/ Ear Drops)	Indigenous	Klenzaid	2/6/2007	1	149.10	149.10
Support Equipments for Glass Vial Lines (Eye/ Ear Drops)*	Indigenous	Ambey Engineering	8/6/2007		Lump Sum	20.00
Total						968.70

(Source: Company's estimates)

* **Support Equipments consists of the following:** Auto Clave, Dry heat Sterilisers, Pure Steam, Generator, Racks (LOT), Stacker, Pallet, Change room accessories, Blender, Laminar Flow, Storage Tank Jacketed (3000 Ltrs), Storage Tank Jacketed (5000 Ltrs), Storage tank Jacketed (10000 Ltrs), S.S Trolleys, SS Bowls, SS Scoops

(iii) Dry Powder Injectibles manufacturing line

Building & Allied Constructions

Particulars	Area (Sq. ft.) & Unit Cost	Amount (Rs. in Lakhs)
Powder Injectibles (Block II)		
Manufacturing floor	15000@1200	180.00
Service Floor	15000@500	75.00
		255.00

(Source: Company's estimates)

Plant & Machinery

(Rs. In lakhs)

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Process Equipment for compact Powder injectable Glass Vial filling Line	Indigenous	Klenzaids	2/6/2007	2	14910000	298.20
Support Equipments for Glass Vial Lines	Indigenous	*Ambey Engineering	8/6/2007		Lump Sum	20.00
Total						318.20

(Source: Company's estimates)

* **Support Equipments consists of the following:** Auto Clave, Dry heat Sterilisers, Pure Steam, Generator, Racks (LOT), Stacker, Pallet, Change room accessories, Blender, Laminar Flow, Storage Tank Jacketed (3000 Ltrs), Storage Tank Jacketed (5000 Ltrs), Storage tank Jacketed (10000 Ltrs), S.S Trolleys, SS Bowls, SS Scoops

(iv) Tablets & Capsules manufacturing lines

Building & Allied Constructions

Particulars	Area (Sq. ft.) & Unit Cost	Amount (Rs. in Lakhs)
Tablets & Capsules (Block III)		
Manufacturing floor	15000@1200	180.00
Service Floor	15000@500	75.00
Total		255.00

(Source: Company's estimates)

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Plant & Machinery

(Rs. In lakhs)

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Tablet & Capsule						
Double Rotary Tableting Machine (CPMB3B-27 Stations)	Indigenous	Chamunda	2/6/2007	1	4.48	4.48
Double Rotary Tableting Machine (CPMB3B-35 Stations)	Indigenous	Chamunda	2/6/2007	1	4.05	4.05
Miscellaneous Items for Tablets	Indigenous	-	-	-	Lump Sum	2.00
Support Equipments for tablets Lines*	Indigenous	Chamunda	2/6/2007	-	-	84.19
Automatic Capsule Filling Machine (AF 40T)	Indigenous	Pam Pharma	23/11/2006	3	26.00	78.00
Support Equipments for Capsule filling Lines: Interchangeable Section for AF 40T, Accessories for AF 40T, Supporting Line Machines	Indigenous	Pam Pharma	23/11/2006	3	16.28	48.84
Miscellaneous items	Indigenous	-	-	-	Lump Sum	2.00
Total						223.57

(Source: Company's estimates)

*Support Equipments for Tablet Lines

Rapid Mixer Granulator (CPMRMG - 1000 Ltrs), Sifter (CPMVS - 30"), Fluid bed Drier (Steam Heated) CPMFBD - 200 Kgs, Multi Mill (CPMMM), Polishing Pan (CPMC - 48"), Coating Pan 48", Planetary Mixer, Dry Granulator, Double Cone Blender, Planetary Mixer, Dry Granulator, Double Cone Mixer, Universal Gearing, Seive Shaker, Homoginiser, Coating PanMini Ball Mill, Ball Mill, Cube Mixer, Palletuzer Polishing drum, Wet Granulator, Lab KneaderV Blender, Agitator, Powder Mixing, Counting & Filling, Drum Hoop Mixer, Laboratory Mixer, Punch Polishing Kit, Miscellaneous items Mass Mixer (CPMHM - 200 Kgs), Oscillating Grinder (CPMOG - 12"), Drying Oven with Trays 48" (CPMDO), Coating Machine (CPMC - 48"0, Horizontal main drive, Double Cone Blender, Dyes & Punches, Round Shape, Dyes & Punches, Capsule Shape, Dyes & Punches, Odd Shape, Roll Compactor (CPMRC - 200 / 75)

(v) Ointments manufacturing line

Building & Allied Constructions

Particulars	Area (Sq. ft.) & Unit Cost	Amount (Rs. in Lakhs)
Ointments (Block V)		
Manufacturing floor	15000@1200	180.00
Service Floor	15000@500	75.00
Total		255.00

(Source: Company's estimates)

Plant & Machinery

(Rs. In lakhs)

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Automatic Filling & Sealing Machine KTF-140	Indigenous	Kambert	24/11/2006	2	16.72	33.44
Planetary Mixer	Indigenous	Indo German	25/11/2006	2	10.485	20.97
Support Equipments for Ointment lines like manufacturing vessel, wax phase vessel, water phase vessel, storage vessel and other miscellaneous equipments	Indigenous	Sonex Laboratories	30/11/2006		Lump Sum	20.00
Total						74.41

(Source: Company's estimates)

(vi) Laboratory for testing

Building & Allied Constructions

Particulars	Area (Sq. ft.) & Unit Cost	Amount (Rs. in Lakhs)
Laboratory (Block VI)		
Testing Floor	15000 @ 1200	180.00
Service Floor	15000 @ 500	75.00
Total		255.00

Plant & Machinery

(Rs. In lakhs)

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Laboratory Equipments						
Humidity Chamber	Indigenous	Generic Synergy	30/11/2006	1	1.80	1.80
Humidity control oven	Indigenous	Generic Synergy	30/11/2006	1	1.80	1.80
Dissolution tester	Indigenous	Generic Synergy	30/11/2006	2	3.20	6.40
Conductivity Meter	Indigenous	Generic Synergy	30/11/2006	1	0.25	0.25
pH Meter	Indigenous	Generic Synergy	30/11/2006	1	0.25	0.25
Digital Wavelength Flying Spot	Indigenous	Generic Synergy	30/11/2006	1	1.0	1.00
UV Visible Spectrophotometer 206 - 55401 - 34	Indigenous	Shimadzu	9/6/2007	2	5.80	11.60

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Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Laser diffraction particle size analyser (SALD 2001)	Indigenous	Pharma Lab India	8/12/2006	2	40.70	81.40
Fourier Transform infrared Spectrophotometer (FTIR 8400s)	Indigenous	Shimadzu	9/6/2007	2	13.26	26.53
High Pressure Liquid Chromatography (HPLC) - Series 200	Indigenous	Perkin Elmer	8/6/2007	2	21.695	43.39
Atomic Absorption flame emission Spectrophotometer (AA - 6200)	Indigenous	Pharma Lab India	8/12/2006	2	6.50	13.00
Gas Chromatograph Mass Spectrometre QP-2010 with EI,PCI,NCI	Indigenous	Shimadzu	9/6/2007	2	61.61	123.22
Polarimetre Model 343	Indigenous	Perkin Elmer	8/6/2007	2	14.49	28.98
Total Organic Carbon Analyser (TOC 5000)	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	7.80	15.60
Walk in type Humidity Chamber	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	3.80	7.60
Bactriological Incubator,	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	0.30	0.30
BOD Incubator,	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	0.20	0.40
Colony Counter (Bacteriological),	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	0.20	0.20
Auto Clave,	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	0.30	0.30
Pass Box	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	0.70	0.70
LAF (Horizontal),	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	0.80	0.80
Antibiotic Zone Reader	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	0.20	0.40
Compound Microscope,	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	0.20	0.40

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Simple Microscope	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	0.20	0.40
Cyclo Mixer,	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	0.10	0.10
Heat Block	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	0.30	0.30
Digital Auto titrator	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	0.52	1.04
Weighing Balances	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	1.58	3.16
Stability Chambers	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	1.85	3.70
Sterility BOD	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	1.42	2.84
Lal test Kit	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	2.47	4.94
Bursting Strength	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	2	0.78	1.56
Micro Biology lab	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	5.87	5.87
Glass wave	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	1	3.25	3.25
Miscellaneous Lab Instruments + Clinical lab equipments	Indigenous	Reliance Capusules Pvt. Ltd.	29/11/2006	-	-	238.54
Total						632.22

(Source: Company's estimates)

Alpa Laboratories Limited

(vii) Miscellaneous Fixed assets

The manufacturing of pharmaceutical formulations requires a range of utilities to enable better hygiene and standard manufacturing practices. The requirement ranges from top class air conditioning to boilers for steam, water demineralization plants to dehumidifiers, Air handling units, DG sets for immediate alternate power requirements among others.

Building & Allied Construction

Particulars	Area (Sq. ft.) & Unit Cost	Amount (Rs. in Lakhs)
Miscellaneous Fixed Assets		
Stores & Administrative Office	15000 @ 600	90.00
Over Head Tank 70000 lts capacity	10000 @ 300	30.00
Inter Building access (20 Mts between each Block as per Global Standards)	-	250.00
Other Miscellaneous Constructions (Time Office and Security hut etc)	-	12.00
Total		382.00

(Source: Company's estimates)

Plant & Machinery

(Rs. In lakhs)

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
Other Equipments						
Air Conditioning System / Chiller 350 Tr / AHUs etc	Indigenous	Patel Airtemp (India)	5/6/2007	-	385.00	385.00
Blister/Cartonning Machines	Indigenous	Pam Pac	6/6/2007	1	100.00	100.00
DM Plant	Indigenous	Seion	5/6/2007	1	2.20	2.20
Multi Column Distillation unit	Indigenous	Pharma Lab India	8/12/2006	1	10.50	10.50
Steam Boiler 5 Ton capacity	Indigenous	Unimod Systems	23/11/2006	2	13.50	27.00
Chimney	Indigenous	Baheti Sales & Supply	7/12/2006	1	7.80	7.80
Air Compressor 68 CFM	Indigenous	Resource combine Solution Pvt. Ltd.	5/6/2007	2	2.94	5.88
Effluent Treatment Plant	Indigenous	Omega Marketing	6/12/2006	1	16.00	16.00
Water for injection Distribution system	Indigenous	Pharma Lab India	8/12/2006	1	17.50	17.50
Air Drier	Indigenous	Bhargava Trading Company	1/12/2006	3	0.50	1.50

Particulars	Imported/ Indigenous	Suppliers	Date of Quotations	No. of Units	Cost per Unit	Total Cost
MPSEB Deposit & Transformer*	Indigenous	A.K Jain & Co	25/11/2006	-	-	320.00
DG Sets	Indigenous	Bhargava Trading Co.	25/11/2006	5	20.24	101.20
Electrification (Internal & External)	Indigenous	Bhargava Trading Co.	25/11/2006	-	-	126.00
Taxes & Freight	-	-	-	-	-	83.11
Total						1203.69

(Source: Company's estimates)

* A unit specific power transformer is also proposed on account of huge demand for electrical energy and this requires a certain amount of deposit with the MPSEB along with internal electrification is also required from reputed manufacturers / suppliers.

Note: The actual supplier(s) of above Plant & Machinery may differ while negotiating the prices for the respective Plant & Machinery.

Our Company has not bought or does not propose to buy any second hand Plant & Machinery for the proposed expansion project.

● Meeting Margin Money Working Capital Requirements

We have existing sanctioned fund based and non-fund based limits of Rs. 1800.00 lakhs and Rs. 200 lakhs respectively from State Bank of Indore and State Bank of Travancore. The details are provided in the section "Existing Business" on page no. 57 of this Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing requirements. However, our Company will utilize a part of the net proceeds of the Issue to meet its working capital requirements.

Considering the proposed expansion, the working capital needs of our company, as assessed based on the internal working of the company is expected to reach Rs. 3063.52 lakhs by fiscal year 2008.

Year ended March 31, 2008.	Holding Period in Days	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)
Raw Materials	45	946.64	
Stocks in Process	10	210.40	
Finished Goods	30	631.22	
Total Inventories			1788.26
Receivables	60		1538.44
Other current assets			250.00
Total Current Assets			3576.70
Less: Creditors	60	513.18	
Net Working Capital requirement			3063.52
Funding Pattern			
Bank facilities already sanctioned			1800.00
Proceeds from Public Issue			1263.52
Total			3063.52

Alpa Laboratories Limited

Preliminary and Pre-operatives Expenses

An amount of Rs. 317.25 lakhs will be incurred by us on preliminary and pre-operative expenses:

Particulars	Amount (Rs. in Lakhs)
Brand building and market development expenses	250.00
Other legal expenses & Administrative & Travel expenses	50.00
Company law expenses	17.25
Total	317.25

Contingencies

We have provided 3% of fixed assets of the project cost i.e. Rs. 174.63 lakhs for contingencies. The cost estimates are based on quotations for the majority of the capital equipments and no major change in the cost of project is expected. Contingencies are mainly for fluctuation of prices of plant & machineries, transportation cost, prices of steel, cement, etc.

General Corporate Purposes

Our management in accordance with the policies set up by our Board will have flexibility in applying the balance proceeds of this Issue, for general corporate purposes. We seek to further enhance our position as a pharmaceutical formulation Company. In addition to continued investments in expansion of our production facilities, investments in research & development, we intend to enhance our capabilities and address gaps, enhance our technical expertise, further develop and expand our IT infrastructure and rationalize manpower. Surplus funds if any may also be deployed for working capital requirement. The balance funds will be utilized for this purpose. The interim use of the balance funds is explained in the para titled "Interim use of funds".

Meeting Issue Expenses

The expenses for this issue includes issue management fees, selling commission, printing and distribution of issue stationery, advertisement and marketing expenses, legal fees and listing fees payable to the Stock Exchanges, among others. The total expenses for this issue are estimated to be Rs [●] Lakhs.

Activity	Amount (Rs. In Lakhs)
Issue Management Fee	[●]
Registrars fees	[●]
Fee for Legal Counsel	
Printing and Distribution of Issue Stationery	[●]
Advertising and Marketing expenses	[●]
Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[●]
Total	[●]

* Will be incorporated after finalization of Issue Price

Raw Materials

The raw materials will be procured from time to time as per the production planning. The basic raw material required to manufacture formulations is basic drug / bulk drug comprising of active ingredients also called as Active Pharmaceuticals Ingredients (APIs). The active raw materials are required in bulk quantities. All the raw material proposed to be required are available in abundance locally, but if required would be imported at competitive prices.

The requirement and nature of raw material can only be determined once the new plant is ready and will depend upon

the orders received from our various customers.

INFRASTRUCTURE FACILITIES

Power

The total requirement of power is estimated to be 1000KVA, which will be available from Madhya Pradesh State Electricity Board (MPSEB). In addition we propose to purchase 5 DG sets of 250 KVA each for providing standby power backup.

Water

We will require approximately 1,50,000 liters/ day of water for manufacturing and utilities, which will be available from Narmada river pipeline and from five bore wells.

Manpower

The details of additional manpower requirements are as follows:

S. No	Category	Total
1	Managerial	6
2	Production	460
	Skilled	
	Unskilled	120
3	Technical	2
4	Clerical	11
	Total	599

Implementation Schedule

The details of the implementation schedule of the proposed project, as estimated by us are as under:

Activity	Start	Finish
Setting up a new plant at Pigdamber, Indore for increasing our production & testing capacities		
(i) Land & Site Development	August 2006	September 2007
(ii) Setting up new Liquid Injectibles manufacturing line	March 2007	April 2008
(iii) Setting up new Dry Powder Injectibles manufacturing line	March 2007	May 2008
(iv) Setting up new Tablets & Capsules manufacturing line	March 2007	April 2008
(v) Setting up new Ointments manufacturing line	March 2007	June 2008
(vi) Setting up new laboratory for testing	March 2007	June 2008
(vii) Miscellaneous Fixed Assets	March 2007	May 2008
(viii) Preoperative and preliminary expenses	October 2006	May 2008
(ix) Contingencies	February 2008	May 2008

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Proposed deployment of funds in the project

(Rs. In lakhs)

	Already Incurred till Date	Quarter Ended September 2007	Quarter Ended December 2007	Quarter Ended March 2008	Quarter Ended June 2008	Total
1. Setting up a new plant at Pigdamber, Indore for increasing our production & testing capacities						
(i) Land & Site Development	262.58	225.91	-	-	-	488.49
(ii) Setting up new Liquid Injectibles manufacturing line	70.00	380.00	225.00	435.00	368.70	1478.70
(iii) Setting up new Dry Powder Injectibles manufacturing line	70.00	125.00	75.00	235.00	68.20	573.20
(iv) Setting up new Tablets & Capsules manufacturing line	20.00	175.00	75.00	135.00	73.57	478.57
(v) Setting up new Ointments manufacturing line	20.00	175.00	75.00	35.00	24.41	329.41
(vi) Setting up new laboratory for testing	20.00	585.00	50.00	50.00	182.22	887.22
(vii) Miscellaneous Fixed Assets	30	472.50	182.00	390.00	511.19	1585.69
(viii) Preoperative and preliminary expenses	217.34	67.25	-	-	32.66	317.25
(ix) Contingencies	-	-	-	-	174.63	174.63
2. Margin Money for Working Capital Requirements	-	-	-	-	1263.52	1263.52
3. Public Issue Expenses	18.56	[●]	[●]	[●]	[●]	[●]
4. General Corporate Purpose	-	[●]	[●]	[●]	[●]	[●]
Total	728.48	[●]	[●]	[●]	[●]	[●]

(As per Company's Estimate)

Details of Funds Deployed till Date & Sources of the Funds Deployed

The funds deployed as on June 20, 2007 pursuant to the object of this issue on the project as certified by the Statutory Auditors of our Company, M/s. C.H. Padliya & Co. Chartered Accountant pursuant to their certificate dated June 21, 2007 is given below

Already Incurred till Date		
1.	Setting up a new plant at Pigdamber, Indore for increasing our production & testing capacities	
(i)	Land & Site Development	262.58
(ii)	Setting up new Liquid Injectibles manufacturing line	70.00
(iii)	Setting up new Dry Powder Injectibles manufacturing line	70.00
(iv)	Setting up new Tablets & Capsules manufacturing line	20.00
(v)	Setting up new Ointments manufacturing line	20.00

(vi)	Setting up new laboratory for testing	20.00
(vii)	Miscellaneous Fixed Assets	30.00
(viii)	Preoperative and preliminary expenses	217.34
(ix)	Contingencies	-
2.	Margin Money for Working Capital Requirements	-
3.	Public Issue Expenses	18.56
4.	General Corporate Purpose	-
	Total	728.48

Sources of Funds Deployed Till Date

Promoters' participation in the project	300.54
Internal Accruals	427.94
Total	728.48

The State Bank of Indore have sanctioned a term loan of Rs. 1500 Lakhs on October 23, 2006 for undertaking proposed expansion project by setting up another unit. State Bank of Travancore have also sanctioned term loan of Rs. 500 lacs on November 23, 2006.

The Details of the sanction loan are as under: -

Facility	Amount (In Rs. Lakhs)	Interest	Repayment	Security
Term Loan – State Bank of Indore	1500.00	2.00% below BPLR i.e. Presently 11.50% p.a. (Subject to minimum of 9.50% p.a.)	54 monthly installments, out of which first 53 installments will be of Rs. 27.75 Lakhs each Last installment will be of Rs. 29.25 Lakhs	<p>Primary Security: First exclusive charge over all the existing moveable and immoveable fixed assets (both present and future) of the company, like factory land at Plot no.33/2, Pigdambar, A.B. Road, Rau and building thereat, plant and machinery, building and miscellaneous fixed assets. First charge over the moveable and immoveable fixed assets like factory land (of the proposed expansion project i.e. new unit) building threat, plant & machinery and miscellaneous fixed assets ranking pari passu with other term lenders</p> <p>Collateral Security: Extension of the charge to the entire current assets of the company Extension of:</p> <ul style="list-style-type: none"> • Equitable mortgage of residential house situated at 29/5, South Tukoganj belonging to Smt. Kamlaben Patel w/o Shri P.R. Patel. • Equitable mortgage of residential house situated at 154, Khatiwala Tank, Indore belonging to Shri Mahendra Singh Chawla.

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Facility	Amount (In Rs. Lakhs)	Interest	Repayment	Security
				<ul style="list-style-type: none"> Equitable mortgage of residential flat situated at 201, Silver Stud. Apartments, Race Course Road, Indore belonging to Smt. Saraswati Ben Shah w/o Shri Pravin C. Shah <p>Guarantee: Personal Guarantee of the directors: Personal Guarantee of Shri. Purushottam R. Patel, Shri Mahendra Singh Chawla and Shri Pravin C. Shah.</p> <p>Third Party Guarantee: Shri Paresh Chawla, Shri Jayesh Patel, Shri Bakulesh C. Shah, Smt. Kamlaben Patel and Smt. Saraswati Ben. Shah.</p>
Term Loan – State Bank of Travancore	500.00	2% below SBTPLR with a minimum of 9.50% p.a. with two years spread reset option for the TL as against the normal rate of 13.25% for SBTPL-2 rated companies Up front fee at @ 0.50% as against the applicable rate	53 equal monthly installments of Rs. 9.25 lacs each and 54th installment of Rs. 9.75 lacs	<p>Primary Security: First Charge over the Landed Property, Building and Machinery of the proposed expansion project of the Company to be financed out of the Term Loan on “pari passu” basis with the other Term Lenders and Second charge over all the existing movable and immovable Fixed Assets (both present and future) of the Company, like Factory Land at Plot No. 3/2, Pigdambar, A.B Road, Rau and Building there at, Plant and Machinery and miscellaneous Fixed Assets on “pari passu” basis.</p> <p>Collateral Security:</p> <ul style="list-style-type: none"> Second charge on the entire Current of 1.15% Assets of the Company; Equitable Mortgage of Residential house belonging to Mrs. Kamlaben P. Patel Equitable Mortgage of Residential house belonging to Mr. Mahendra Singh Chawla Equitable Mortgage of Residential house belonging to Mrs. Saraswati ben P. Shah <p>Guarantee: Personal Guarantee of Mr. Purushottam R. Patel, Mr. Mahendra Singh Chawla and Mr. Pravin C. Shah Third Party Guarantee of Mr. Paresh M. Chawla, Mr. Jayesh P. Patel, Mr. Bakulesh C. Shah, Mrs. Kamlaben P. Patel and Mrs. Saraswati ben Shah</p>

Interim Use of Proceeds

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending any use as described above, the Company intends to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilisation of Funds

The appointment of monitoring agency was not required in accordance with Clause 8.17 of SEBI (DIP) Guidelines, 2000. However, we have appointed State Bank of Indore as monitoring agency for the purpose of monitoring the utilisation of issue proceeds. We will disclose the utilization of proceeds under a separate head in our Company's balance sheet for fiscal 2008 clearly specifying the purpose for which such proceeds have been utilized. We, in our balance sheet for fiscal 2008, provide details, if any, in relation to all such proceeds of the issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the issue.

No part of the issue proceeds, will be paid by the Company, as consideration to Promoters, Directors, Promoter Group Companies, key managerial personnel except in the usual course of business.

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TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, Company's Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, FIPB, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment.

Mode of payment of Dividend

Our Company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956, if recommended by their board and declared at its general meeting.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Red Herring Prospectus at an Issue Price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of Articles of Association of the Company dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page no. 159 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of Equity Shares of the Company shall only be in dematerialised form.

Since trading of Equity Shares of the Company is compulsorily in dematerialized mode, the tradable lot is one Equity Share.

Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares subject to a minimum Allotment of 100 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of Net Issue to public, including devolvment of Underwriters within 60 days from the date of closure of the issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company become liable to pay the amount (i.e., 60 days from the Bid Closing Date), the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Arrangements for disposal of odd lots

Since the market lot for Equity Shares of the Company will be one, no arrangements for disposal of odd lots are required.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Indore, Madhya Pradesh, India.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid Opening Date, without assigning any reason thereof.

Alpa Laboratories Limited

BASIS FOR ISSUE PRICE

Investors should read the following summary with the risk factors beginning from page no. iii and the details about the company and its financial statements included in this Red Herring Prospectus. The trading price of the Equity shares of the Company could decline due to these risk factors and you may lose all or part of your investments.

The Issue Price will be determined by us in consultation with the BRLM on the basis of assessment of market demand and on the basis of following qualitative and quantitative factors for the Equity Shares offered by the Book Building process.

QUALITATIVE FACTORS

Multi-product capability

We have approvals to manufacture 1366 formulations. We routinely manufacture 300 to 350 types of formulations based on market demand and limited formulation lines. However, we have versatile manufacturing facilities which can produce multiple products using a combination of processes. The flexible manufacturing infrastructure helps us change our product mix in response to changes in market demand. We have complete infrastructure of formulation development, pilot plant and validation studies and are able to develop efficient and cost effective specialized processes at short notice.

Established client relationship

We have established client relationships in domestic and international markets from whom we get orders on a continuous basis. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and growing our business. Some of the domestic clients from whom continuous orders have been received are Jai Ambe Pharma, Mac Pharma, Mahaveer & Co, Trimurti Drugs & Pharmaceuticals Ltd, Bharat Medical Corp., Starry Healthcare Private Limited and Sen Enterprises. The major international clients include Pehacheve S.A., Synergy Healthcare Limited, Farmad S.A., Abeer Pharmaceuticals, Kaytee Star Limited and Regional Bargains Limited..

International Standards

Our Company has been continually WHO GMP certified since 2001. This certification, currently valid till December 31, 2007 has been awarded to the Company by the State Drugs Controlling Authority, Directorate of Health & Family Welfare, Madhya Pradesh. All products manufactured at our manufacturing plant are covered under this certification. For the period 2001-02, we achieved audit and WHO GMP certification by SGS, Belgium.

Complying with environmental norms

We have already set up systems in the existing business which not only meet the present environment norms but are also geared to face the stricter environmental norms when enforced and thereby enabling us to leverage newer business opportunities.

Locational advantage

Our unit is situated at Pigdambar, Indore. The location is in close proximity to infrastructural facilities as under:

- Road – Our facility is situated at Agra-Bombay National Highway (NH3) which is well connected with major business cities.
- Freight Charges - The developed transportation on the route (NH3) provides competitive freight charges.
- Port - Pithampur, being a Dry Port is 20 kms from the plant thus facilitating exports as well as imports.
- Manpower- The skilled manpower is easily available in and around the area where our plant is situated thereby fulfilling our human resource requirements.
- Water- Water is one of the basic requirement of pharmaceutical companies. We are situated adjacent to the Narmada River Water Supply pipeline, facilitating easy access to river water (fulfilling our requirement of 30,000 liters/day).

Experienced management team

Our company is managed by a team of experienced and professional managers with experience of different aspects of pharmaceutical industry including production, quality control, sales, marketing and finance. Our promoters and management are qualified approved chemists and have an experience of around 35 years in pharmaceutical industry.

Quantitative Factors

1. Adjusted Earning Per Equity Share*

Period	Earning per Equity Share (Rs.)*	Earning per Equity Share (Rs.)**	Weight
FY 2006-07	-	5.25	3
FY 2005-06	73.13	7.31	2
FY 2004-05	26.11	2.61	1
Weighted Average		5.50	

* Face value of the equity shares is Rs. 100/- each. The Equity Shares were split into face value of Rs. 10/- with effect from July 28, 2006.

** Assuming face value of Rs. 10/- per Equity Share

2. Price / Earning (P/E) ratio

- Price / Earning Ratio (P/E) based on the higher end of the price band (Rs. 68 per Equity Share) and on the EPS for year ended March 31, 2007 (Rs. 5.25) : 12.95
- Price / Earning Ratio (P/E) based on the lower end of the price band (Rs. 62 per Equity Share) and on the EPS for year ended March 31, 2007 (Rs. 5.25) : 11.81

Industry P/E – Pharmaceutical (Formulations)

- Highest 22.1
- Lowest 3.8
- Average 13.4

*(Source: Capital Market June 4, 2007- June 17, 2007)

3. Return on Net Worth (RoNW)

Year	RoNW %*	Weight
FY 2006-07	23.57	3
FY 2005-06	23.35	2
FY 2004-05	19.73	1
Weighted Average	22.86	

* Face value of the equity shares is Rs. 100/- each. The Equity Shares were split into face value of Rs. 10/- with effect from July 28, 2006.

4. Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS of Rs. 5.25 is 13.20% at the lower end of the price band and 12.38% at the upper end of the price band.

Alpa Laboratories Limited

5. Net Asset Value per share (NAV)

	Adjusted NAV
As of March 31, 2007	Rs. 22.26*
After the Issue at the lower end of Price band of Rs. 62 per Equity Share	Rs. 39.77
After the Issue at the upper end of Price band of Rs. 68 per Equity Share	Rs. 42.42
Issue Price	Rs. [●]

NAV per share = Paid up share capital + Reserves and surplus – Miscellaneous expenditure not yet written off / Number of Equity Shares of the Company outstanding.

6. Comparison with Industry Peers * (Pharmaceuticals Formulations)

Name of the Company	Face Value (Rs.)	EPS (Rs.) (TTM)	P/E (times)	NAV (Rs.)	RoNW (%)
Parental Drugs	10	12.6	6.5	82.4	3.7
Syncom Formulations	10	8.8	4.3	59.5	19.0
Venus Remedies	10	32.6	12.2	70.9	69.8
Industry Average	N.A	N.A	13.3	N.A	N.A
Alpa Laboratories Limited	10	5.25**	-	22.26	23.57

* Competitors have been selected on basis of same business Line.

* (Source: Capital Market June 4, 2007- June 17, 2007)

** Assuming face value of Rs. 10/- per Equity Share

The face value of Equity Shares of Alpa Laboratories Limited is Rs. 10 and the Issue Price is Rs. [●] i.e. [●] times of the face value.

The BRLM believe that the issue price of Rs. [●] is justified in view of the above qualitative and quantitative factors. See the section titled “Risk Factors” and “Financial Statements” beginning on page no. iii and 99 of this Red Herring Prospectus, including important profitability and return ratios, as set out in the Auditors Report beginning on page no. 99 for further information.

STATEMENT OF TAX BENEFITS

To

Alpa Laboratories Limited
33/2, A. B. Road, Pigdambar,
District Indore

Dear Sirs,

Statement of Possible Tax Benefits available to the company and its Shareholders

We hereby report that the enclosed statement states the possible Tax benefits available to the Company and the share holders under the Income tax Act 1961 (Provisions of Finance Act 2007), Wealth Tax Act 1957 and the Gift Tax Act 1958, presently in force in India. Several of these benefits are dependant on the Company or is a share holder fulfilling the conditions prescribed under the relevant provisions of the Statute. Hence the ability of the company or its share holders to derive the tax benefits is dependant upon fulfilling such conditions, which based on business imperatives of the company faces in the future, the Company, may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders. Each investor is advised to consult his or her own tax consultant with respect to the specific tax implication arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- i) Company or its shareholder will continue to obtain these benefits in future; or.
- ii) The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statements are based on information, explanation and representation obtained from the company and on the basis of our understanding of the business activities and operations of the Company.

For C. H. Padliya & Co.,
Chartered Accountants

S. C. Padliya
Partner

Place: Indore

Date: June 11, 2007

Membership No: 71666

Alpa Laboratories Limited

TAX BENEFITS CERTIFICATE

M/s C.H.Padliya & Co., Chartered Accountants the Auditors of the Company, have certified vide their letter dated June 11, 2007 that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter-alia, will be available to the Company and the members.

(A) BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

The Company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act, 1961 (The Act):

Deduction U/s 35 of the Act:

In accordance with and subject to the provisions of Section 35, the company would be entitled to deduction in respect of expenditure laid down in section 35 (1) (iv), in respect of any Capital expenditure incurred other than the expenditure incurred on the acquisition of any land on scientific research related to the business of the company, to the extent of expenditure incurred.

Deduction U/s 35D of the Act:

The Company is eligible for amortization of preliminary expenses being the expenditure on public issue of shares under section 35D (2) (c) (iv) of the Act. Subject to limits specified in sub section (3).

Deduction under section 32 of the Act:

Under section 32 of the Act, the company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.

(B) BENEFITS TO THE MEMBERS OF THE COMPANY UNDER INCOME TAX ACT, 1961:

(a) RESIDENT MEMBERS:

The Company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act, 1961 (The Act):

1. Dividend exempt U/s 10(34) of the Act:

Under section 10(34) of the Act., provides that any income by way of dividend income referred to in section 115 -O of the Act., i.e dividend declared, distributed or paid by a domestic company, on or after 1st April 2003 is exempt in the case of all categories of assesses.

2. Capital Gains exempt U/s 10(38) of the Act:

Long Term Capital gains arising from transfer of equity shares in a company or a unit of an equity – oriented fund is exempt from tax under section 10 (38) of the Act if the following conditions are satisfied:

- i) The transaction of sale of such equity shares or units is entered into on or after 1st October, 2004.
- ii) The transaction is chargeable to securities transaction tax.

3. As per the provisions of the section 54 ED of the Act, and subject to the conditions specified there in, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed shares forming part of an “Eligible issue of share capital” with in 6 months from the date of transfer of the long term asset (provided they are not transferred with in one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- (i) The issue is made by a public company formed and registered in India: and
- (ii) The shares forming part of the offer for the subscription to the public.

The issue of shares by the company being an eligible issue of share capital, the subscribers there to would be eligible to claim the exemption granted under section 54ED.

4. In case of shareholder, being an individual or Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, would be entitled to exemption from Long Term Capital Gains on sale of their shares in the company upon investment of Net consideration in purchase/ construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase / construction the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gain in the year in which such residential house is transferred.
5. Under Section 111A of the Income Tax Act 1961 and other relevant provisions of the Act, any short term capital gains, (in cases not covered under section 10(38) of the Act and if such shares are held for a period of less than 12 months), arising on transfer of shares of the company shall be taxed at a rate of 10% (plus applicable surcharge plus education cess) if the following conditions are satisfied.
 - i. The transaction of sale of such equity share or unit is entered into on or after October 1, 2004 ; and
 - ii. Such transaction is chargeable to Securities Transaction Tax.

Provided that in the case of Individual or HUF being a resident, where the total income as reduced by such short term capital gain is below the maximum amount which is not chargeable to income tax then such short term capital gain shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance short term capital gains shall be computed @ 10%.
6. Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long Term Capital Gains (in cases not covered under section 10(38) of the Act) arising on transfer of shares in the company held for more than 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess). The amount of such tax should however, be limited to 10% (plus applicable surcharge and education cess) with out indexation, at the option of the shareholder, if the transfer is made after listing of shares.

(C) NON-RESIDENT INDIANS / MEMBERS (OTHER THAN FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

1. In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after April 1, 2003) received on the shares of the domestic company is exempted from the tax.
2. In terms of Section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being equity shares in a company or a unit of any equity oriented fund would not be liable to tax if the following conditions are satisfied.
 - (a) The transaction of sale of such equity share is entered into on or after 1st October, 2004.
 - (b) The transaction is chargeable to securities transaction tax.
3. Under the provisions of Section 48 of the Act, Capital Gains arising to a Non-Resident from the transfer of Capital Asset being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in terms of such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company.
4. As per the provisions of the section 54 ED of the Act, and subject to the conditions specified there in, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed shares forming part of an "Eligible issue of share capital" within 6 months from the date of transfer of the long term asset (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

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- I. The issue is made by a public company formed and registered in India: and
- II. The shares forming part of the offer for the subscription to the public.

The issue of shares by the company being an eligible issue of share capital, the subscribers there to would be eligible to claim the exemption granted under section 54ED.

5. In case of shareholder, being an individual or Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, would be entitled to exemption from Long Term Capital Gains on sale of their shares in the company upon investment of Net consideration in purchase/ construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase / construction the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gain in the year in which such residential house is transferred.
6. Under Section 111A of the Income Tax Act 1961 and other relevant provisions of the Act, any short term capital gains, (in cases not covered under section 10(38) of the Act and if such shares are held for a period of less than 12 months), arising on transfer of shares of the company shall be taxed at a rate of 10% (plus applicable surcharge plus education cess) if the following conditions are satisfied.
 - i. The transaction of sale of such equity share or unit is entered into on or after October 1, 2004 ; and
 - ii. Such transaction is chargeable to Securities Transaction Tax.

Provided that in the case of Individual or HUF being a resident, where the total income as reduced by such short term capital gain is below the maximum amount which is not chargeable to income tax then such short term capital gain shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance short term capital gains shall be computed @ 10%.

7. Under Section 115-I of the Income Tax Act, a non-resident Indian (i.e. an individual being a citizen of India or a person of Indian Origin who is not a "resident") share holder has an option to be governed by the provisions of Chapter XII-A (Sections 115- C to 115-I) of the Income Tax Act, 1961 viz. "Special provisions Relating to Certain incomes for Non-Residents" which are as follows:-
8. Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible foreign exchange by a Non-resident Indian, capital gains arising to the Non-resident Indian on transfer of shares held for a period exceeding 12 months, shall, (in cases not covered under section 10(38) of the Act), be concessional tax at the rate of 10% (plus applicable surcharge and education cess). (with out indexation benefit but with protection against foreign exchange fluctuation)
 - ii. Under the provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-resident Indian from transfer of shares of the company subscribed to in convertible foreign exchange shall not chargeable to Income Tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
9. Under the provisions of Section 115G of the Act, it shall not be necessary for a Non - resident Indian to furnish their return of Income under section 139(1) of the Act. if their source of income is only investment income or long-term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deducted at source has been deducted there from.
10. Under Section 115H of the Act, where a Non-Resident Indian becomes assessable to tax in India, in relation to any previous year, as resident in India in respect of their total income of any subsequent year, they may furnish to the Assessing Officer a declaration in writing along with their Return of Income under Section 139 for the assessment year for which they are so assessable, to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to the investment income derived from any foreign exchange

asset, being asset of the nature referred to in sub clause (ii) to sub clause (v) of the clause (f) of Section 115C of the Income Tax Act, in which case the provisions of Chapter XII A shall continue to apply to them in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

11. Under section 115-I of the Act, a Non- resident Indian, if they elects by so declaring in the return of their income for the assessment year, not be governed by the above mentioned special provisions XIII-A, then they will be entitled to tax benefits available to resident individuals.
12. As per the provisions of 90(2) of the Act, the provisions of the Act., would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non resident.

(D) FOREIGN INSTITUTIONAL INVESTORS:

1. In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the company is exempted from the tax.
2. In terms of Section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being equity shares in a company or a unit of any equity oriented fund would not be liable to tax if the following conditions are satisfied.
 - i. The transaction of sale of such equity share or unit is entered into on or after October 1, 2004 ; and
 - ii. Such transaction is chargeable to Securities Transaction Tax.
3. As per the provisions of the section 54 ED of the Act, and subject to the conditions specified there in, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed shares forming part of an "Eligible issue of share capital" with in 6 months from the date of transfer of the long term asset (provided they are not transferred with in one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:
 - (i) The issue is made by a public company formed and registered in India: and
 - (ii) The shares forming part of the offer for the subscription to the public.

The issue of shares by the company being an eligible issue of share capital, the subscribers there to would be eligible to claim the exemption granted under section 54ED.
4. Under Section 111A of the Income Tax Act 1961 and other relevant provisions of the Act, any short term capital gains, (in cases not covered under section 10(38) of the Act and if such shares are held for a period of less than 12 months), arising on transfer of shares of the company shall be taxed at a rate of 10% (plus applicable surcharge plus education cess) if the following conditions are satisfied.
 - i. The transaction of sale of such equity share or unit is entered into on or after October 1, 2004 ; and
 - ii. Such transaction is chargeable to Securities Transaction Tax.
5. Under section 115AD of the Act, income received by a Foreign Institutional Investor in respect of securities shall be taxed @ 20% . Income by way of long term capital gains arising from the transfer of such securities shall be taxed @ 10% with effect from assessment year 2005-06, income by way of short term capital gains arising from the transfer of such securities shall be taxed @ 10% (plus applicable surcharge and education cess)

(E) BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS:

In Terms of section 10 (23FB) of the Act, all venture capital companies / funds registered with securities and exchange board of India, subject to the conditions specified, are eligible for exemptions on income tax on all their income, including dividend from and income from sale shares of the company.

(F) BENEFITS AVAILABLE TO MUTUAL FUNDS:

As per provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual funds set up by Public Sector Banks

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or Public financial institutions and Mutual Funds authorized by Reserve Bank Of India would be exempt from Income tax, subject to the conditions as the Central Government may by a Notification in the official Gazette specify in this behalf.

II. UNDER WEALTH TAX ACT, 1957:

The member of the company will not be liable to pay any Wealth Tax in respect of Shares held by them since the same are not covered under the definition of "ASSETS" under section 2(ea) of the Wealth Tax Act, 1957.

III. UNDER GIFT TAX ACT, 1958:

Tax is not leviable in respect of any gifts made to relatives as covered under section 56 (1)(v) on or after September 1, 2004, therefore any gifts of shares to relatives will not attract gift tax.

NOTES:

1. All the above benefits are as per the Current Tax Law as amended by the Finance Act, 2007.
2. The stated benefits will be available only to the sole/first named holder in case joint holders hold the shares.
3. The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares. The statements made above are based on the tax laws in force as also under the finance Bill, 2007 and as interpreted by relevant taxation authorities as of date. Investors are advised to consult their tax advisers with respect to the tax consequences of their holdings based on their residential status.
4. In respect of Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the Country in which the Non Resident has fiscal domicile.
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.
6. The Tax Benefits listed above are not exhaustive.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The Indian Pharmaceuticals sector has come a long way, being almost non-existent during 1970, to a prominent provider of health care products, meeting almost 95% of country's pharmaceutical needs. The domestic pharmaceutical output has increased at a compound growth rate (CAGR) of 13.7% per annum. Currently the Indian pharmaceutical industry is valued at approximately \$ 8.0 billion. Globally, the Indian industry ranks 4th in terms of volume and 13th in terms of value. Indian pharmaceuticals industry has over 20,000 units. Around 260 constitute the organized sector, while others exist in the small scale sector. However, the Indian pharmaceutical sector is currently undergoing unprecedented change. This can be attributed largely to the country's introduction of product patents on January 1, 2005. Under the new patent regime, many multinationals are making a comeback on the Indian centre stage; the attractions being India's traditional strengths in contract manufacturing and as an outsourcing location for R&D, particularly for clinical trials and other services.

(Source: FICCI Report for National Manufacturing Competitiveness Council, 2005)

Today the sector has increasing direct investment from MNCs and is placing more emphasis on the biotech segment and brand development. Global pharmaceutical outsourcing is also gaining popularity and Indian companies are well poised to exploit this opportunity with its technical skills, regulatory skills, cost advantage and global relationships.

India is fast becoming a leading destination for CRAMS with advantages like cGMP and FDA compliant facilities, manufacturing capabilities, R&D base, superior information technology capability, cost efficiency and pool of skilled personnel.

Key Trends

- Indian Pharmaceutical industry is on a global acquisition drive and is becoming a significant player of the global pharmaceutical market in the generics space.
- Global pharmaceutical value chain is being redefined by Indian players through building collaborative networks and becoming outsourcing partners of the MNC pharmaceutical majors.
- The Draft New Drug Policy, which intends to bring additional 354 drugs under price control, has been opposed by the pharmaceutical industry. The matter is now referred to a Committee which is expected to give its report.
- Many Indian pharmaceutical companies are now unlocking the value of their NCEs, which are currently under development, by out-licensing them to a pharmaceutical MNC or de-merging them into a separate company. Private equity funding is also being considered as alternate funding mechanism.
- There is an increasing visibility in the Contract Research and Manufacturing (CRAMS) space, which is being considered as the next emerging and scalable opportunity for the Indian pharmaceutical industry.
- In the generics space the pricing pressure continues, however, Indian companies have been able to win rights on blockbuster drugs.
- With the advent of product patent regime and increasing affordability, MNC companies are planning to accelerate launch of their patented products in India.

(Source: FICCI Report for National Manufacturing Competitiveness Council, 2005)

Key Industry Considerations

Pricing pressure - Generics, one of the largest segments of the Pharmaceutical industry, has been facing intense pricing pressure on the back of slowdown in the patent expiries, advent of authorized generics and increased competition among new and existing players. With the entry of small and medium sized firms, the price erosion to the tune of 85-90 per cent has become an industry norm.

Low R&D spends - Introduction of Patent Act in 2005 restricts the use of reverse engineering, which was the main driver of growth of the non-generic Indian pharmaceutical industry.

For Indian manufacturers to fulfill their ambitions to become significant players on the world stage, significant investment in R&D is required at 2 - 4 percent of sales, these are currently far below the global spend levels of 10 to 20 percent.

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Price Controls - the draft New Drug Policy intends to bring an additional 354 drugs under price control. This would lead to increasing the DPCOs span of control over 50-60 percent of the market as compared to the current 25 per cent. Drug prices in India are amongst the lowest in the world.

(Source: FICCI Report for National Manufacturing Competitiveness Council, 2005)

Pharmaceutical companies are going for compliance with International regulatory agencies like USFDA, MCC etc. for their manufacturing facilities.

Indian companies are proving to be better at developing APIs than their competitors from target markets and that too with non-infringing processes. Indian drugs manufacturers are either entering in to strategic alliances with large generic companies in the world of off-patent molecules or entering in to contract manufacturing arrangements with innovator companies for supplying complex under-patent molecules.

The Boston Consulting Group estimated that the contract manufacturing market for global companies in India would touch \$900 million by 2010. Industry estimates suggest that the Indian companies bagged manufacturing contracts worth \$75 million in 2004.

Special Economic Zones (SEZs): The new SEZ Act is expected to take India's manufacturing competitiveness to the next level. Indian pharmaceutical industry which is becoming a global player in the international arena through its export focused approach is also in the lead among various industries for capturing this emerging opportunity. As many as 15 industry specific SEZs received an in-principle approval from the SEZ Board consisting of 11 pharma SEZs and 4 Biotech SEZs.

Global Acquisitions: Indian pharma companies have been among the most aggressive investors for foreign pharmaceutical assets. A few large acquisitions have catapulted Indian companies into the global league, competing against generic giants. For e.g. with Betapharm's acquisition Dr. Reddy's has become the 4th largest generic company in Germany while Terapia's acquisition has made Ranbaxy the third largest generic player in Romania. Indian pharmaceutical companies focused more on EU region for acquisitions where, they believed, a wider range of companies were available at reasonable valuations. A buoyant Indian stock market facilitated the Indian Pharmaceutical majors accessing acquisition instruments in the form of Foreign Currency Convertible Bonds (FCCBs) and increasing private equity funding.

(Source: India Pharma Inc. – Competing Globally – Background Note, Pharma Summit, 2006)

EXISTING BUSINESS

Business Overview

We are engaged in the business of manufacturing of pharmaceutical formulations. We manufacture a range of products such as ethical drugs, generic drugs, over the counter drugs (OTC) and veterinary products in various dosage forms and market them under the trade mark “Alpa” which is a registered trademark in the name of Alpa Labs (India) Limited, a promoter group company. We also manufacture formulations for a number of other pharmaceutical companies of national and international repute such as Cipla, Zydus Cadila, Lupin, Glenmark, Genom Biotech, Jenburkt, etc. (under their own brands) located both in India and abroad in countries such as Philippines, Iran, Iraq, Sierra Leon, Madagascar, Kenya, Liberia, Puerto Rico, Haiti, Sudan, Ghana, Nigeria, Srilanka etc. Further, we also undertake contract manufacturing of a large variety of pharmaceuticals.

We manufacture various dosage forms which include injectables (vials / ampoules both liquid and dry), tablets, capsules, eye / ear drops, ointment and creams and dry syrups. We have an established product-marketing network covering both metro and mini metro cities, which enable us to reach our existing and potential customers through our network of distributors and dealers spread across the country. For the purpose of marketing the various products, our Company’s business has been categorized as Branded Generic Division, Veterinary Division, Exports Division and Contract Manufacturing Division as explained below:

Branded Generics Division: We have approvals to manufacture 1366 formulations which comprises of branded and non-branded generic formulations.

Veterinary Division: Apart from manufacturing formulations for human well being, our Company also manufactures pharmaceutical formulations for the animal health. The segment of animal health products growing in third world countries hence offering a business opportunity for us and accordingly, we sell our veterinary products both in India and abroad through dealer & distributor network. Our Company has recently launched products of this segment on ethical promotion basis also in 5 states with an initial range of 27 products.

Exports Division: The Company also exports a range of products (human and veterinary) to different countries including Philippines, Iran, Iraq, Sierra Leon, Madagascar, Kenya, Liberia, Puerto Rico, Haiti, Sudan, Ghana, Nigeria, Srilanka etc. The export activity of our Company has been increasing and our Company has witnessed an upward trend in its sales through exports from Rs. 40 lakhs in the financial year 1998-99 to Rs. 1229.00 lakhs in 2006-07. For year-wise growth in exports, please refer to page no. 69 of the Red Herring Prospectus.

Contract Manufacturing Division: Apart from manufacturing the products and selling under its own brand, our Company is also into contract manufacturing wherein global pharmaceutical companies are outsourcing pharmaceutical products like bulk drugs, drug intermediaries and formulations to Indian Companies and accordingly we manufacture products on contract basis for various Companies like Cipla, Zydus Cadila, Lupin, Glenmark, Genom, Biotech, Jenburkt etc.

OUR COMPETITIVE STRENGTHS

Multi-product capability

We have approvals to manufacture 1366 formulations. We routinely manufacture 300 to 350 types of formulations based on market demand and limited formulation lines. However, we have versatile manufacturing facilities which can produce multiple products using a combination of processes. The flexible manufacturing infrastructure helps us change our product mix in response to changes in market demand. We have complete infrastructure of formulation development, pilot plant and validation studies and are able to develop efficient and cost effective specialized processes at short notice.

Established client relationship

We have established client relationships in domestic and international markets from whom we get orders on a continuous basis. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and growing our business. Some of the domestic clients from whom continuous orders have been received are Jai Ambe Pharma, Mac Pharma, Mahaveer & Co, Trimurti Drugs & Pharmaceuticals Ltd, Bharat Medical Corp., Starry Healthcare Private Limited and Sen Enterprises. The major international clients include Pehacheve S.A., Synergy Healthcare Limited, Farmad S.A., Abeer Pharmaceuticals, Kaytee Star Limited and Regional Bargains Limited..

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International Standards

Our Company has been continually WHO GMP certified since 2001. This certification, currently valid till December 31, 2007 has been awarded to the Company by the State Drugs Controlling Authority, Directorate of Health & Family Welfare, Madhya Pradesh. All products manufactured at our manufacturing plant are covered under this certification. For the period 2001-02, we achieved audit and WHO GMP certification by SGS, Belgium.

Complying with environmental norms

We have already set up systems in the existing business which not only meet the present environment norms but are also geared to face the stricter environmental norms when enforced and thereby enabling us to leverage newer business opportunities.

Locational advantage

Our unit is situated at Pigdambar, Indore. The location is in close proximity to infrastructural facilities as under:

- Road – Our facility is situated at Agra-Bombay National Highway (NH3) which is well connected with major business cities.
- Freight Charges - The developed transportation on the route (NH3) provides competitive freight charges.
- Port - Pithampur, being a Dry Port is 20 kms from the plant thus facilitating exports as well as imports.
- Manpower- The skilled manpower is easily available in and around the area where our plant is situated thereby fulfilling our human resource requirements.
- Water- Water is one of the basic requirement of pharmaceutical companies. We are situated adjacent to the Narmada River Water Supply pipeline, facilitating easy access to river water (fulfilling our requirement of 30,000 liters/day).

Experienced management team

Our company is managed by a team of experienced and professional managers with experience of different aspects of pharmaceutical industry including production, quality control, sales, marketing and finance. Our promoters and management are qualified approved chemists and have an experience of around 35 years in pharmaceutical industry.

OUR BUSINESS STRATEGY

Expand our installed capacity and widen our product range

The implementation of the proposed expansion will enable us to produce a diverse range of products. We intend to venture into segments like probiotics and prebiotics and pre-filled Syringes, as there is a consistent demand for these products. We would also be diversifying into a growing market for drugs used in lifestyle disorder segments like diabetes, cardio-vascular and gynaecology by launching the products and promoting them ethically.

Be cost competitive by increasing our capacity to benefit from economies of scale

We intend to be cost effective in our products by scaling up the manufacturing operations and through bulk purchasing of some of the raw materials and further by implementing automation processes.

Entry into regulated markets

We intend to set up regulated market compliant manufacturing facility which would enable us to tap into these markets.

Contract Manufacturing

Many R&D-based multinational pharmaceutical companies are expected to be affected by the number of drugs going off patent. To maintain their growth momentum, the affected companies have to reduce their manufacturing costs. To achieve this cost reduction, these companies are expected to increasingly outsource part of manufacturing of bulk actives and formulations. This increases the prospects for countries that offer a low-cost manufacturing base, India being one of them. We intend to expand our contract manufacturing activities to include large multinational companies.

LOCATION

Our manufacturing facilities are located at Patwari Halka No. 1, Survey No. 33/2, Village Pigdambar, Tehsil Mhow, District Indore, Madhya Pradesh.

RAW MATERIALS

The basic raw material required to manufacture formulation is basic drug / bulk drug comprising of both active and non-

active ingredients. The active raw materials are required in bulk quantities whereas non-active (diluent / excipients) are required in small quantities. We are having a system of vendors' approval for procurement of raw materials and all the raw material items are purchased only from such approved vendors. At least three vendors of repute are approved for each and every raw material items so as to ensure timely supplies.

The raw materials items are procured from time to time as per the production planning. All the raw materials items are available in India in abundance. However, we also sometimes use imported raw material. The ratio of imported and indigenous raw material consumed in value terms was 0.9% and 99.1% respectively for the financial year ended March 31, 2007. The imported raw material is purchased both under general license scheme and advance license schemes.

The major raw materials consumed by our company includes Amikacin Sulphate, Cefuroxime Sodium Sterile, Ceftriaxone sodium sterile, Gentamicin, Cefoperazone, Dexamethasone Sodium Phosphate, Hydrocortisone Sodium Succinate, Ethyl Cellulose etc (constituting 71.23% of the total raw materials cost.)

However, no long-term contract has been entered into with any of the suppliers to enable better negotiation. The normal lead-time is as under:

Local Raw Materials: 1 – 30 Days

Empty Gelatin Capsules: 30 – 45 Days

Import Raw Materials: 30 – 60 Days

In view of reputation enjoyed by our Company in the market, the raw material items are available at the most competitive rates. The suppliers are having long term relationship with our Company. Most of the purchases are on clean credit basis from 90 – 120 days without any letter of credit. There is no supply bottleneck for raw material items.

PRODUCTS

On the basis of dosage forms the products are categorized into five product lines viz. Liquid Injections, Dry Powder Injections, Tablets, Capsules and Ointments

Dosage forms	Product Name	Markets
Liquid Injections	Dicloveron Injection	Domestic
	Alpaoxy Injection	Domestic
	Alpadex	Domestic
	Alpagen	Domestic
	Bicomp	Export
Dry Powder Injections	Altaxim	Domestic/ Export
	Alcef	Domestic/ Export
	Viniclox	Domestic/ Export
Tablets	Dicloveron Plus	Domestic
	Cipo	Domestic
	Paracold	Domestic
	Diclobru	Export
	Pacezinamide	Export
	Alpaquin	Export
	Viniclox	Export
Capsules	Alpacillin	Export
	Amoxeen	Export
	Coldvin	Domestic
	Alpacycline	Domestic
	Alpacycline	Export
Ointments	Povin	Export
	Turboderm	Export
	Pandalao	Export
	Dicloveron Gel	Domestic

Alpa Laboratories Limited

Existing Installed Capacity

Product Line	Particulars	2005-2006	2004-2005	2003-2004
Liquid Injectibles	Installed Capacity	70950000	51397500	51397500
	Capacity Utilization	66630000	36838712	36565950
	% Capacity Utilization	93.91%	71.67%	71.14%
Dry Powder Injectibles	Installed Capacity	41250000	26812500	26812500
	Capacity Utilization	31308000	17296825	17727820
	% Capacity Utilization	75.90%	64.51%	66.12%
Tablets	Installed Capacity	495000000	371250000	371250000
	Capacity Utilization	402200000	272900250	268100000
	% Capacity Utilization	81.25%	73.51%	72.22%
Capsules	Installed Capacity	198000000	158400000	158400000
	Capacity Utilization	167530000	127290200	120300000
	% Capacity Utilization	84.61%	80.36%	75.95%
Ointments	Installed Capacity	13200000	7920000	7920000
	Capacity Utilization	11090000	5156600	5005200
	% Capacity Utilization	84.02%	65.11%	63.20%

Note:

- Installed capacity is based on single shift.
- Number of Working days in an year is 330.
- The actual production is inclusive of goods manufactured on job work/ loan license basis for other Companies

Proposed Capacity

Product Line	Particulars	2006- 2007	2007-2008	2008-2009
Liquid Injectibles	Installed Capacity	70950000	70950000	283800000
	Capacity Utilization	69500000	70000000	180000000
	% Capacity Utilization	97.96%	98.66%	63.42%
Dry Powder Injectibles	Installed Capacity	41250000	41250000	198000000
	Capacity Utilization	36750000	40000000	100000000
	% Capacity Utilization	89.09%	96.97%	50.51%
Tablets	Installed Capacity	495000000	495000000	990000000
	Capacity Utilization	420000000	450000000	500000000
	% Capacity Utilization	84.85%	90.91%	50.51%
Capsules	Installed Capacity	198000000	198000000	528000000
	Capacity Utilization	170000000	180000000	280000000
	% Capacity Utilization	85.86%	90.91%	53.03%
Ointments	Installed Capacity	13200000	13200000	39600000
	Capacity Utilization	11730400	12393800	27167800
	% Capacity Utilization	88.87%	93.89%	68.61%

UTILITIES

Power

The total requirement of the existing facility is 600KVA. We have a sanctioned load of 600 KVA with a contracted load of 600KVA from Madhya Pradesh State Electricity Board. In addition we have 2 DG sets of 250 KVA each as a stand by during power failure.

Water

Our current water requirement is 40, 000 liters/ day for manufacturing and other utilities, which is sourced from Narmada river pipeline and from two bore wells. We also have an underground water storage tank of 1,00,000 lts capacity; before using the same is purified using Sodium Hypochloride.

The potable water after treatment is converted to soft water, purified water and water for Injection. The soft water is exclusively used for the utility equipments. The purified water & water for injection is used for the production purposes.

Ventilation and Air conditioning systems

Heat ventilation and Air conditioning systems have been supplied by and installed by Blue Star. The factory has forced air ventilation system by which air is filtered through 5m filters and used in all operational area. The sterile areas are air conditioned with centralized AHU's and HVAC system. Separate air handling units are provided for each area to avoid cross contamination and Pressure gradient is maintained in areas to avoid outside contamination.

Plant & Machinery

Liquid Injections: We have three rotary vial washing machines for washing of glass vials, ampoule washing machine and ampoule filling machine, three liquid vial filling, bunging and sealing machines, rubber bung washing machine, dry heat sterilizer, six high speed labeling machines, etc.

Dry Powder Injections: We presently have two vial washing machines; filling, bunging and sealing machine, labeling machine and autoclave.

Tablets: We have one rapid mixer and wet granulator, four tablet compression machines, three fluid bed dryer, two blister packing machine and rotary tablet machines in this section.

Capsules: We have four capsule filling machine and three stripping machine for manufacture of capsules.

Ointment: We have three planetary mixer and twin head rotary filling, crimping & coating machine in this section.

Alpa Laboratories Limited

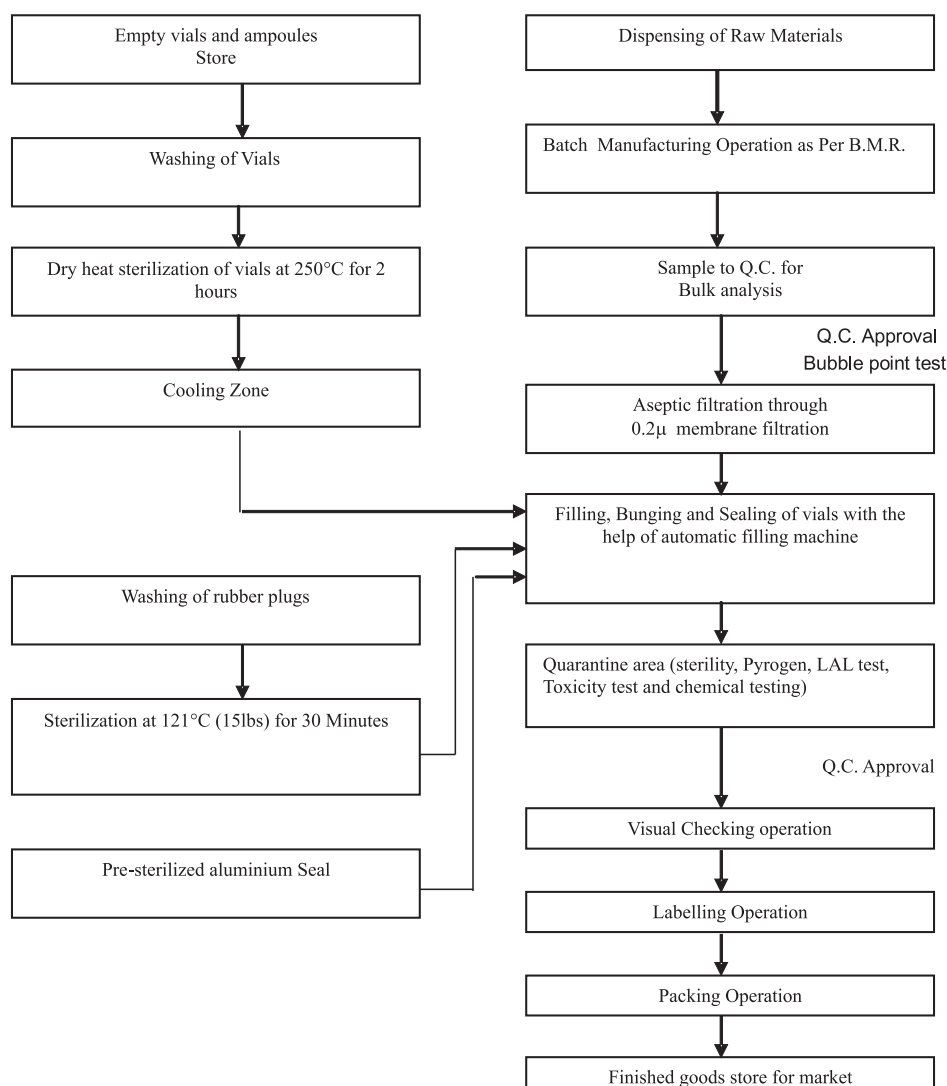
Manufacturing Process for the Existing Products categories

A. Liquid Injectibles

After receiving the raw materials the containers are de-dusted using the vacuum cleaner along with counter checking the materials for their weights as per the purchase order. The quality control sampling team samples the raw materials for testing and accordingly approved and rejected labels are pasted. The approved material are then transferred to the quarantine area and a batch is processed as instructed in batch manufacturing record (B.M.R). At the same time the vials/ ampoules/ Bungs are washed and subjected to dry sterilization and are subsequently cooled. These vials/ Ampoules are then filled with the processed batch, and bunging and sealing of vials/ Ampoules with the automatic filling, bunging & sealing machine. The packed vials/ Ampoules are then transferred to centrally air conditioned goods store

The aforesaid process for the purpose of manufacturing liquid Injectibles can be understood from the following flow chart as under:

Flow Chart

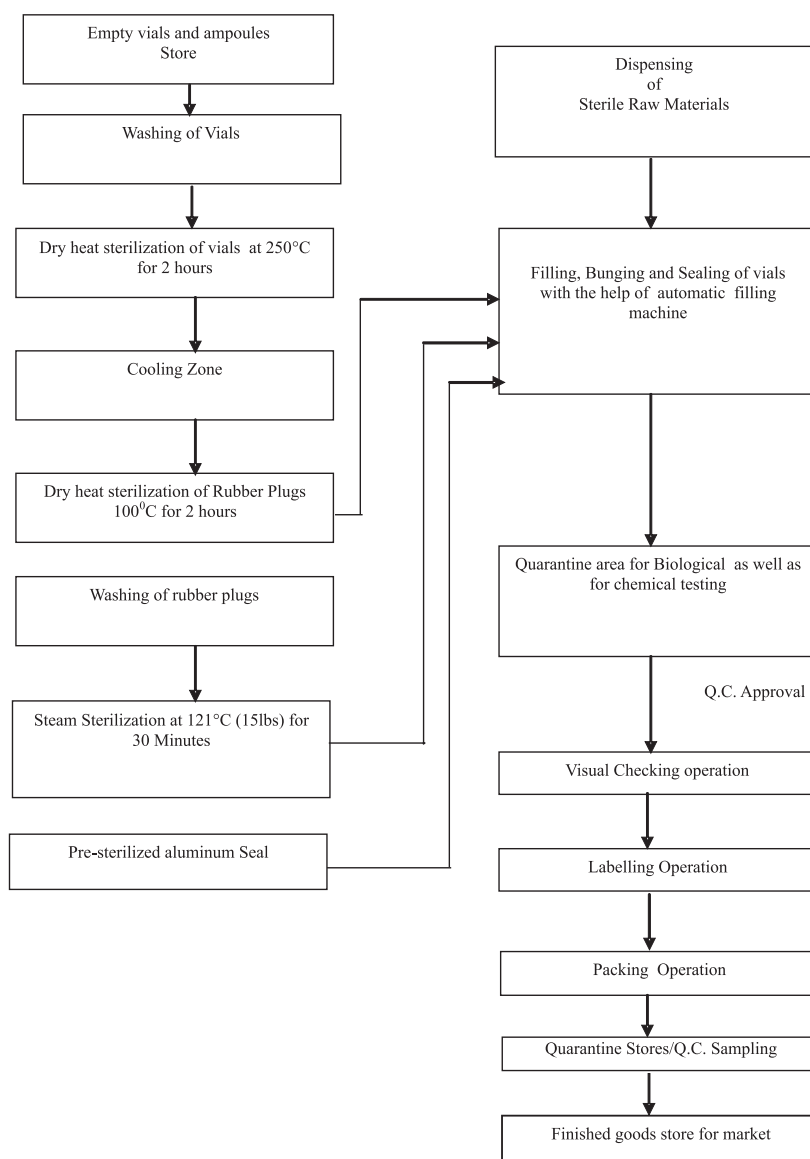


B. Dry Powder Injectibles

The sterile raw materials received are stored in the sterile area till they are sent to the processing lines. While feeding these raw materials to the processing lines they are counter checked for their weights. At the same time the vials/ ampoules/ Bungers are washed and subjected to dry/ steam sterilization and are subsequently cooled. These vials/ Ampoules are then filled with the sterile raw materials and simultaneously bunged and sealed with the automatic filling, bunging & sealing machine. These packed vials/ Ampoules are then sent to the quarantine area where they undergo chemical and biological testing. After getting the quality approval the vials/ ampoules are then transferred to centrally air conditioned goods store

The aforesaid process for the purpose of manufacturing liquid Injectibles can be understood from the following flow chart as under:

Flow Chart



Alpa Laboratories Limited

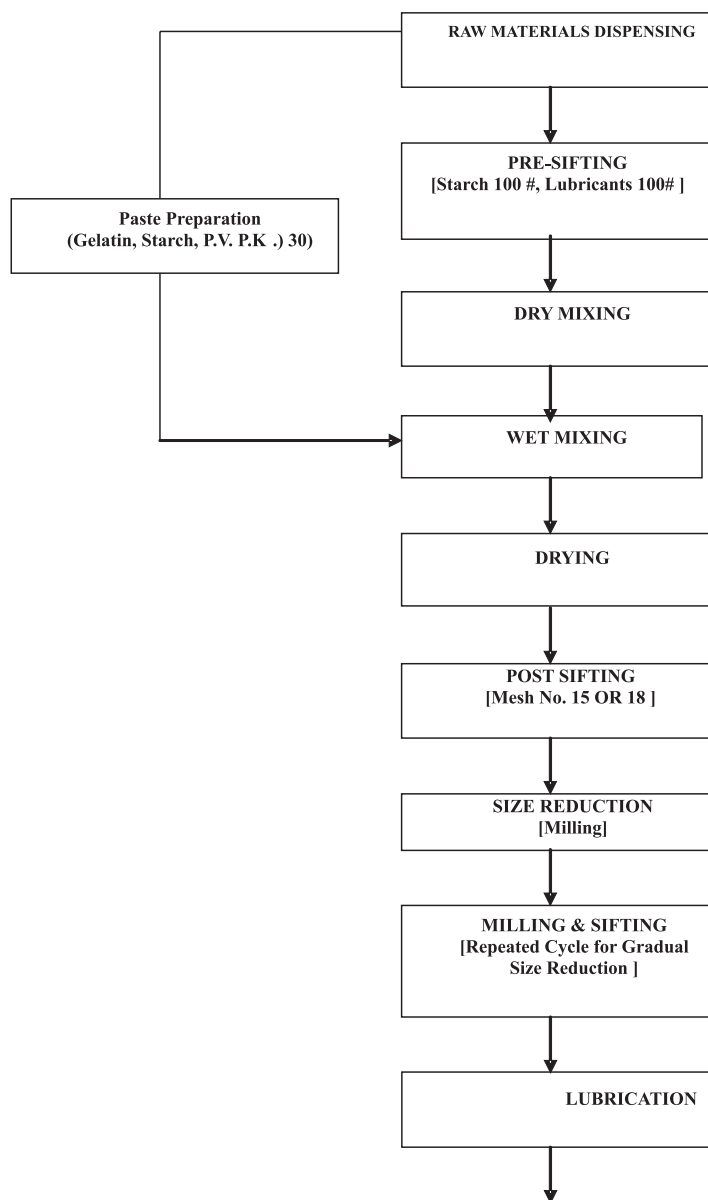
C. Tablets

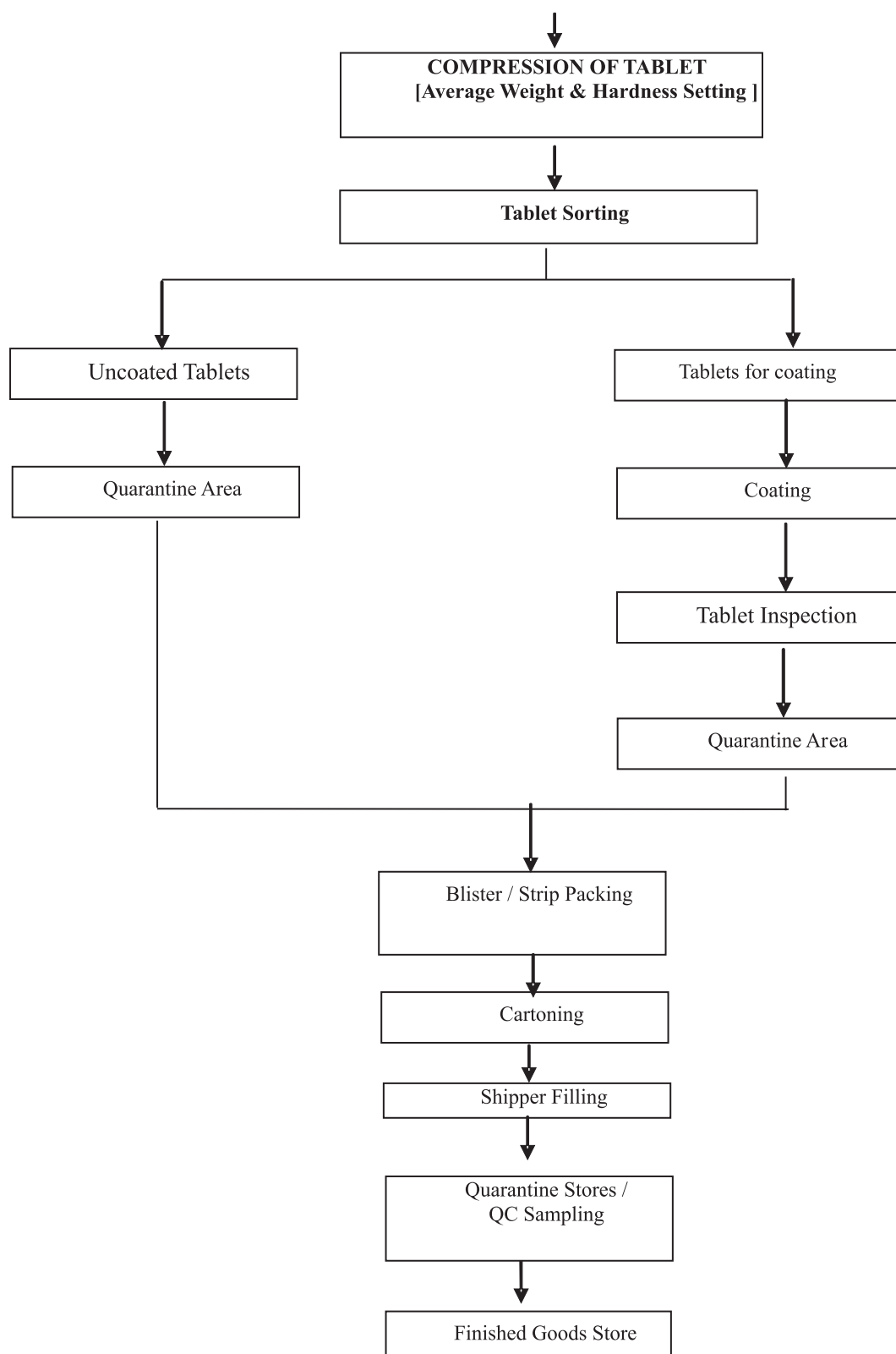
The procured raw materials for manufacturing tablets are dispensed to the sifting machine for dry mixing with starch and lubricants. The mixture is then made wet using the paste of Gelatin, Starch and P.V.P.K. The wet mixture is then dried and sent for post sifting. Further in order to smoothen the dried mixture it is passed through clut machines of various sizes. The fine mixture hence received from the clut machines is then lubricated and transferred to the Rotary Tablet punching machine where the mixture is given a shape of a tablet. The tablet thus formed goes for inspection

Depending upon the requirement, the tablets passing the inspection are either sent directly to the quarantine area or are coated and then re-inspected before sending to the quarantine area. The tablets are then packed using the blister-packing machine and cartoned and sent to the quarantine area for dispatch.

The aforesaid process for the purpose of manufacturing Tablets can be understood from the following flow chart as under:

Flow Chart





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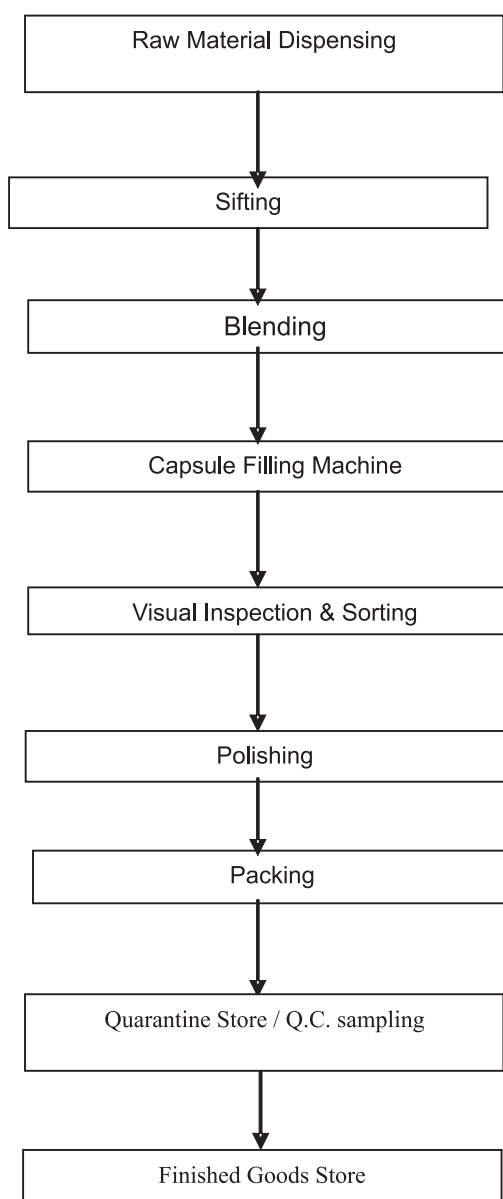
D. Capsules

The procured raw material is dispensed to the sifter machine in order to separate the coarser particles from finer particles. Once the coarser particles are removed the raw materials are then blended and sent to capsule filling machine wherein they are sealed and finally sent for visual inspection.

The capsules passing the visual inspection are polished and forwarded for blister packing and then sent to quarantine area before dispatching to the market.

The aforesaid process for the purpose of manufacturing Capsules can be understood from the following flow chart as under:

Flow Chart



E. Ointment

The procured raw materials for the manufacturing of the ointments are sent for batch manufacturing as per the instructions given in the BMR.

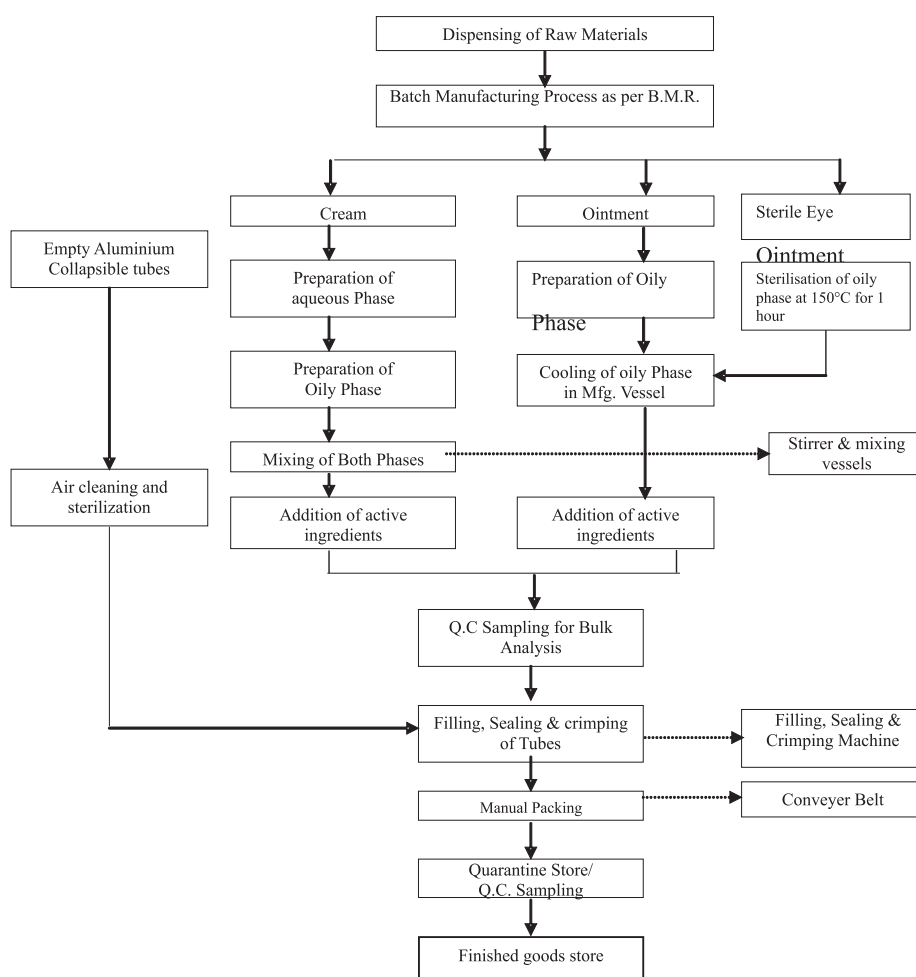
Then depending on the requirement,

- If cream is to be manufactured some part of the batch is mixed with water and some with oil and both are finally mixed in the mixer and are sent for adding active ingredients;
- If ointments (Ear Drops) are to be manufactured it is mixed with oil and then active ingredients are added after cooling;
- If the ointments (Eye Drops) are required the batch is sterilized and subsequently cooled before adding active ingredients.

After adding the active ingredients both creams and ointments follow the same manufacturing procedure. They are passed through the quality control for bulk analysis. The solution passing the quality control is filled in the tubes and sealed. The sealed tubes are then crimped in order to mark the batch number. The tubes are then manually packed and sent to quarantine area before dispatching to the markets.

The aforesaid process for the purpose of manufacturing Ointments can be understood from the following flow chart as under:

Flow Chart



Alpa Laboratories Limited

Packing & Packaging of Formulations

In pharmaceutical industry the packing material is also a major component of cost of production. The basic packing material includes glass bottles, pet bottles, glass vials, glass ampoules, PVC Foils, PVDC Foil, Aluminum Foils, Bungs, PP Caps, Plastic Jars, Measuring Cups, Pet Granules, Printed labels, Printed Cartons, Corrugated Boxes, Plastic Strips, Shrink Film. Most of the packing materials are purchased directly from the manufacturers of repute.

The formulations prepared by the company have to be packed in a hygienic manner and therefore the materials (Vials, Ampoules, Bungs, etc.) used by the company to pack these formulations have to be thoroughly cleaned. The company uses Sterilization (i.e. Dry Heat Sterilization and Steam Sterilization) methods for cleaning these materials.

Cleaning Process- In this process, the packing containers are first washed with water and then heated (If heated using heaters then the process is known as Dry heat Sterilization, if steam is used for heating then the process is known as Steam Sterilization) at a pre-determined temperature so as make it free from unwanted foreign particles. The pre-heated containers are then cooled to room temperature and are subsequently send to filling stations for packing the formulations.

The Aluminum Strips used for packing tablets, ointments and capsules are purchased as per the microbiologically recommended specifications and are stored in a sterile area at a particular temperature to ensure that they remain free from contamination.

Process for handling Raw materials, in- process materials and finished products

The raw materials are received as per the purchase order and a receipt note is prepared, the raw materials are then weighted and pasted with the yellow "under test" labels and sent to the quarantine area. The quality control department samples the raw material for exhaustive analysis and testing. The approved and rejected materials are and then sent to Raw Material Store/Rejection Departments. The approved materials in the raw material store are labeled as per the current process and sent to the production lines

The packed products from the manufacturing lines are labeled "To be checked" and sent to the quarantine area. The finished product is again sampled and sent for biological and chemical testing. After examination the approved products are labeled "Packaged" and are sent to finished goods store.

Effluents

Air Pollution

Madhya Pradesh Pollution Control Board has tested and verified the manufacturing process and has granted consent under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 dated February 20, 2003 which is valid till February 28, 2008. The air pollution generated by our plant is within the limits as prescribed by the pollution control board.

Water Pollution

Madhya Pradesh Pollution Control Board has tested and verified the manufacturing process and has granted consent under section 25/26 of the Water (Prevention & Control of Pollution) Act, 1974 dated February 20, 2003 which is valid till February 28, 2008. In order to keep the water pollution under the limits as prescribed by the board, we have installed effluent treatment plant.

Effluent Treatment Plant

The effluent to be treated is collected in the collection tank. The collected water is then pumped into the Treatment tank No. 1 where it is treated with lime water (pH 8.5- 9.5) and alum water (pH 7.5- 8.0). The treated effluent is collected in the primary settling tank and is ensured that its pH is around 8.0 and the supernatant is collected in the aeration tank where it is treated by passing air through it. The supernatant of the aeration tank is clean water, which is used for gardening purpose and the solid portion of the same generated from the drying bed is packed in bags and disposed off to the nearest disposal facility.

Waste

The effluent generated as above being suitable is used for gardening and landscaping purposes and none of the waste generated in any form is of hazardous nature.

EXISTING MARKETING SET UP

We manufacture a range of products such as ethical drugs, generic drugs, over the counter drugs (OTC) and veterinary products in various dosage forms and market them under the trade mark “Alpa” which is a registered trademark in the name of Alpa Labs (India) Limited, a promoter group company. We have organized ourself into a number of product divisions for the marketing of the products. The various product divisions are:

- Branded Generic Division
- Veterinary Division
- Exports Division
- Contract Manufacturing Division

Branded Generics Division: We have approvals to manufacture 1366 formulations which comprises of branded and non-branded generic formulations.

Veterinary Division: Apart from manufacturing formulations for human well being, our Company also manufactures pharmaceutical formulations for the animal health. The segment of animal health products growing in third world countries hence offering a business opportunity for us and accordingly, we sell our veterinary products both in India and abroad through dealer & distributor network. Our Company has recently launched products of this segment on ethical promotion basis also in 5 states with an initial range of 27 products.

Exports Division: The Company also exports a range of products (human and veterinary) to different countries including Philippines, Iran, Iraq, Sierra Leon, Madagascar, Kenya, Liberia, Puerto Rico, Haiti, Sudan, Ghana, Nigeria, Srilanka etc. The export activity of our Company has been increasing and our Company has witnessed an upward trend in its sales through exports from Rs. 40 lacs in the financial year 1999-2000 to Rs. 1229.00 lakhs in 2006-07 as under:

Financial Year	Total Exports (Rs. in lakhs)
1998-99	40.00
1999-2000	128.54
2000-01	140.18
2001-02	167.16
2002-03	281.48
2003-04	462.66
2004-05	753.60
2005-06	892.84
2006-07	1229.00

Contract Manufacturing Division: Apart from manufacturing the products and selling under its own brand, our Company is also into contract manufacturing wherein global pharmaceutical companies are outsourcing pharmaceutical products like bulk drugs, drug intermediaries and formulations to Indian Companies and accordingly we manufacture products on contract basis for various Companies like Cipla, Zydus Cadila, Lupin, Glenmark, Genom, Biotech, Jenburkt etc.

QUALITY CONTROL

Quality control has two aspects; one is maintaining the quality of raw materials, which we procure for captive consumption and another is maintaining the quality of the products we manufacture. The activities of this department comprise of

- Collection and preparation of samples, testing of raw materials and other process inputs inspection, testing and quality certification of finished products, feed back assistance to main production units to ensure control of process parameters and to take timely corrective measures.
- Conducting various tests on products to determine their purity and ensure that they are free from impurities. The various tests conducted in our laboratories are chemical testing, biological testing and instrumental testing.

Alpa Laboratories Limited

QUALITY SYSTEMS AND CERTIFICATIONS

Our manufacturing systems are designed and developed in accordance with Total Quality Management Program and the manufacturing operations are defined by written standard operating procedures.

WHO-GMP Certification

Our Company has been continually WHO GMP certified since 2001. This certification, currently valid till December 31, 2007 has been awarded to the Company by the State Drugs Controlling Authority, Directorate of Health & Family Welfare, Madhya Pradesh. All products manufactured at our manufacturing plant are covered under this certification. For the period 2001-02, we achieved audit and WHO GMP certification by SGS, Belgium.

Formulation Development

The formulation development department is completely independent of the manufacturing department and has taken following steps to improve product yield:

- Developed specifications for raw materials, in-process materials and finished products.
- Documented master formula, which forms the basis for manufacturing and packing operations.
- Developed adequate in-process controls.
- Descriptive Batch Manufacturing Record (B.M.R.) that mentions even the smallest details related to manufacturing of product.

Manpower

The details of total existing manpower employed as on May 31, 2007 is as under:

S. No	Category		Total
1	Managerial		13
2	Production	Skilled	80
		Unskilled	30
3	Technical		32
4	Clerical		38
	Total		186

Competition

The Pharmaceutical Industry is highly fragmented with large number of players both in organized and unorganized sectors. We face competition from companies both in India and abroad. Further any WHO GMP certified Pharmaceutical formulator having spare capacity & complying with Drugs and Cosmetics Act, 1940 is a potential competitor and to meet the competition, we are proposing expansion of our business activity so as to achieve diverse product portfolio, economies of scale and cost competitiveness.

Export Obligation

We have one license under the Export Promotion Capital Goods Scheme and 25 outstanding advance licenses under the Duty Entitlement Pass Book Scheme, aggregating an outstanding export obligation of Rs. 766.68 lakhs as on June 21, 2007.

The details of EPCG license is as under:

EPCG License No.	EPCG Lic Date	Export Obligation as per License	Export Obligation fulfilled as on June 21, 2007	Balance Export Obligation to be completed with 8 years from the date of License
1110000051/2/11/00	09.01.2002	Rs. 79.02 lakhs	0.00	Rs. 79.02 lakhs (by January 8, 2010)

The details of advance licenses are as under:

S. No.	Advance License No.	Advance License Date	Outstanding Obligation as per License (Rs. In lakhs)	Obligation to be completed by
1	1110010234	2/14/2005	23.10	2/13/2007*
2	1110010235	2/14/2005	20.99	2/13/2007*
3	1110011051	6/3/2005	34.42	6/2/2007**
4	1110011467	8/10/2005	13.47	8/9/2007
5	1110011669	8/31/2005	28.38	8/30/2007
6	1110012096	10/27/2005	43.34	10/26/2007
7	1110012495	1/6/2006	56.32	1/5/2008
8	1110012503	1/6/2006	14.03	1/5/2008
9	1110012774	2/21/2006	37.35	2/20/2008
10	1110013222	4/24/2006	33.45	4/23/2008
11	1110013450	5/30/2006	27.90	5/29/2008
12	1110013569	6/22/2006	38.45	6/21/2008
13	1110013651	7/4/2006	45.17	7/3/2008
14	1110013913	8/24/2006	11.30	8/24/2008
15	1110014016	9/12/2006	6.70	9/11/2008
16	1110014017	9/12/2006	18.83	9/11/2008
17	1110014025	9/14/2006	10.32	9/13/2008
18	1110014171	10/10/2006	35.33	10/9/2008
19	1110014172	10/10/2006	35.33	10/9/2008
20	1110014532	12/14/2006	3.78	12/13/2008
21	1110014580	12/22/2006	19.13	12/21/2008
22	1110014633	1/2/2007	17.56	1/1/2009
23	1110014845	2/6/2007	53.68	2/5/2009
24	1110014846	2/6/2007	35.16	8/5/2007
25	1110014848	2/7/2007	27.54	8/6/2009
26	1110015255	4/13/2007	110.07	4/12/2009
			766.68	

* We could not fulfill our export obligation arising out of these advance licenses on due date on account of change in procedure for registration of products in the target country viz. Nigeria and therefore, applied to Director General of Foreign Trade on May 5, 2007 for extension of time for a period of 6 months.

** We have completed export obligation on June 21, 2007.

Alpa Laboratories Limited

Insurance Policies

S. No.	Policy No.	Policy Type	Description	Sum Insured (In lakhs)	Premium (for the period of Policy) in lakhs)	Insured from	Date of Expiry
1	251	Standard Fire and Special Perils Policy	The policy is taken from the Oriental Insurance Company Limited, which covers Stock of all types of Pharmaceutical goods and packing material, Plant & Machinery and Building	415	0.87	21-07-06	20-07-07
2	OG-082302-4001-00000339	Standard Fire and Special Perils Policy	The policy is taken from Bajaj Allianz General Insurance Company Limited which covers Stock of pharmaceutical goods	175	0.30	25-05-07	24-05-08
3	OG-082302-4001-00000351	Standard Fire and Special Perils Policy	The policy is taken from Bajaj Allianz General Insurance Company Limited covers Stock of pharmaceutical goods	5	0.01	25-05-07	24-05-08
4	1042	Standard Fire and Special Perils Policy	The policy is taken from the Oriental Insurance Company Limited covers pharmaceutical goods including building, machinery, furniture and stocks	551	1.00	30-3-07	29-3-07
5	47051145	Industry Protector policy	The policy is taken from Iffco -Tokio General Insurance Company Limited which covers Stock, Plant and Machinery, Business and Office Furniture, Computers, Office Equipments and Lab Equipments	710	1.67	12-11-06	19-11-07
6	47051145	Industry Protector policy	The policy is taken from Iffco-Tokio General Insurance Company Limited which covers Money(cash in transit)	1	0.002	12-11-06	19-11-07
7	47051145	Industry Protector policy	The policy is taken from Iffco-Tokio General Insurance Company Limited which and covers Personal Accident Policy of Mr. Bakulesh Shah, Mrs. Parul Shah, Mr. Mahendra Singh Chawla, Mrs. Asha Chawla, Mr. Paresh Chawla, Mrs. Soni Chawla, Mr. Jayesh Patel, Mrs. Nayana Patel,	72.50	0.08	12-11-06	19-11-07

S. No.	Policy No.	Policy Type	Description	Sum Insured (In lakhs)	Premium (for the period of Policy) in lakhs	Insured from	Date of Expiry
8	47051145	Industry Protector policy	Mr. Purushottam Patel, Mr. Pravin Shah and Mrs. Saraswatiben Shah The policy is taken from Iffco-Tokio General Insurance Company Limited which covers Public liability	2.15	0.002	12-11-06	19-11-07

Our Indebtness

Name of the Bank	Type of the Loan Facility	Amount (In Rs. Lakhs)	Interest	Repayment	Security
State Bank Of Indore	Term Loan- I	190.00 Lakhs	2.70% below BPLR i.e. Presently 8.00% p.a. (Subject to minimum of 8.00% p.a.)	42 equal monthly installments of Rs. 4.41 lacs each and 43 rd installment of Rs. 4.78 lacs	Primary Security: First exclusive charge over all the existing moveable and immoveable fixed assets (both present and future) of the company, like factory land at Plot no.33/2, Pigdamber, A.B. Road, Rau and building thereat, plant and machinery, building and miscellaneous fixed assets. Collateral Security: Extension of the charge to the entire current assets of the company Extension of:- <ul style="list-style-type: none"> • Equitable mortgage of residential house situated at 29/5, South Tukoganj belonging to Smt. Kamlaben Patel w/o Shri P.R. Patel. • Equitable mortgage of residential house situated at 154, Khatiwala Tank, Indore belonging to Shri Mahendra Singh Chawla. • Equitable mortgage of residential flat situated at 201, Silver Stud. Apartments, Race Course Road, Indore belonging to Smt. Saraswati Ben Shah w/o Shri Pravin C.Shah
	Term II	200.00 Lakhs		36 monthly installments of Rs. 3.33 lacs each and subsequent 12 monthly installments of Rs. 6.68 lacs each	

Alpa Laboratories Limited

Name of the Bank	Type of the Loan Facility	Amount (In Rs. Lakhs)	Interest	Repayment	Security
					Guarantee: Personal Guarantee of the directors: Personal Guarantee of Shri. Purushottam R. Patel, Shri Mahendra Singh Chawla, Shri Pravin C. Shah, Mr. Jayesh Patel, Mr. Bakulesh C. Shah and Mr. Paresh Chawla. Third Party Guarantee: Smt. Kamlaben Patel and Smt. Saraswati Ben. Shah.

Restrictive covenants in loan agreements

As on the date of filing this Red Herring Prospectus with SEBI, our Company is availing following facilities:

1. Total Term Loan Amount: Rs. 390 Lacs to undertake expansion-cum-modernization of the existing unit by the construction of buildings, installation of Plant and Machineries and other expenses.
2. Our Company also enjoys working capital credit facility from State Bank of Indore, comprising of funded limits to the tune of Rs. 1800.00 Lacs in the form of Cash Credit limits, BNLC/FBNLC, Forex Forward Purchase Contract Limit and Non-Funded limits to the tune of Rs. 200 Lacs in the form of Letter of Credit limit and Bank Guarantee.

As per the terms of the loan agreement, we require prior written consent from the Bank, for certain activities, amongst others, including to dispose off the assets as declared in the net worth statement during the currency of the banks loan, to pay dividend, to disinvest the Promoters equity in the Company till the currency of the banks loan, to divert short-term funds for long-term uses, change in management or expansion, to compound or release any of the book debts or to do anything whereby the recovery of the same may be impeded, delayed or prevented, to call uncalled capital without notice to the Bank, to make or attempt any alterations in its Memorandum or Articles of Association or in its Capital Structure, to allow any Receiver to be appointed on the movable and immovable property of the Company which is mortgaged, pledged and/ or charged to the Bank or to allow any distress or execution to be levied upon or against the same or any thereof, not to vary the shareholding of the Directors, to effect any change in the units Capital Structure, to effect any scheme of amalgamation or reconstitution, to implement a new scheme of expansion or take up an allied line of business or manufacture, to undertake any trading activity other than the sale of products arising out of its own manufacturing/ core operations.

Sanctioned Term Loan

As per the Sanction letter No. YNRD/ADVT.15/06-07/00553 dated October 23, 2006, our Company received an approval from State Bank of Indore for sanction of additional term loan of Rs 1500 Lakhs to undertake expansion-project.

In addition, State Bank of Travancore had also sanctioned term loan of Rs. 500 lakhs for the expansion project vide their letter No. DGM/MRO/C&I dated November 23, 2006.

As per the terms of the sanction letter, we require prior written consent from the Banks for certain activities, amongst others, including to undertake any scheme of commission payable to any sister concern, to conclude any fresh borrowing arrangement either secured or unsecured with any other Bank or financial institutions, Company or otherwise, nor create any further charge over their fixed assets/ current assets, to undertake any major expansion or fresh project to acquire fixed assets, to invest by way of share capital or lend or advance to or place deposits with any concern, including associate concerns/ concerns having common representation, to formulate any scheme of amalgamation with any other Company or reconstruction, acquire any other company or any third party, to undertake guarantee obligations on behalf of any other company or any third party, to effect any change in Capital structure, to declare dividend for any year except out of profits relating to that year after making all the due and necessary provisions and provided further that no default had occurred in any repayment obligations, to make any repayment of the loans and deposits and discharge other liabilities except those shown in the funds flow statement submitted from

time to time, to make any drastic changes in the management set up, to open/ operate current accounts with any other Bank/ other branches, pay guarantee commission to the guarantors whose guarantees have been stipulated/ furnished for the credit limits sanctioned by the Bank, to create any further charge, lien or encumbrance over the assets and properties of the borrower to be charged to the Bank in favour of any other Bank, Financial institutions, Company, Firm or Person, to Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank, to undertake any trading activity other than the sale of products arising out of its own manufacturing/ core operations.

Pursuant to the aforesaid we have received no objection certificate from State Bank of Indore and State Bank of Travancore for the proposed issue vide letters dated December 5, 2006 & December 6, 2006 respectively.

PROPERTY

The company owns the following Freehold Property:

Agreement	Consideration (Rs. In lakhs)	Description of property	Area of property	Status of stamping and Registration
Sale Deed dated February 10, 1994 between M/s P.D Agrawal and Company ("Seller") and Alpa Laboratories ("Purchasers") Vide an amendment deed dated October 16, 1996 the name of the purchaser was substituted from M/s Alpa Laboratories to Alpa Laboratories Private Limited	1.95	Village Pigdambar, Tehsil Mhow, District Indore, Patwari Halka No. 1, Survey No. 33/2	Total area admeasuring 0.61 acres	Stamped and Registered with Sub- Registrar, District Indore bearing serial no. 2824 dated February 10, 1994
Sale Deed dated February 10, 1994 between M/s P.D Agrawal and Company ("Seller") and Alpa Laboratories ("Purchasers") Vide an amendment deed dated October 16, 1996 the name of the purchaser was substituted from M/s Alpa Laboratories to Alpa Laboratories Private Limited	1.95	Village Pigdambar, Tehsil Mhow, District Indore, Patwari Halka No. 1, Survey No. 33/2	Total area admeasuring 0.61 acres	Stamped and Registered with Sub- Registrar, District Indore bearing serial no. 2825 dated February 10, 1994

Permission dated October 9, 1997 was granted to the Company for the construction of a factory by the village Panchayat, Pigdambar.

The above land acquired by us has clear title and is free from all encumbrances except for the equitable mortgage created in favour of bank who have extended loan facility in the normal course of business.

Purchase of Property

Except as stated in section titled "Objects of the Issue" in this Red Herring Prospectus, on page 27 there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed as on the date of filing of this Red Herring Prospectus with SEBI, other than property:

- the contract for the purchase or acquisition whereof was entered into in the ordinary course of the business, the contract not being made in contemplation of this Issue, nor this Issue in contemplation of the contract; or
- in respect of which the purchase money is not material.

Except as stated in the section titled "Related Party Transactions" on page 97 of this Red Herring Prospectus, the Company has not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

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INTELLECTUAL PROPERTY RIGHTS

The following is a list of our Company's trademarks registered in India:

Sr. No	Trademark	Application No	Class	Registered Date	Renewal Date	Validity	Description of Goods
1	ALSEF	1017731	5	January 28, 2005	June 18, 2011	10 years	Medicinal and Pharmaceutical Preparations
2	TARIDOL	1087851	5	September 1, 2005	March 18, 2012	10 Years	Medicines and Pharmaceutical Goods

The status of the various trademarks applied for in the name of the Company is as follows:

S. No	Trademark	Application No	Application Date	Class	Description of Goods	Status
1	alpa Generics	859527	June 4, 1999	5	Medicinal and Pharmaceutical Preparations	Advertised
2	VIMICIN	1017730	June 18, 2001	5	Medicinal and Pharmaceutical Preparations	Pending for Advertisement
3	STAYVIT	1017729	June 18, 2001	5	Medicinal and Pharmaceutical Preparations	Pending for Advertisement
4	ORTHOVIN	1128528	August 26, 2002	5	Medicines and Pharmaceutical Goods	Pending for Advertisement

Our Company is using the Alpa Logo which is registered by Alpa Labs (India) Limited on November 21, 1991 and is valid till August 21, 2008. Our Company has entered into a Trade Mark Agreement with its Group Company, Alpa Labs (India) Limited on January 4, 2000 for using the Alpa Logo.

Our Company has entered into a Trade Mark Agreement with its Group Company, Alpa Labs (India) Limited on January 4, 2000 for using the following Trade Marks of Alpa Labs (India) Limited. The said agreement is deemed to be retrospective with effect from 1988. The following Trademarks are used by our Company without any consideration.

S. No	Trademark	Application No	Application Date	Class	Description of Goods	Status
1	Dicloveron	834576	December 30, 1998	5	Medicinal & Pharmaceutical Preparations	Registered on August 3, 2006
2	Paracold	834575	December 30, 1998	5	Medicinal and Pharmaceutical Preparations	Pending for Advertisement
3	PAZEMOL	882246	October 18, 1999	5	Medicinal and Pharmaceutical Preparations	Pending for Advertisement
4	Alpaplex	882247	October 18, 1999	5	Medicinal and Pharmaceutical Preparations	Pending for Advertisement
5	ALPA	882248	October 18, 1999	5	Medicinal and Pharmaceutical Preparations	Pending for Advertisement

Except as stated above, Alpa Labs (India) Limited do not own any other Trade Marks. For details about the salient terms and conditions mentioned in the Trademark User License Agreement dated January 4, 2000 between Alpa Labs (India) Limited and our Company, please refer to the Section titled "History and other corporate matters" under the head Other Agreements on page no. 79 of this Red Herring Prospectus.

REGULATIONS AND POLICIES

Drugs And Cosmetics Act, 1940

Drugs and Cosmetics Act, 1940 governs and regulates the manufacture, sale, stock, import, export, distribution of drugs. This legislation requires a company *inter alia* engaged in any of the above activities to obtain licenses for the manufacture, sale, distribution, and import of drugs, as the case may be, from the Drugs Controller General of India and to maintain records of the same. In order to obtain a License for a particular drug, the approval of the Central Drugs Laboratory certifying the standards of quality is required for which the product is subjected to series of tests involving different stages and procedures. In case of APIs, the Drug Controller General of India issues manufacturing licenses. These manufacturing and marketing Licenses are submitted by the company seeking to produce the drug to the state level authority, the Drug Control Administration which clears the drug for manufacturing and marketing. The Drug Control Administration also provides the approval for the technical staff as per the drugs and Cosmetics Act and rules framed under the legislation abiding by WHO inspection norms.

Drugs and Cosmetics Rules, 1945

These Rules have been framed under the Drugs and Cosmetics Act, 1940. These Rules, *inter alia*, provide that for the purpose of importing drugs import license and registration certificate is required from the Licensing Authority. The authorization by a manufacturer to his agent in India is documented by a Power of Attorney executed and authenticated in India before a 1st class Magistrate or in the country of origin before such equivalent authority. The Rules also provides for the approval of the Technical staff as per the Drugs and Cosmetics Act and rules framed under the legislation abiding by the World Health Organization inspection norms.

The Drugs (Prices Control) Order, 1995

The Drugs (Prices Control) Order 1995 was promulgated under the Essential Commodities Act, 1955. Under this Order, the Government of India regulates the equitable distribution and increase in supply of a bulk drugs, and regulates the availability and fair price mechanism at which bulk drugs are sold. A manufacturer has to submit a list of all the Scheduled and Non-Scheduled drugs produced by it and also the cost of each of the bulk drugs. This Order is to be read in consonance with the Drugs and Cosmetics Act, 1940.

The Government of India also fixes the ceiling price of scheduled formulations, keeping in view the cost or efficiency, or both of major manufacturers of such formulations. Such price consequently operates as the ceiling sale price for all packs including those sold under generic name. The authority appointed under the Order for regulation and fixation of drug prices is the "National Pharmaceuticals Pricing Authority" (NPPA). Upon the recommendation of the NPPA, the Ministry of Chemicals and Fertilizers fixes a ceiling price of the API and issues notifications in respect of drugs which are scheduled drugs and formulations.

The Government of India has the power under the Order to recover charges charged by companies in excess to the notified prices. A Gazetted Officer of the Central Government or State Government so appointed for the purposes of this Act is empowered to enter and search any place, seize any drug to ensure compliance with this order. Contravention of any provisions of this Order is punishable in accordance with the provisions of the Essential Commodities Act.

Drugs and Magic Remedies Act, 1954

The legislation prohibits the advertising of a drug in such a way that the advertisement contains any matter which directly or indirectly misrepresents the true character of the drug or makes a false claim or a claim which is false or misleading in any material particulars. The legislation also expressly prohibits the import or export of any document containing an advertisement relating to the same. The contravention of any provisions of this Act has been made subject to punishments as specified therein.

Narcotic Drug & Psychotropic Substances Act

The Narcotic Drug & Psychotropic Substances Act controls operations relating to narcotic drugs like opium, cannabis, and psychotropic materials.

Poisons Act

The Provisions of the Poisons Act restrict the use of poisons. The poisonous substances covered by the Act are classified into two categories. These include aconite, arsenic, morphine, heroin, essential oil of almonds, oxalic acid, poppies, chloroform, zinc chloride, etc.

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Patent Regulation

The protection and enforcement of patent rights in India are essentially governed by the Patents Act, 2005 (including the rules framed thereunder), as amended from time to time, the Patent Co-operation Treaty (PCT) and related international conventions to which India is a signatory. A patent unlike a trademark or copyright is territorial in nature meaning that an invention (be it product or process) that is patented in one country does not enjoy protection as a patented invention in any other country.

The PCT is an international treaty between more than 125 Paris Convention countries, administered by the World Intellectual Property Organization (WIPO). The PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing a single "international" patent application instead of filing several separate national or regional patent applications. The granting of patents remains under the control of the national or regional patent Offices called the "national phase". In keeping with its commitment as a signatory of Trade Related Aspects Intellectual Property Rights (TRIPs) in 1995, India is required to recognise product patents in addition to process patents in respect of pharmaceutical products. Under the amended Patents Act 1970, patents in India can be granted for a product or a process. Under the new Indian patent regime, patent protection has been increased from seven years to twenty years.

Environmental Regulations

In India, regulation and enforcement of environment protection and safety is governed by three major central regulations namely Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986. The main purpose of these legislations is to regulate prevent and control pollution, by the setting up, *inter alia* of national and regional Pollution Control Boards (PCBs) which monitor and enforce standards and norms in relation to air, water pollution and other kinds of wastes causing environmental damage.

In addition, the Environment (Protection) Act, 1986 also prescribes rules for the management and disposal of hazardous industrial wastes as governed by Hazardous Wastes (Management and Handling) Rules, 1989 and Bio-Medical Waste (Management and Handling) Rules, 1998.

Further all proposals for setting up, expansion or modernization are evaluated in terms of environment assessment impact, by the Ministry of Environment and Forests, which accords the necessary clearance for projects after evaluation of Environment Impact Assessment.

Foreign Direct Investment Policy

Industrial Licensing: Industrial licensing for all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations has been abolished, subject to stipulations laid down from time to time in the Industrial Policy, except in the cases of

- a) bulk drugs produced by the use of recombinant DNA technology,
- b) bulk drugs requiring in-vivo use of nucleic acids as the active principles, and
- c) specific cell/tissue targeted formulations

Foreign Direct Investment: Foreign Direct Investment up to 100% is permitted, subject to stipulations laid down from time to time in the Industrial Policy, through the automatic route in the case of all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations, except those, referred to in para above, kept under industrial licensing.

Foreign Technology Agreements: Automatic approval for Foreign Technology Agreements is available in the case of all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations, except those, referred to in Para above, kept under industrial licensing for which a special procedure prescribed by the Government is to be followed.

Labour Regulations

Depending upon the nature of the projects undertaken by the Company, applicable environmental and Labor Laws and regulations include the following:

- Contract Labor (Regulation and Abolition) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- Payment of Gratuity Act, 1972.
- Payment of Bonus Act, 1965.

HISTORY AND OTHER CORPORATE MATTERS

Mr. Purushottam R. Patel, Mr. M.S. Chawla and Mr. Pravin C. Shah, partners of M/s Alpa Laboratories, which was formed in the year 1967, incorporated a private limited company in the name of Alpa Laboratories Private Limited on March 18, 1988 for manufacture of pharmaceutical formulations. In the year 1998, Alpa Laboratories Private Limited was converted into a public limited company with effect from September 3, 1998 with the name of “Alpa Laboratories Limited”.

In the year 1997, we initiated setting of a new manufacturing unit at 33/2, Pigdamber, A.B. Road, Rau, District Indore, Madhya Pradesh. The unit commenced commercial production in the year 1999 of all types of formulations viz. Injectables (Vials/Ampoules both liquid and Dry), tablets, capsules, eye/ear drops, ointment and creams.

We manufacture a range of products such as ethical drugs, generic drugs, over the counter drugs (OTC) and veterinary products in various dosage forms and market them under the trade mark “Alpa” which is a registered trademark in the name of Alpa Labs (India) Limited, a promoter group company. We also manufacture formulations for a number of other pharmaceutical companies of national and international repute such as Cipla, Zydus Cadila, Lupin, Glenmark, Genom Biotech, Jenburkt, etc. (under their own brands) located both in India and abroad in countries such as Philippines, Iran, Iraq, Sierra Leon, Madagascar, Kenya, Liberia, Puerto Rico, Haiti, Sudan, Ghana, Nigeria, Srilanka etc. Further, we also undertake contract manufacturing of a large variety of pharmaceuticals.

We manufacture various dosage forms which include injectables (vials / ampoules both liquid and dry), tablets, capsules, eye / ear drops, ointment and creams and dry syrups. We have an established product-marketing network covering both metro and mini metro cities, which enable us to reach our existing and potential customers through our network of distributors and dealers spread across the country. For the purpose of marketing the various products, our Company’s business has been categorized as Branded Generic Division, Veterinary Division, Exports Division and Contract Manufacturing Division.

HISTORY AND MAJOR EVENTS

1988	Incorporation of Alpa Laboratories Private Limited
1997	Commenced setting up of manufacturing facility at Pigdamber, Indore
1998	Conversion to Alpa Laboratories Limited, a public limited company
1999	Start of commercial production
2001	WHO GMP Certification for its manufacturing facilities Entered into an agreement for Contract manufacturing at its newly constructed facility, with Plethico Pharmaceuticals Ltd., a Pharmaceutical company, for manufacturing its various range of products. The manufacturing facilities at Pigdamber were certified as WHO GMP compliant by SGS-ICS Belgium for the period 2001-02.
2003	Certified ISO 9001: 2000* The manufacturing facility at Pigdamber was approved by the Director General of Quality Assurance (DGQA), India thereby opening its doors for participating in Tenders for supplies to defence institutions** Started export of its Veterinary products and registered its 7 veterinary products in Sudan
2006	Started participation in international tenders for export in addition to domestic marketing abroad and won a major tender from CMS, Sudan. Launched Veterinary Division with a new face and ethical promotion of its Veterinary products launched in 5 states in the year 2006. Launched Ethical division for its human products

* Expired on May 14, 2006

** Expired on January 22, 2006. This certificate is not required now as our revenue have crossed Rs 2000.00 lakhs as per DGQA norms.

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CHANGES IN REGISTERED OFFICE OF OUR COMPANY

Our Registered Office was changed from 104 - Usha Nagar, Indore, Madhya Pradesh to 33/2, A.B. Road, Pigdamber Roa, District Indore – 453 446, Madhya Pradesh on November 16, 1998.

MAIN OBJECTS OF OUR COMPANY

The main objects of our Company as contained in our Memorandum of Association are as set forth below:

To carry on business as manufacturers, importers, exporters, buyers, sellers, processors, growers, makers, refiners inventors, formulators, analysts, druggists chemists, stockists, of Pharmaceuticals, Organic and Inorganic Chemicals, Medicinal preparational drugs, Drug Intermediates, Aeromatic Chemicals, Drugs and pharmaceutical formulations in usual dosage form i.e. vials, injections orals, syrup Tablets, Capsules and in any such other forms for humans as well as animal use food products, Surgical goods, mineral and metals analysis, in Ayurvedic, allopathic Homeopathic Unani products based on herbs, vegetables, fruits, plants chemical compounds.

The Main Objects clause and the objects Incidental or Ancillary to Main Objects clause of the Memorandum of Association of our Company enables us to undertake activities for which funds are being raised in this Issue. The existing activities of our Company are in accordance with the Objects clause of our Memorandum of Association.

CHANGES IN MEMORANDUM OF ASSOCIATION

a. Details of Increase in Authorised Share Capital

Date of Meeting	Authorized Capital Prior to Increase / Reclassification	Increase in Authorised Capital (Rs.)	Authorized Capital post increase / reclassification
January 24, 1998	Rs. 10,00,000/- divided into 10,000 equity shares of Rs. 100/- each	1,05,00,000/-	Rs. 1,15,00,000/- divided in to 1,15,000 Equity Shares of Rs.100/- each
March 25, 1998	Rs. 1,15,00,000/- divided in to 1,15,000 Equity Shares of Rs. 100/- each	1,35,00,000/-	Rs. 2,50,00,000/- divided in to 2,50,000 Equity Shares of Rs. 100/- each
December 31, 1998	Rs. 2,50,00,000/- divided in to 2,50,000 Equity Shares of Rs. 100/- each	1,50,00,000/-	Rs. 4,00,00,000/- divided in to 4,00,000 Equity Shares of Rs. 100/- each
December 10, 1999	Rs. 4,00,00,000/- divided in to 4,00,000 Equity Shares of Rs. 100/- each	1,00,00,000/-	Rs. 5,00,00,000/- divided in to 5,00,000 Equity Shares of Rs. 100/- each
March 31, 2003	Rs. 5,00,00,000/- divided in to 5,00,000 Equity Shares of Rs. 100/- each	6,00,00,000/-	Rs. 11,00,00,000/- divided in to 11,00,000 Equity Shares of Rs. 100/- each
September 30 2003	Rs. 11,00,00,000/- divided in to 11,00,000 Equity Shares of Rs. 100/- each	2,00,00,000/-	Rs. 13,00,00,000/- divided in to 13,00,000 Equity Shares of Rs. 100/- each
July 28, 2006	Sub division of face value of equity shares from Rs. 100/- to Rs. 10/- per share.	-	-
November 15, 2006	Rs. 13,00,00,000/- divided in to 1,30,00,000 Equity Shares of Rs. 100/- each	12,00,00,000/-	Rs. 25,00,00,000/- divided in to 2,50,00,000 Equity Shares of Rs. 10/- each

* Our Company, vide resolution passed by the shareholders' of our Company at EGM held on July 28, 2006, subdivided the face value of Equity Shares from one equity share of the face value of Rs. 100/- per equity share to 10 equity shares of the face value of Rs. 10/- per equity share.

- b. Alpa Laboratories Private Limited was converted into a Public Limited Company on September 3, 1998 with the name "Alpa Laboratories Limited".

SHAREHOLDERS AGREEMENT

There are no subsisting shareholders agreements among our shareholders in relation to our Company, to which our Company is a party or other wise has notice of the same.

OTHER AGREEMENTS

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered in to any other Agreement/Contract.

Trademark User License Agreement between Alpa Labs (India) Limited our Group Company and our Company.

Alpa Labs (India) Limited, our group company has applied to the Registrar of Trade Marks, Office of the Trade Marks Registry, Mumbai for registration of trademark of pharmaceutical and medicinal preparations namely Dicloveron, Paracold, Pazemol, Alpaplex and Alpa. We (ALPA LABORATORIES LIMITED) have been permitted to use the following trademarks namely Dicloveron, Paracold, Pazemol, Alpaplex and Alpa pursuant to a license granted Alpa Labs (India) Limited as per the terms and conditions contained in the Trade Marks Licensed User Agreement dated January 4, 2000 (the "said agreement") entered into by and between Alpa Labs (India) Limited ("the licensor") and our Company ("the licensee").

The salient terms and conditions of the said agreement are as follows:

1. This agreement shall be deemed to be retrospective with effect from 1988 and shall be without limit as to period.
2. The licensee hereby accepts that the license is exclusive, non transferable, right and license to use the said trademarks throughout the territory of India for the manufacture of the licensed goods and sale for the within and exports out of India.
3. The licensee is not authorized to grant any sublicense to use the said trademarks.
4. Licensee acknowledges and agrees that it does not have and shall not thereafter claim, acquire or assert any ownership rights in or permanent right to the use of, the said trademarks either during the term of this agreement or after the expiration or termination thereto.
5. The licensee shall promptly correct any improper usage of the said trademarks or other lack of full compliance with this agreement upon written notice thereof by licensor.
6. The licensee acknowledges and agrees that all rights in respect of the said trademarks, including all of the goodwill of the business associated, shall be the exclusive property of the Licensor and that all use of the said trademarks by the Licensee, past, present and future shall enure only to the benefit of Licensor.
7. The Licensee will assist licensor to maintain and safeguard all rights of ownership in respect of said Trademarks.
8. The licensee may not register a trademark or service mark which is either in whole or in part the same as or similar with the said trademark or which is in whole or in part a translation or transliteration into any language except with the written consent of the licensor.
9. The licensee shall allow licensor such reasonable inspection of the license's books as licensor may require and permit licensor or its representative at all reasonable times to enter license's premises where such goods are manufactured or stored for inspection.
10. The licensee must keep the confidentiality of all information and materials concerning specification, direction and techniques provided by the licensor.
11. The licensor shall supply licensee the packaging samples with getup, lay, colour schemes, arrangement of features etc time to time. Licensee acknowledges that the copyrights in such packaging designs vests exclusively with the licensor.
12. The licensee shall give information regarding any action of others which may cause infringement to any of the trademarks or trade names of the licensor.

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13. The Agreement shall be binding on and enure to the benefit of the Parties and their permitted successors and assigns.
14. This agreement and the rights hereunder shall not be assigned, transferred, pledged, sublicensed or disposed in whole or in part, either voluntarily or by operation of law or otherwise without the prior and written consent of the licensor.
15. The agreement may be terminated by either party without cause, at any time by giving a written notice of termination to the other party at least three months in advance of the effective date of such termination.
16. The licensee is not required to pay any royalty or other remuneration to the licensor for the use of the said trademarks.

Strategic Partners

Presently, our Company does not have any strategic partners.

Financial Partners

Presently, our Company does not have any financial partners.

OUR MANAGEMENT

Under the Article 134 of the Articles of Association of our Company, we cannot have less than three and more than twelve Directors. Presently, we have twelve directors on our Board. Our Company is currently managed by a Board of Directors comprising of 6 Directors. Mr. Purushottam R. Patel is currently our Company's Chairman & Managing Director. He is in charge of the overall management of our Company subject to the supervision and control of the Board.

The following table sets forth details regarding our Board of Directors:

Name, Designation, Directors Identification Number, Father's Name, Address, Age and Occupation	Age	Nationality	Date of Appointment	Date of Expiration of the Current Term of Office	Other Directorships
Mr. Purushottam R. Patel Chairman & Managing Director, 00362015 S/o Mr. Ranchodbhai Patel 29/5, South Tukoganj, Indore, Madhya Pradesh Occupation: Business	72 years	Indian	Since Incorporation – Appointed as Chairman of the Company on March 25, 1988 Appointed as Managing Director with effect from March 1, 2006 for a period of 3 years	February 28, 2009	–
Mr. Mahendra Singh Chawla Whole Time Director 00362058 S/o Mr. Kishansingh Chawla, 154, Khatiwala Tank, Indore, Madhya Pradesh Occupation: Business	64 years	Indian	Since Incorporation Re-appointment of Mr. Mahendra Singh Chawla as a Whole Time Director of our Company for a period of 3 years with effect from March 1, 2006 till February 28, 2009.	February 28, 2009	–
Mr. Pravin C. Shah Whole Time Director 01081704 S/o Mr. Chandulal Shah 202, Silver Stud, R.S.D Bhandari Marg, Indore, Madhya Pradesh Occupation: Business	60 years	Indian	Since Incorporation Re-appointment of Mr. Pravin C. Shah as a Whole Time Director of our Company for a period of 3 years with effect from March 1, 2006 till February 28, 2009	February 28, 2009	–
Mr. Sampat Lal Chaplot Non-executive Independent Director 00999138 S/o. Mr. Devi Lal Ji Chaplot, 108, Man Heritage, 6/2 South Tukogang, Indore, Madhya Pradesh Occupation : Professional	52 years	Indian	November 15, 2006	-	Nil
Mr. Vijay Padaki Non-executive Independent Director 00443285 S/o. Mr. R. S. Padaki 248, 13 th Cross, Wilson Garden, Bangalore – 560 027, Karnataka, India Occupation: Professional	68 years	Indian	November 15, 2006	-	ETC India Eleven Micro Systems Limited Resource Network for Development

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Name, Designation, Directors Identification Number, Father's Name, Address, Age and Occupation	Age	Nationality	Date of Appointment	Date of Expiration of the Current Term of Office	Other Directorships
Mr. Ashok Das Gupta <i>Non-executive Independent Director</i> 01058360 (Provisional) S/o. Kashiswar Dasgupta 14C2 Brook Tower, Hiland Park, 1925 Chak Garia, Kolkata – 700 094, West Bengal <i>Occupation: Professional</i>	58 years	Indian	November 15, 2006	-	Nil

Brief Biography of Our Directors

Mr. Purushottam R. Patel, Chairman & Managing Director

Mr. Purushottam R. Patel, aged 72 years is having more than 50 years of experience in pharmaceutical Industry. He is a graduate in Science from Gujarat University. He is a qualified manufacturing chemist, who started his career working as a medical representative, back in 1950s for Alembic Limited and then Alembic Chemical Works Co. Limited in Ujjain and Indore. He then co-founded M/s Alpa Laboratories a partnership firm in the year 1967 and has been associated with pharmaceutical marketing & manufacturing for almost 50 years. He provides strategic direction and expertise in raw material sourcing.

Mr. Mahendra Singh Chawla, Whole Time Director

Mr. Mahendra Singh Chawla, aged 64 years, holds the Bachelors Degree in Science, Indore University. He is also an approved manufacturing chemist who started his career operating as a chemist and also as pharmaceutical formulators before co-founding M/s. Alpa Laboratories in the year 1967. He has experience of around 40 years in the production and planning in the pharmaceutical industry.

Mr. Pravin C. Shah, Whole Time Director

Mr. Pravin C. Shah, aged 60 years, holds the Bachelors Degree in Science from Indore University. He is also an approved analytical chemist and is responsible for the overall operations of commercial, analytical and testing laboratory. He is also a co-founder of M/s. Alpa Laboratories. He checks and maintains the quality standards of the products manufactured by our Company. He manages the in-house analytical laboratory & the commercial testing laboratory for the last 30 years. He has knowledge in the science of testing basic drugs, bulk drugs and formulations.

Mr. Sampat Lal Chaplot, Director

Mr. Sampat Lal Chaplot, aged 52 years, holds the Bachelors Degree in Science from University of Udaipur and is also a Fellow Chartered Accountant. He holds a Diploma in Information System Audit. He has experience in tax matters, audit, company law matters, finance & planning. He has worked as a part time faculty member under the control of the Institute of Cost & Works Accounts of India during the period 1984 to 1998 and also worked with Hindustan Zinc Limited for 13 years during the period 1976 to 1989 and handled account & finance of projects, financial evaluation of purchase proposals.

Mr. Vijay Padaki, Director

Mr. Vijay Padaki, aged 67 years, holds the Masters Degree in Arts from University of Madras. He is the co-founder and Director of The P&P Group, a consultancy and research organization specializing in management and organizational development. He was earlier the visiting professor of I.I.Sc., Bangalore and part of founding faculty member of I.I.M. Bangalore. Earlier to this, he was associated with I.I.M. Ahmedabad and Ahmedabad Textile Industry's Research Association. He is a life member of many associations namely, Indian Academy of Applied Psychology, Indian Psychological Association, International Association of Applied Psychology, American Psychological Association and British Psychological Society.

Mr. Ashok Das Gupta

Mr. Ashok Das Gupta, aged 58 years, is a Chemical Engineer from Jadavpur University, West Bengal. He is presently working as President-Emami operations and with Sobhan Chemotherapeutics as senior consultant. He has worked with

Dabur Pharmaceuticals as head of global operations (2001-2003), Dabur FMCG products and anti-cancer operations (1996-2001). He has experience of working in different pharmaceutical companies like Ranbaxy at Paonta Sahib (1993-1996); ICI Private Limited, Ennore, as head of pharmaceuticals operations (1984-1992) and ICI paints factory as works manager (1992-1993).

DETAILS OF BORROWING POWERS OF DIRECTORS

The borrowing powers of our Directors are regulated by Articles 86 to 89 of the Articles of Association of our Company. For further details, kindly refer section titled "Main Provisions of Articles of Association" beginning on page no. 159 of this Red Herring Prospectus.

As per the members' resolution passed in the A.G.M of our Company held on September 30, 2005 of Directors of our Company were authorized to borrow money(s) on behalf of our Company in excess of the aggregate amount of paid up share capital and free reserves of our Company from time to time, subject to an amount not exceeding Rs. 20,000 Lakhs pursuant to section 293(1)(d) of the Companies Act, 1956.

Details of Compensation of Managing Directors / Whole Time Directors/Non Executive Directors

(i) Managing Director

Mr. Purushottam R. Patel, Chairman & Managing Director

Salary and Allowances:

1. Salary: Rs. 1,75,000/- per month effective immediately from the date of re-appointment as mentioned hereinabove.
2. Perquisites: Maximum cost to our Company for the perquisites shall be based as per the provisions of schedule XIII of the Companies Act, 1956 and as may be decided or allowed by the Board of Directors from time to time.
3. Our Company will pay Mr. Purushottam R. Patel, remuneration by way of salary, perquisites and allowance not exceeding the ceiling limit specified under Para (B) section II of Part II of Schedule XIII of the Companies act, 1956.

(ii) Whole Time Directors/Executive Directors

1. Mr. Mahendra Singh Chawla, Whole Time Director

Salary and Allowances:

1. Salary: Rs. 1,65,000/- per month effective immediately from the date of re-appointment as mentioned hereinabove.
2. Perquisites
Maximum cost to our Company for the perquisites shall be based as per the provisions of schedule XIII of the Companies Act, 1956 and as may be decided or allowed by the Board of Directors from time to time.
3. Our Company will pay to Mr. Mahendra Singh Chawla, remuneration by way of salary, perquisites and allowance not exceeding the ceiling limit specified under Para (B) section II of Part II of Schedule XIII of the Companies act, 1956.

2. Mr. Pravin C. Shah, Whole Time Director

Salary and Allowances:

1. Salary: Rs. 1,65,000/- per month effective immediately from the date of re-appointment as mentioned hereinabove.
2. Perquisites: Maximum cost to our Company for the perquisites shall be based as per the provisions of schedule XIII of the Companies Act, 1956 and as may be decided or allowed by the Board of Directors from time to time.

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3. Our Company will pay to Mr. Pravin C. Shah, remuneration by way of salary, perquisites and allowance not exceeding the ceiling limit specified under Para (B) section II of Part II of Schedule XIII of the Companies act, 1956.

(iii) Non-Executive Independent Directors

Our Non-Executive Directors are currently paid a sitting fee of Rs. 5,000/- for every Board and Committee meeting and out of pocket expenses at actuals.

Our Company has not entered into any service contracts with its Directors for providing benefits upon termination of employment.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance shall be applicable to us immediately upon listing of our Company's Equity Shares on the Stock Exchanges. We have already complied with SEBI guidelines in respect of corporate governance with respect to broad basing of Board, constituting various committees such as Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee. We undertake to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following committees.

Audit Committee:

The Audit Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

The Audit Committee was constituted at our Board meeting held on November 15, 2006. The Audit Committee comprises of the following members

Name of Director	Status in Committee	Nature of Directorship
Mr. Sampat Lal Chaplot	Chairman	Independent Director
Mr. Purushottam R. Patel	Member	Executive Director
Mr. Vijay Padaki	Member	Independent Director

Remuneration Committee:

The objective of Remuneration Committee is to assess remuneration payable to our Managing Director/Whole Time Directors; sitting fee payable to our Non Executive Directors; remuneration policy covering policies on remuneration payable to our senior executives.

The Remuneration Committee was constituted at our Board Meeting held on November 15, 2006 The Remuneration committee comprises of the following members:

Name of Director	Status in Committee	Nature of Directorship
Mr. Sampat Lal Chaplot	Chairman	Independent Director
Mr. Vijay Padaki	Member	Independent Director
Mr. Ashok Das Gupta	Member	Independent Director

Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee Committee has been formed to redress the complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of declared dividend etc.

The Shareholders'/Investors' Grievance Committee was constituted at our Board Meeting held on November 15, 2006. The Investors Grievances Committee comprises of the following members:

Name of Director	Status in Committee	Nature of Directorship
Mr. Sampat Lal Chaplot	Chairman	Independent Director
Mr. Purushottam R. Patel	Member	Executive Director
Mr. Mahendra Singh Chawla	Member	Executive Director

Shareholding of our Directors*

As per our Articles, our Directors are not required to hold any Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus

Name of the Director	Number of Shares	% Shareholding
Mr. Purushottam R. Patel	5,40,870	4.48
Mr. Mahendra Singh Chawla	13,66,600	11.33
Mr. Pravin C. Shah	11,00,580	9.13
Mr. Sampat Lal Chaplot	Nil	Nil
Mr. Vijay Padaki	Nil	Nil
Mr. Ashok Das Gupta	Nil	Nil

* The Shareholding of our Directors does not include Equity Shares held by our Directors in the capacity of karta of HUF.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Except as stated in the section titled "Our Management", "Our Promoters and their background", "Financial Statements" and "Our History and Corporate matters" beginning on page no. 83, 92, 99 and 79 respectively of this Red Herring Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which our Directors are interested, directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in Board of Directors in the last three years

The changes in the Board of Directors of our Company in the last three years are as under:

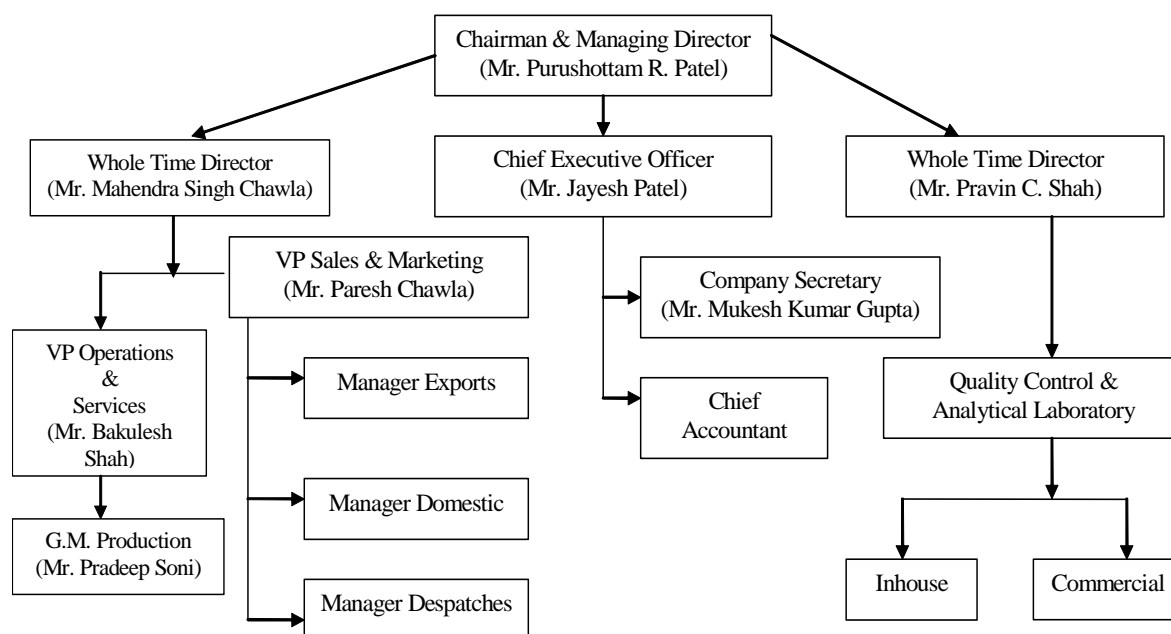
Name of the Director	Date of Appointment	Date of Resignation	Reasons for change
Mr. Bakulesh Shah	September 2, 1998	January 30, 2006	Resigned as Director. Subsequently appointed as whole time employee and holds the Designation of Vice President (Operations & Services)
Mr. Jayesh patel	September 2, 1998	January 30, 2006	Resigned as Director. Subsequently appointed as whole time employee and holds the Designation of Chief Executive Officer
Mr. Paresh Chawla	September 2, 1998	January 30, 2006	Resigned as Director. Subsequently appointed as whole time employee and holds the Designation of Vice President (Marketing and Sales)
Mr. Sampat Lal Chaplot	November 15, 2006	-	Appointed as Independent Director
Mr. Vijay Padaki	November 15, 2006	-	Appointed as Independent Director
Mr. Ashok Das Gupta	November 15, 2006	-	Appointed as Independent Director

Alpa Laboratories Limited

Our Management Organization Structure

Our overall management is vested with the Board of Directors. Our Directors are assisted by a group of senior managers, who are professionals having experience in manufacturing of pharmaceutical formulations and diverse management functions. They are all permanent employees of our Company.

The following chart depicts our Management Organization Structure:



Key Management Personnel

S. No	Name, Date of Joining	Age	Academic Qualification	Designation	Overall Experience (in years)	No of years in our Company	Previously employed
1.	Mr. Jayesh Patel – Joined in September, 1998	40 years	Master of Computer Science – USA	Chief Executive Officer	20 years	8 years	Alpa Labs (India) Limited (Erstwhile Partnership firm M/s. Alpa Laboratories)
2.	Mr. Bakulesh C. Shah - Joined in September, 1998	45 years	Bachelor of Science, Indore and Diploma in Electronics	Vice President (Operations & Services)	27 years	8 years	Alpa Labs (India) Limited (Erstwhile Partnership firm M/s. Alpa Laboratories)
3.	Mr. Paresh Chawla - Joined in September, 1998	31 years	Bachelor of Commerce, Indore	Vice President (Sales & Marketing)	12 years	8 years	Alpa Labs (India) Limited (Erstwhile Partnership firm M/s. Alpa Laboratories)
4.	Mr. Pradeep Soni Joined in January 1999	48 years	Master of Pharma, Punjab University, Chandigarh	General Manager (Production)	25 Years	8 years	Alpa Labs (India) Limited (Erstwhile Partnership firm M/s. Alpa Laboratories)
5.	Geeta Verma Joined in 1998	41 years	Bachelor Degree of Science, Indore University and also an Analytical Chemist	Quality Check Manager	22 years	8 years	Alpa Labs (India) Limited (Erstwhile Partnership firm M/s. Alpa Laboratories)
6.	Shweta Pandey - Joined in September, 2001	28 years	Bachelor of Pharmacy, Devi Ahiliya Vishwa Vidyalaya, Indore and Diploma in Management, IGNOU	Quality Assurance Manager	6 years	5 years	Sellwell Pharmaceuticals, Indore
7.	Mukesh Kumar Gupta - Joined in November, 2006	30 years	Master of Commerce, Devi Ahiliya Vishwa Vidyalaya, Indore and associate member of the Institute of Company Secretaries of India	Company Secretary	1 years	Not applicable	Arihant Future & Commodities Limited, Indore., M/s G.K. Agrawal & Co, Northern India, D.K. Jain & Co.,

1. All the persons named as our Key Managerial Personnel are the permanent employees' of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. None of the above mentioned key managerial personnel are related to each other as per the term "relative" defined under Section 6 of the Companies Act, 1956.
4. Mr. Jayesh Patel is related to Mr. Purushottam R. Patel, Chairman & Managing Director. Mr. Jayesh Patel is the son of Mr. Purushottam R. Patel. Mr. Bakulesh Shah is related to Mr. Pravin C. Shah, Whole Time Director. Mr. Pravin C. Shah and Mr. Bakulesh Shah both are brothers and Mr. Paresh Chawla is related to Mr. Mahendra Singh Chawla, Director, Operations. Mr. Paresh Chawla is the son of Mr. Mahendra Singh Chawla. Pursuant to the provisions of Section 314 1B of the Companies Act, 1956 requiring consent for appointing relatives of Director as employees of our Company in case of payment of salary to them exceeding the specified limits. We applied to the Central Government for approval for appointing of Mr. Jayesh Patel, Mr. Bakulesh Shah and Mr. Paresh Chawla as employees of our Company and payment of salary to them exceeding the prescribed limit.

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Brief Profile of Key Managerial Personnel

Mr. Jayesh Patel, Chief Executive Officer aged 40 years, completed his Post-graduation from California State Universities, United States of America. He has about 20 years of experience in the IT field where he specialized in bringing technical products to marketable stage. He was based in US during 1987 to 1996. In 1996, he joined M/s Alpa Laboratories and was responsible for setting up management systems. He was actively involved in planning and implementing the current manufacturing facilities at Pigdamber. He has gained experience in the field of project management, financial management and administration. He is presently looking after day to day operations of our Company. He is son of Mr. Purushottam R. Patel, Promoter and Director of our Company. The remuneration given to him for the financial year 2005-06 is Rs. 1.74 lacs.

Mr. Bakulesh C. Shah, Vice President (Operations & Services) aged 45 years, completed his Bachelors Degree in Science from University of Indore and is also a Diploma holder in Electronics. He is also an Approved Manufacturing Chemist and has now been working with our Company over the last 8 years. He has experience spanning more than 15 years in pharmaceutical companies. He was looking after day to day implementation of the current manufacturing facilities at Pigdamber. He presently looks after all technical operations and also actively manages other support systems. He is the brother of Mr. Pravin C. Shah, Promoter and Director of our Company. The remuneration given to him for the financial year 2005-06 is Rs. 2.40 lacs.

Mr. Paresh Chawla, Vice President (Sales & Marketing) aged 31 years is having Bachelors Degree in Commerce from University of Indore. He joined M/s Alpa Laboratories in 1994 and has been with our Company for last 8 years. He looks after sales and marketing operations of our Company in both domestic and international markets. He is the son of Mr. Mahindra Singh Chawla, Promoter and Director of our Company. The remuneration given to him for the financial year 2005-06 is Rs. 2.40 lacs.

Mr. Pradeep Soni, General Manager (Production) aged 48 years, holds the Masters Degree in Pharmaceutical from Chandigarh University. He is an approved manufacturing chemist and an Approved Analytical Chemist. He looks after production scheduling as well as production flow. He has been with our Company for the last 8 years. The remuneration given to him for the financial year 2005-06 is Rs. 1.80 lacs.

Ms. Geeta Verma, Quality Control Manager, aged 41 years, holds the Bachelors Degree in Science from Indore University and is also an Approved Analytical Chemist. She is working with our Company for the last 8 years and is involved in advancement of testing line to include latest instrumentation. She is responsible for overall management of the Quality Control Department which involves planning and supervision of testing schedules. The remuneration given to her for the financial year 2005-2006 is Rs. 1.30 lacs.

Ms. Shweta Pandey, Quality Assurance Manager, aged 28 years, holds the Bachelors Degree in Pharma and also a Diploma in Management. Before joining our Company, she has worked with Sellwell Pharmaceuticals, Indore. She is working with our Company for the last 5 years and manages all the activities of the Quality Assurance department and is also responsible for planning of quality and procedure compliance schedules and ascertaining the documentation of all production activities. The remuneration given to her for the financial year 2005-2006 is Rs. 0.94 lacs

Mr. Mukesh Kumar Gupta, Company Secretary, 30 years, holds the Masters Degree in Commerce from University of Indore. He is an associate member of the Institute of Company Secretaries of India. He is responsible for all company law matters, compliances, secretarial work and also appointed as the Compliance Officer for the proposed public issue.

Details of Shareholding of our Key Managerial Personnel in our Company

None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Red Herring Prospectus except as stated below:

Name of Director	Designation	Number of Shares as on September 30, 2006	% Shareholding
Mr. Jayesh Patel	Chief Executive Officer	5,03,300	4.17
Mr. Paresh Chawla	Vice President (Sales and Marketing)	6,34,000	5.26
Mr. Bakulesh Shah	Vice President (Operations and Services)	1,02,66,00	8.51

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.

Changes in the Key Managerial Personnel

There have been no changes in the Key Managerial Personnel in our Company in the last 1 year except as stated below:

Name of the Key Managerial Person	Designation	Date of Appointment	Date of Resignation	Reason
Mr. Jayesh Patel	Chief Executive Officer	January 30, 2006	-	Resigned as Director
Mr. Paresch Chawla	Vice President (Sales and Marketing)	January 30, 2006	-	Resigned as Director
Mr. Bakulesh Shah	Vice President (Operations and Services)	January 30, 2006	-	Resigned as Director
Mukesh Kumar Gupta	Company Secretary	November 15, 2006	-	Appointed as the Company Secretary
Ms. Nitisha Kasera	Company Secretary	-	November 15, 2006	Resigned as Company Secretary

Interest of Key Managerial Personnel

Save and except as stated otherwise, in this Red Herring Prospectus, no amount or benefit has been paid or given within two preceding years or are intended to be given to any of our Directors or Key Managerial Personnel except the normal remuneration for services rendered as Officers or Employees.

ESOP/ESPS Scheme to Employees

Presently, we do not have ESOP/ESPS scheme for our employees.

Payment or Benefit to our Officers

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Red Herring Prospectus with SEBI.

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OUR PROMOTERS AND THEIR BACKGROUND

The promoters of our Company are:

1. Mr. Purushottam R. Patel
2. Mr. Mahendra Singh Chawla
3. Mr. Pravin C. Shah
4. Mr. Bakulesh C. Shah
5. Mr. Paresh Chawla
6. Ms. Rupal B. Shah
7. Ms. Nayana J. Patel
8. Ms. Rima S. Shah

The brief profile of our promoters is as follows:

1. Mr. Purushottam R. Patel



Voter ID No.	MP/37/274/183844
Driving License No.	MP09/000983/06
Permanent Account Number	ABXPP5488K

For details of profile of Mr. Purushottam R. Patel, please refer to section titled “Our Management” on page no. 83 of this Red Herring Prospectus.

2. Mr. Mahendra Singh Chawla



Voter ID No.	N.A.
Driving License No.	Not available
Permanent Account Number	ABXPP5488K

For details of profile of Mr. Mahendra Singh Chawla, please refer to section titled “Our Management” on page no. 83 of this Red Herring Prospectus.

3. Mr. Pravin C. Shah, Whole Time Director



Voter ID No.	MP/37/271/297048
Driving License No.	P/38496/2000
Permanent Account Number	AEJPS5875G

For details of profile of Mr. Pravin C. Shah, please refer to section titled “Our Management” on page no. 83 of the Red Herring Prospectus.

4. Mr. Bakulesh C. Shah



Voter ID No.	MP/37/274/192096
Driving License No.	MP09R-2006-0355314
Permanent Account Number	AHCPS6518G

For details of profile of Mr. Bakulesh C. Shah, please refer to page no. 89 of the Red Herring Prospectus.

5. Paresh Chawla



Voter ID No.	MP/37/273/469172
Driving License No.	Not Available
Permanent Account Number	ABKPC5779K

For details of profile of Mr. Paresh Chawla, please refer to page no. 89 of this Red Herring Prospectus.

6. Ms. Rupal B. Shah



Voter ID No.	MP/37/274/192097
Driving License No.	MP09R-47016/37
Permanent Account Number	ASYPS5079H

Ms. Rupal Shah aged 41 years, is the wife of Mr. Bakulesh Shah. She has completed her higher secondary from Gujarat and is currently a housewife.

7. Ms. Nayana J. Patel,



Voter ID No.	MP/37/274/183849
Driving License No.	N/7540/86
Permanent Account Number	AFYPP2075H

Ms. Nayana Patel aged 38 years, is the daughter-in-law of Mr. Purushottam. R. Patel. She holds a Bachelor degree in Science from University of Indore and a Post Graduate degree in Management from T. A. Pai Management Institute, Manipal. She is now a course consultant of mental arithmetic system in Indore.

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8. Ms. Rima P. Shah



Voter ID No.	FDP0540781
Driving License No.	MP09/018141/05
Permanent Account Number	BBHPS9654K

Rima P. Shah aged 23 years, is the daughter-in-law of Mr. Pravin C. Shah. She has a B.Com degree from Gujarat University and presently is a house wife.

We confirm that the Permanent Account Number, Passport Number and Bank Account Number of all the above individual promoters have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them. Further, our Promoters have not been identified as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by our Promoters in the past or any such proceedings are pending against our Promoters.

Interest of Promoters

The Promoters are interested to the extent of remuneration paid to them for services rendered and further the Promoters are interested to the extent of equity shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Red Herring Prospectus, the Promoters have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Payment or Benefit to Our Promoters

There is no interest of Promoters or any payment of benefit to Promoters/Directors other than as mentioned in the Section titled "Our Management" beginning on Page no. 83 of this Red Herring Prospectus.

Related Party Transactions

There have been no sales or purchases between our Company and companies in the Promoter Group exceeding in value in the aggregate 10% of the total sales or purchases of our Company, except those transactions mentioned under the section titled For details on our related party transactions please refer section titled "Related Party Transactions" beginning on page no. 97 of this Red Herring Prospectus.

OUR PROMOTER GROUP COMPANIES

Name of the Company	Alpa Labs (India) Limited	
Nature of Activity	It is engaged in Analytical Testing of edible oils and chemicals	
Date of Incorporation	June 3, 1997	
Date of Commencement of Business	July 23, 1997	
Name of the Directors	Mr. Dinesh Patel Ms. Meeta Sethi Ms. Kimi Shah	
Shareholding Pattern	Name of the Shareholder	No of Shares
	Mr. Dinesh Patel	2000
	Ms. Meeta Sethi	71,850
	Ms. Kimi Shah	1,09,200
	Mr. Mitin Shah	1,85,850
	Ms. Soni Chawla	2,57,700
	Ms. Jayana Patel	1,81,700
	Mr. Neil Patel	1,11,700
	Total	9,20,000

(Rs. In lakhs)

Audited Financial Information	2005- 2006	2004- 2005	2003- 2004
Sales	17.80	21.06	56.46
Other Income	-	2.15	-
Profit after Tax	0.11	(1.68)	(31.24)
Equity Capital	92.00	92.00	92.00
Face Value of Equity Share (Rs.)	10	10	10
Reserve & Surplus	-	-	-
Earning per Shares (EPS) Rs.	-	-	-
Net Asset Value (NAV) Rs.	5.03	5.01	5.31

Alpa Labs (India) Limited is not listed at any stock exchange neither it has any subsidiary. Alpa Labs (India) Limited has not completed any public or Rights Issue in the proceeding three years. It has not become sick under the SICA and is not under the winding up

Common Pursuits/Conflict of Interest

Some of our Promoters, either by themselves or through their relatives, have, through equity interest held in companies forming a part of our Promoter Group which are engaged in the manufacture of certain products which may present potential conflict of interests' situations. The entities falling in the Promoter Group of our Company are stated in the chapter titled "Our Promoter Group Companies" on page no. 95 of this Red Herring Prospectus.

However, there are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company, except as mentioned in the Section titled "Financial Statements" beginning on page no. 99 of this Red Herring Prospectus.

There are no Companies/Firms from which promoters have disassociated during preceding three years.

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Details of Group Companies whose names have been struck-off from Registrar of Companies

None of the companies promoted by our Promoters have been struck off from the record of Registrar of Companies.

Details of promoter group companies referred to BIFR / under winding up/having negative net worth

None of our Promoter Group Companies have been referred to BIFR or are winding up or have a negative network.

There are no defaults in meeting any statutory/bank/institutional dues/obligations. No proceedings have been initiated for economic offences against our Promoter Group Company.

Our Promoter Group Company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up.

None of our Promoter Group companies are presently listed on any stock exchange, or have made any public or rights issues in the preceding three years.

RELATED PARTY TRANSACTIONS

As per Accounting Standard (AS-18) on Related Party Disclosures issued by ICAI, the disclosures of transactions with related parties are as follows:

List of Related Parties and Relationships

Party	Relationship
APurushottam R. Patel	Director/Promoter
B.Mahendra Singh Chawla	Director/Promoter
C.Pravin C. Shah	Director/Promoter
D.Jayesh Patel	Key Managerial Person
E.Paresh Chawla	Key Managerial Person
F.Bakulesh Shah	Key Managerial Person
J.Shitul Shah	Director's son as permanent employee*
H.Soni Chawla	Director's Daughter-in-law as permanent employee*

*not key managerial personnel

Details of related party transactions

(Rs. In lacs)

S. No.	Party	Nature of Transaction	31/03/07	2005-06	2004-05	2003-04	2002-03
	Directors :						
1	Purushottam R. Patel	Remuneration	27.00	5.20	4.02	3.12	3.12
2	Mahendra Singh Chawla		27.00	3.90	2.85	2.40	2.40
3	Pravin C. Shah		24.00	3.30	2.40	2.40	2.40
	Key Managerial Personnel						
4	Jayesh Patel	Remuneration	15.00	1.70	1.56	1.20	1.20
5	Paresh Chawla		14.40	2.40	2.28	1.92	1.92
6	Bakulesh Shah		16.80	2.40	2.28	1.92	1.92
	Permanent Employee: Director's Son						
7	Shitul Shah	Salary	1.20	1.20	0.90	0.00	0.00
	Permanent Employee: Director's Daughter-in-law						
8	Soni Chawla	Salary	0.60	0.60	0.45	0.00	0.00
	Total		126.00	20.70	16.75	12.86	12.86

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DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of the Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition.

The Company has not declared any dividend during the last five years.

SECTION V: FINANCIAL INFORMATION OF THE COMPANY

FINANCIAL STATEMENTS OF THE COMPANY

AUDITORS REPORT

The Board of Directors
Alpa Laboratories Limited
33/2, A. B. Road Gram Pigdambar
District, Indore

Dear Sirs,

1. We have examined the Financial Information of Alpa Laboratories Limited, ("the Company") as attached to this report stamped and initialled by us for identification and as approved by the Board of Directors, which has been prepared in accordance with paragraph B (1) of Part II to schedule II of the Companies Act 1956 ("The Act ") and the Securities And Exchange Board of India (Disclosures and Investor Protection) Guidelines, 2000 ("The Guidelines") issued by the Securities And Exchange Board Of India ("SEBI") on January 19, 2000, as amended from time to time, in pursuance of Section 11 of the Securities And Exchange Board Of India Act 1992 and related clarifications, and in accordance with terms of reference received from the Company requesting us to carryout the work proposed to be included in the Red Herring Prospectus of the Company in connection with its proposed IPO of equity shares.
2. We have examined the books of accounts of Alpa Laboratories Limited, for the Five financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 being the last date to which the accounts of the company have been made up and audited by us for the presentation to the members.
3. In accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Act and the SEBI Guidelines for the purpose of the Offer Document as aforesaid, we report that,
 - (i) The restated Profits of the company for the financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 are set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinions are appropriate and read with significant accounting policies and Notes on accounts appearing in Annexure III of this report.
 - (ii) The restated Assets & Liabilities of the company as at March 31, 2003, 2004, 2005, 2006 and 2007 are set out in Annexure II to this report after making such adjustments and regroupings as in our opinions are appropriate and read with significant accounting policies and Notes on accounts appearing in Annexure III of this report.
 - (iii) The rates of dividends paid by the company in respect of financial year ended on March 31, 2003, 2004, 2005, 2006 and 2007 are shown in Annexure IV.
4. We have also examined the following financial information relating to the company and has approved by the Board of Directors for the purpose of inclusion in the offer document.
 - (i) Statement of cash flows of the company for the year ended March 31, 2003, 2004, 2005, 2006 and 2007 are set out in Annexure V.
 - (ii) Accounting Ratios as appearing in Annexure VI.
 - (iii) Capitalisation Statement as at March 31, 2007 as appearing in Annexure VII.
 - (iv) Statement of Tax Shelter for the years March 31, 2003, 2004, 2005, 2006 and 2007 are set out in Annexure VIII.
 - (v) Details of other income as appearing in Annexure IX.
 - (vi) Details of Sundry Debtors as appearing in Annexure X.

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- (vii) Details of Loans & Advances as appearing in Annexure XI.
- (viii) Details of Unsecured Loans as appearing in Annexure XII.
- (ix) Details of Secured Loans as appearing in Annexure XIII.
- (x) Details of Transaction with related parties as appearing in Annexure XIV.
- (xi) Details of Contingent Liabilities as appearing in Annexure XV.

In our opinion the above financial information of the company read with significant accounting policies and notes on accounts attached in annexure III to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of Schedule II to the Companies Act 1956 and the SEBI Guidelines.

This report is intended solely for the information and for inclusion in the offer document in connection with the specific IPO of equity shares of the company and is not to be used, referred to or distributed for any other purpose with out our written consent.

For C. H. Padliya & Co.
Chartered Accountants

(S.C. Padliya)
Partner
Membership No: 71666

Place: Indore
Date: June 11, 2007

ANNEXURE- I
STATEMENT OF PROFITS AND LOSSES AS RESTATED
(Rs. in lacs)

	As at March 31				
	2007	2006	2005	2004	2003
Income					
Sale of products manufactured by the Company	10525.21	7441.44	4203.82	4170.80	3175.21
Less Excise Duty	388.86	385.85	465.95	471.55	325.62
Net Sales (Net Of Excise Duty)	10136.35	7055.59	3737.87	3699.25	2849.59
Other Income	7.52	12.16	9.05	17.37	11.40
Accretion / (Depletion) of Stocks	36.94	56.80	102.01	(71.50)	30.14
Total Income	10180.81	7124.55	3848.93	3645.12	2891.13
Expenditure					
Raw Material Consumed	8508.10	5832.62	3090.66	3046.05	2418.13
Staff Costs	86.36	75.73	64.72	45.51	36.88
Other Manufacturing Expenses	183.81	155.53	167.10	153.63	124.32
Administration Expenses	94.43	80.00	66.87	58.64	42.10
Selling & Distribution Expenses	256.51	124.21	88.14	51.25	36.16
Interest (Net)	141.04	94.71	91.11	99.76	95.01
Depreciation	140.65	119.01	130.79	117.26	105.66
Miscellaneous Expenditure W/o	0.38	0.38	0.38	0.38	0.38
Total	9411.28	6482.19	3699.77	3572.48	2858.64
Net Profit before tax	769.53	642.36	149.16	72.64	32.49
Taxation					
Provision for taxation - Current	134.00	225.00	12.50	5.50	2.75
Provision for taxation - Deferred	(4.54)	4.70	(12.07)	77.18	0.00
Provision for taxation – Fringe Benefit	0.00	0.00	0.00	0.00	0.00
Total Provision for Taxation	129.46	229.70	0.43	82.68	2.75
Net Profit after Tax	640.07	412.44	147.28	(9.66)	30.12
Prior Period Adjustments (net)	(6.95)	(0.60)	(1.85)	0.00	0.00
Net Profit after adjustment of Extraordinary Items	633.12	411.84	145.43	(9.66)	30.12

Note:

The accompanying statement on changes due to adjustments (Annexure III) and significant accounting policies and notes (Annexure IV) are an integral part of this statement.

*Profit after tax have increased exceptionally during 2005-06 on account of increased margins on account of sales of high value products, excise-exempt life saving products and companies added emphasis on sales of its own products, having higher margins as opposed to sales of products under contract manufacturing. Further, there was additional contribution from 27 new products launched during the year.

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ANNEXURE- II

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in lacs)

	As at March 31				
	2007	2006	2005	2004	2003
A FIXED ASSETS					
Gross Block	1955.24	1681.91	1567.17	1525.86	1186.44
Less: Depreciation	916.22	775.57	656.56	525.77	408.51
Net Block	1039.02	906.34	910.61	1000.09	777.93
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00
Net Block after Revaluation Reserve	1039.02	906.34	910.61	1000.09	777.93
Total Fixed Assets	1039.02	906.34	910.61	1000.09	777.93
B Investments	2.03	2.03	0.20	0.20	0.20
C Current Assets, Loans And Advances					
Inventories	1434.90	1064.64	893.95	636.96	661.88
Sundry Debtors	1980.71	3103.92	968.95	786.34	593.93
Cash & Bank Balances	6.03	54.79	11.81	1.74	1.80
Loans & Advances	1595.04	184.49	68.28	89.81	97.04
Total Current Assets	5016.68	4407.84	1942.99	1514.58	1354.65
D Total Assets (A+B+C)	6057.73	5316.21	2853.80	2515.14	2132.78
E Liabilities and Provisions					
Loan Funds					
Secured Loans	1815.85	1194.77	979.84	922.43	682.40
Unsecured Loans	0.00	0.00	0.00	0.00	0.00
Total	1815.85	1194.77	979.84	922.43	682.40
F Current Liabilities & Provisions					
Current Liabilities	1165.26	2027.62	1033.05	906.06	843.09
Provisions	324.07	255.77	27.39	15.78	12.15
Deferred Tax Liability	67.32	71.87	67.17	77.18	0.00
Total	1556.65	2355.26	1127.61	999.02	855.24
G Total Liabilities & Provisions	3372.50	3550.03	2107.45	1921.45	1537.64
H Net Worth (D-G)	2685.23	1766.18	746.35	593.69	595.14
I Represented by Share Holder's Fund					
Share Capital	1206.00	563.91	563.91	558.91	357.43
Share Application Money	0.00	607.00	0.00	0.00	193.65
Reserves & Surplus	1480.00	596.42	183.97	36.69	46.35
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00
Shareholders' Fund	2686.00	1767.33	747.88	595.60	597.43
J Miscellaneous Expenditure					
(to the extent not written off or Adjusted)	0.77	1.15	1.53	1.91	2.29
Net Worth (I-J)	2685.23	1766.18	746.35	593.69	595.14

Note: The accompanying statement on changes due to adjustments (Annexure III) and significant accounting policies and notes (Annexure IV) are an integral part of this statement.

* There was a steep increase in the Sundry Debtors from 2004-05 to 2005-06 because we were enjoying sales tax exemption as we were situated in thrust sector and this exemption expired on March 26, 2006. In order to maximize sales tax exemption advantage before its expiry, we made sales even though on credit basis in the last quarter of financial year 2006.

A) Significant Accounting Policies:

1. Accounting Policies: The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act 1956.
2. Fixed Assets: Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition or construction is inclusive of all direct expenses and other incidental expenses but excluding Cenvat in so far as this is available for set off against Excise duty.
3. Depreciation is provided on the prorata basis of written down method at the rates specified in schedule XIV (as amended) to the Companies Act 1956. Items costing Rs. 5000/- or less have been fully depreciated in the year of purchase.
4. Inventories: Raw Material, Prime packing material and finished goods are valued at cost or market price whichever is lower except in the case consignment stock, which is being valued at invoice price.

In determining the cost of Raw Materials, Stores & Spares average cost method is used.

Work In Progress and finished include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
5. Deferred Tax: It is recognised, subject to consideration to prudence, on timing difference, representing the difference between the taxable income (loss/cess) and the accounting income(losses) that originated in one period and are capable of reversal in one or more subsequent period. Deferred tax assets & liabilities are measured using the tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet. These assets viz. unabsorbed depreciation and carry forward losses are recognised if there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realised.
6. Contingent Liabilities: Contingent liabilities are disclosed after careful evaluation of the facts and legal aspects of the matter involved.
7. There are no significant changes in any of the accounting policies of the Company during the last 6 years.

B. NOTES OF ACCOUNTS:

- (1) Since the company has completed its 5 years of existence in the year 2005, therefore provision of Gratuity up to 31.03.2007 of Rs.746596.00 has been made in the books of account for 2006-2007.
- (2) As per the practice followed by the company excise duty on finished goods liable to excise duty lying at the factory is accounted for on removal of goods.
- (3) Cenvet benefit against input material is being accounted for on the basis of claim in RG 23 part II, by crediting Raw Material and Packing Material purchase accounts.
- (4) Confirmation of balance as on date of Balance sheets of Sundry debtors, Creditors, have not been produced to us for our verification and are subject to confirmation reconciliation and adjustment if any.
- (5) A. None of the director of the company is already a director of a public company which has not filled the annual account and annual returns for any continuous three financial year commencing on and after the 1st day of April 2000.

B. None of the director of the company is already a director of a public company which has failed to repay its deposit or interest thereon on due date and redeem its debentures on due date or pay dividend and such failure continuous for one year are more.
- (6) Previous year's figures have been rearranged wherever found necessary.
- (7) The classification of creditors of small scale industrial undertaking is based on the details available with the company regarding the status of suppliers as defined under the "INDUSTRIES (DEVELOPMENT AND REGULATION) ACT 1951" and the "INTEREST ON DELAYED PAYMENT TO SMALL SCALE INDUSTRIAL

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UNDERTAKING ACT, 1993" and the outstanding for supplies by small scale Ancillary Industrial Undertaking to whom the company owes sum exceeding Rs. 1 lacs each and which are outstanding for more than 30 days has been disclosed accordingly on the basis of the such information supplied by the company and relied as correct by the auditor.

- (8) Additional information pursuant to the provision of Para 3 & 4 of the part 11 of schedule VI to the Company Act 1956 is as per ANNEXURE.
- (9) Segment revenue and results have not been stated looking into the wider product range of the company.
- (10) Related Party Disclosure (As Identified and certified by the management)

Related Party disclosures as required under AS-18 issued by the Institute Of Chartered Accountants Of India are as under:

	Description	Nature of Transaction	2006-07	2005-06	2004-05	2003-04	2002-03
	Directors						
1	Purushottam R. Patel	Remuneration	27.00	5.20	4.02	3.12	3.12
2	Mahendra Singh Chawla		27.00	3.90	2.85	2.40	2.40
3	Pravin C. Shah		24.00	3.30	2.40	2.40	2.40
	Key Managerial Personnel						
4	Jayesh Patel	Remuneration	15.00	1.70	1.56	1.20	1.20
5	Paresh Chawla		14.40	2.40	2.28	1.92	1.92
6	Bakulesh Shah		16.80	2.40	2.28	1.92	1.92
7	Director's Son Shitul Shah	Remuneration	1.20	1.20	0.90	0.00	0.00
8	Director's Daughter-in-law Soni Chawla	Remuneration	0.60	0.60	0.45	0.00	0.00
	Total		126.00	20.70	16.75	12.96	12.96

NOTES TO ADJUSTED ACCOUNTS

STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

Year / Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Profit after tax & extra- ordinary items (as per audited a/cs)	635.53	417.74	137.06	67.51	30.12
Adjustments(increase/(decrease):					
1) Prior Period Items	(6.95)	(0.60)	(1.84)	(59.42)	0.00
2) Audit Qualifications:					
3) Change in accounting policy (Deferred tax)	4.54	(4.70)	12.06	(17.75)	0.00
4) Net Total (Decrease)/ Increase due to Adjustments (6-7)	2.41	(5.30)	10.22	(77.17)	0.00
Profit after adjustments, tax & extra-ordinary items as per restatement	633.12	412.44	147.28	(9.66)	30.12

Notes: The above adjustments have been made to comply with the mandatory accounting standard (AS- 22) issued by ICAI.

STATEMENT OF ADJUSTMENTS TO AUDITED ASSETS AND LIABILITIES

(Rs. in lacs)

Year/Particular	2006-07	2005-06	2004-05	2003-04	2002-03
Adjustments {Increase/ (decrease)} in assets and liabilities as restated.					
Reserves and Surplus	1480.00	596.42	183.97	36.69	46.35
Current Liabilities	1165.26	2027.62	1033.05	906.06	843.08
Provisions	324.07	327.64	94.56	92.96	12.14
Deferred Tax Liability	67.32	71.87	67.17	77.18	0.00
Sundry Debtors	1980.70	3103.92	968.95	786.34	593.93
Loans and Advances	1595.03	184.49	68.28	89.81	97.04

ANNEXURE IV

STATEMENT OF DIVIDEND PAID

(Rs. In Lacs)

Particulars	For The Year Ended				
	2006-07	2005-06	2004-05	2003-04	2002-03
On Equity Share Capital					
Paid Up Share Capital Face Value (Rs)	1206.00	563.91	563.91	558.91	357.43
Rate of proposed dividend (%)	0.00	0.00	0.00	0.00	0.00
Amount of proposed dividend	0.00	0.00	0.00	0.00	0.00
Tax on proposed dividend	0.00	0.00	0.00	0.00	0.00

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ANNEXURE-V

STATEMENT OF CASH FLOWS AS RESTATED

(Rs. in lacs)

	As at March 31				
	2006-07	2005-06	2004-05	2003-04	2002-03
A Cash flow from Operating Activities :					
Net Profit before tax and extra ordinary items	769.53	642.74	149.56	73.02	32.87
Adjustments for:					
Depreciation	140.64	119.01	130.79	117.26	105.66
Interest Expenses	141.04	94.71	91.11	99.76	94.99
Misc. Expenses Written off	0.38	0.38	0.38	0.38	0.38
Amount written Back	0.00	0.00	0.00	0.00	0.45
Operating profit before WC changes	1051.59	856.84	371.82	290.42	234.35
Adjustments for:					
Decrease/(Increase) in trade and other receivables	1123.21	(2134.97)	(182.61)	(192.41)	(198.09)
Decrease/(Increase) in inventories	(370.27)	(170.69)	(256.99)	24.92	(31.59)
Increase/(Decrease) in trade payables	(798.61)	1227.65	128.59	143.80	233.98
Other Advances & Receivables	(1410.55)	(116.21)	21.53	7.23	(1.49)
Cash generated from Operations	(404.63)	(1194.22)	(289.48)	(16.46)	2.81
Interest Paid	(141.04)	(94.71)	(91.11)	(99.76)	(94.99)
Extra-ordinary items - income tax	(134.00)	(225.00)	(12.50)	(5.50)	(2.75)
Deferred tax	(2.40)	(5.30)	10.21	(77.18)	0.00
Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.00
Net Cash Inflow/(Outflow) from Operating activities	(682.07)	(662.39)	(11.02)	91.52	139.42
B Cash flow from Investing Activities					
Purchase of fixed assets	(273.33)	(114.74)	(41.31)	(339.43)	(51.05)
Purchase of Investments	0.00	(1.83)	0.00	0.00	0.00
Net Cash inflow/(Outflow) from Investing activities	(273.33)	(116.57)	(41.31)	(339.43)	(51.05)
C Cash flow from Financing Activities :					
Proceeds from borrowings	542.63	233.57	168.40	143.66	44.09
Repayment of borrowings	78.47	(18.63)	(111.00)	96.37	(142.36)
Issuance of Shares	285.54	607.00	5.00	7.83	0.00
Net Cash Inflow/(Outflow) from Financing activities	906.64	821.94	62.40	247.86	(98.27)
Net Inc / (Dec) in cash & cash equiv (A+B+C)	(48.76)	42.98	10.07	(0.05)	(9.90)
Cash & cash equiv (Opening Balance)	54.79	11.81	1.74	1.80	11.70
Cash & cash equiv (Closing Balance)	6.03	54.79	11.81	1.75	1.80
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	(48.76)	42.98	10.07	(0.05)	(9.90)

ANNEXURE-VI

ACCOUNTING RATIOS

(Rs. In Lacs)

Particulars	As at March 31				
	31/03/07	31.03.06	31.03.05	31.03.04	31.03.03
Face Value Per Share (Rs.)	10	100	100	100	100
No of Equity Shares	12060000	563910	563910	558910	357430
Net profit before extraordinary items but after tax	640.07	413.04	149.13	(9.66)	30.12
Net profit after extraordinary items and after tax	633.12	412.44	147.28	(9.66)	30.12
Earnings Per Share before extra ordinary items Annualised	5.30	73.24	26.44	0.00	8.42
Earnings Per Share after Extra ordinary items Annualised	5.25	73.13	26.11	0.00	8.42
Return on Net worth before extraordinary items (%) (Annualised)	23.83	23.38	19.98	0.00	5.06
Return on Net worth after extraordinary items (%) (Annualised)	23.57	23.35	19.73	0.00	5.06
Net Asset Value Per Share (Rs.) (Annualised)	22.26	313.20	132.35	106.22	166.50

The ratios have been computed as below:

- 1) **Earning Per Equity Share:** Net Profit as restated attributable to Equity Shareholders/ Weighted average number of Equity Shares outstanding at the end of the year/ period.
- 2) **Return on Net Worth:** Net Profit after tax as restated / Equity Share Holder's Funds after reduction of revaluation reserve and Miscellaneous Expenses at the end of the year/period.
- 3) **Net asset value per Share:** Net worth at the end of the year /period / Number of equity shares outstanding at the end of the year / period.

ANNEXURE-VII

CAPITALISATION STATEMENT

(Rs. in lacs)

Particulars	Pre Issue As at 31-03-07	Post Issue*
Loan Funds :		
Short term Loan	1535.03	[●]
Long term Loan	280.83	[●]
Total Loan	1815.86	[●]
Share Holders Funds		
- Equity Share Capital	1206.00	[●]
Reserves & Surplus	1480.00	[●]
Less : Miscellaneous Expenditure not written off	0.77	[●]
Net worth	2685.23	[●]
Long term Debt / Equity Ratio	0.67	[●]

*Cannot be determined till the completion of book building process.

Alpa Laboratories Limited

ANNEXURE-VIII

STATEMENT OF TAX SHELTER

(Rs. in lacs)

Financial Year	2006-07	2005-06	2004-05	2003-04	2002-03
Profit / (Loss) as per books of account	767.12	667.35	118.90	25.10	8.07
Tax rates- Normal (including surcharge)	33.66	33.66	39.27	38.50	38.50
Tax rates- MAT(including surcharge)	10.00	7.50	7.84	7.50	7.87
Notional Tax Payable (A)	135.00	224.63	46.69	9.66	3.10
Permanent Differences					
Exempted Income					
Profit taxable under other heads					
Deduction U/s 80IA/80HHC	0.00	0.00	0.27	0.00	0.00
Total of B	0.00	0.00	0.27	0.00	0.00
Timing Difference between IT	15.58	22.58	(32.97)	(48.50)	(23.35)
And Book Depreciation					
Other Adjustments					
Total of C	15.58	22.58	(32.97)	(48.50)	(23.35)
Net Adjustment(B+C)	15.58	22.58	(32.97)	(48.50)	(23.35)
Tax (Saving)/Increase there on	5.24	7.60	(12.94)	(18.67)	(8.98)
Tax on Business Profits(A-F)	135.00	224.63	46.69	9.66	3.10
Tax on Other Heads of Income	0.00	0.00	0.00	0.00	0.00
Bought forward Losses	0.00	0.00	84.43	25.10	8.07
Tax effect due to bought forward losses (E)	0.00	0.00	33.15	9.66	3.10
Net Tax for the year /period	135.00	224.63	13.54	0.00	0.00
Tax payable as per MAT	78.00	48.22	11.11	5.61	2.75
Provision Created for Income Tax	134.00	225.00	12.50	5.50	2.75

Notes: The above data compiled as per income tax return furnished under Sec 139(1) of the Income tax Act 1961 upto 2005-06.

ANNEXURE-IX
BREAK-UP OF OTHER INCOME

(Rs. in lacs)

Description	As at March 31					
	2007	2006	2005	2004	2003	2002
Profit Before Tax	769.53	642.74	149.56	73.02	32.87	16.46
(Excluding Extra Ordinary items)	(0.00)	(0.00)	(10.21)	(0.00)	(0.00)	(0.63)
20% of Net Profit Before Tax	153.90	128.54	27.87	(0.83)	6.57	2.02
Other Income for the year	7.53	12.16	9.05	17.37	11.40	0.59
Other Income Details						
a. Recurring, From Business Activities						
DEPB Sales Benefit	0.85	7.66	6.15	16.31	9.96	0.00
Sale of Scrap	0.00	1.03	1.52	0.00	0.22	0.17
Profit from Sale of old machines	0.00	0.00	0.00	0.00	0.07	0.00
Others	4.97	1.64	0.37	0.64	0.05	0.07
Total (a)	5.82	10.33	8.04	16.95	10.30	0.24
b. Income from Recurring activities						
Investment Activities						
Interest from Deposits	1.71	1.83	1.01	0.42	1.10	0.35
Total (b)	1.71	1.83	1.01	0.42	1.10	0.35
Total (a+b)	7.53	12.16	9.05	17.37	11.40	0.59

ANNEXURE-X
STATEMENT SHOWING AGE WISE ANALYSIS OF SUNDRY DEBTORS

(Rs. in lacs)

	31-03-07	31.03.06	31.03.05	31.03.04	31.03.03
Sundry Debtors					
Outstanding for not exceeding six months	1980.71	3103.92	968.95	786.34	593.93
Other Debts	0.00	0.00	0.00	0.00	0.00
Total	1980.71	3103.92	968.95	786.34	593.93

No debts due from related party or other companies under the same management or Promoter/Director.

Alpa Laboratories Limited

ANNEXURE-XI

STATEMENT SHOWING DETAILS OF LOANS AND ADVANCES

(Rs. in lacs)

As at	31-03-07	31-03-06	31-3-05	31-03-04	31-03-03
Deposits (Bank) & Interest accrued	11.57	11.08	11.24	14.31	14.21
Deposits (Other)	31.24	23.66	17.34	14.27	8.13
Advances to suppliers	159.65	23.83	3.77	0.83	1.23
Advance Income tax & TDS	278.08	76.33	6.53	4.48	1.38
Advance For Capital Goods	1076.64	36.11	0.16	51.05	62.23
Prepaid Expenses	2.51	2.08	2.20	2.54	5.87
Staff Advances	0.42	0.55	0.75	0.12	0.19
Modvat & claim receivables	34.93	10.87	26.29	2.21	3.80
Total	1595.04	184.51	68.28	89.81	97.04

No debts due from related party or other companies under the same management or Promoter/Director.

ANNEXURE-XII

UNSECURED LOANS

(Rs. In Lacs)

Description (As On)	31-3-07	31-03-06	31-3-05	31-03-04	31-03-03
Unsecured LoanAmount Outstanding	Nil	Nil	Nil	Nil	Nil

Annexure -XIII

SECURED LOANS

(Rs. in lacs)

Sr. No.	Name of the Lender	Sanctioned Amount	Balance INR31.03.07	Rate of Interest	Security	Repayment schedule	Prepayment Clause
1.	State Bank of Indore						
	Fund based:Term loan	325.00	280.82	8.00%	Equitable mortgage charge over the company's fixed assets both present & Future at Plot No.33/2, Pigdamber, A.B.Road, District Indore	Monthly instalments of Rs.4.41 lacs ending March '09 & 36 Monthly instalments of Rs.3.33 lacs followed by 12 montyhlly instalments of Rs.6.68 lacs ending March '12	-
	Cash Credit (sub Limit for Book Debts)	1500.00	1535.03	9.25%	Hypothecation of the company's entire stocks of raw materials, finished goods, stocks in process, consumables, stores & spares, packing materials etc		
	BNLC/FBNLC (Out side ABF) Forex Forward Purchase	(800.00)	(800.00)	8.25%	Charge over all the existing moveable & immoveable fixed assets (both present & future)		
	Non Fund based:	200.00	0.00				
	Letter of Credit	100.00	0.00				
	Bank Guarantee	100.00	0.00				
		100.00	7.29				

ANNEXURE-XIV

RELATED PARTY DISCLOSURES

List of Related Parties and Relationships

Party	Relationship
A. Purushottam R. Patel	Director/Promoter
B. Mahendra Singh Chawla	Director/Promoter
C. Pravin C. Shah	Director/Promoter
D. Jayesh Patel	Key Managerial Person
E. Paresh Chawla	Key Managerial Person
F. Bakulesh Shah	Key Managerial Person
J. Shitul Shah	Director's son as permanent employee*
H. Soni Chawla	Director's Daughter-in-law as permanent employee*

*not key managerial personnel

Alpa Laboratories Limited

Details of related party transactions

(Rs. In lacs)

S. No.	Party	Nature of Transaction	31/03/07	2005-06	2004-05	2003-04	2002-03
	Directors :						
1	Purushottam R. Patel	Remuneration	27.00	5.20	4.02	3.12	3.12
2	Mahendra Singh Chawla		27.00	3.90	2.85	2.40	2.40
3	Pravin C. Shah		24.00	3.30	2.40	2.40	2.40
	Key Managerial Personnel						
4	Jayesh Patel	Remuneration	15.00	1.70	1.56	1.20	1.20
5	Paresh Chawla		14.40	2.40	2.28	1.92	1.92
6	Bakulesh Shah		16.80	2.40	2.28	1.92	1.92
	Permanent Employee: Director's Son						
7	Shitul Shah	Salary	1.20	1.20	0.90	0.00	0.00
	Permanent Employee: Director's Daughter-in-law						
8	Soni Chawla	Salary	0.60	0.60	0.45	0.00	0.00
	Total		126.00	20.70	16.75	12.86	12.86

ANNEXURE-XV

DETAILS OF CONTINGENT LIABILITIES

(Rs. In Lacs)

PARTICULARS	As at March 31				
	2007	2006	2005	2004	2003
a) 1 Bank Guarantee	7.29	8.03	14.77	41.60	39.64

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

We are engaged in the business of manufacturing of pharmaceutical formulations. We manufacture a range of products such as ethical drugs, generic drugs, over the counter drugs (OTC) and veterinary products in various dosage forms and market them under the trade mark "Alpa" which is a registered trademark in the name of Alpa Labs (India) Limited, a promoter group company. We also manufacture formulations for a number of other pharmaceutical companies of national and international repute such as Cipla, Zydus Cadila, Lupin, Glenmark, Genom Biotech, Jenburkt, etc. (under their own brands) located both in India and abroad in countries such as Philippines, Iran, Iraq, Sierra Leon, Madagascar, Kenya, Liberia, Puerto Rico, Haiti, Sudan, Ghana, Nigeria, Srilanka etc. Further, we also undertake contract manufacturing of a large variety of pharmaceuticals.

We manufacture various dosage forms which include injectables (vials / ampoules both liquid and dry), tablets, capsules, eye / ear drops, ointment and creams and dry syrups. We have an established product-marketing network covering both metro and mini metro cities, which enable us to reach our existing and potential customers through our network of distributors and dealers spread across the country. For the purpose of marketing the various products, our Company's business has been categorized as Branded Generic Division, Veterinary Division, Exports Division and Contract Manufacturing Division.

Factors affecting results of our operations

Several factors have affected our results of operations, financial condition and cash flow significantly over the past years. These factors include:

- Competition from Indian and non-Indian pharmaceuticals producers, especially the effect of such competition on growth and pricing of our products and services;
- Growing demand for production and research outsourcing in the global pharmaceuticals industry;
- Capital expenditures, including for capacity expansion;
- Reduction in interest rates;
- Increasing employee compensation in India; and
- Changes in API prices.

These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods. We believe that the following future developments may affect our future results of operations, financial condition and cash flow:

- Effects of the new patent regime in India;
- Consolidation in the pharmaceutical industry;
- Additional capital expenditures and related financings, if any, including for capacity expansion;
- Adoption of or changes in price controls in the Indian and other major drug markets;
- Changes in the government legislations on tax incentives;
- Competition from other custom manufacturing companies;
- Changes in the strategic plans of our current and potential customers and clients towards outsourcing of custom manufacturing;
- Change in the norms for certification under WHO GMP, and
- Increase in expenditure on research and development.

Alpa Laboratories Limited

Our results of operations

(Rs. in lacs)

	As at March 31			
	2007	2006	2005	2004
Income				
Sale of products manufactured by the Company	10525.21	7441.44	4203.82	4170.80
Less Excise Duty	388.86	385.85	465.95	471.55
Net Sales (Net Of Excise Duty)	10136.35	7055.59	3737.87	3699.25
Other Income	7.52	12.16	9.05	17.37
Accretion / (Depletion) of Stocks	36.94	56.80	102.01	(71.50)
Total Income	10180.81	7124.55	3848.93	3645.12
Expenditure				
Raw Material Consumed	8508.10	5832.62	3090.66	3046.05
Staff Costs	86.36	75.73	64.72	45.51
Other Manufacturing Expenses	183.81	155.53	167.10	153.63
Administration Expenses	94.43	80.00	66.87	58.64
Selling & Distribution Expenses	256.51	124.21	88.14	51.25
Interest (Net)	141.04	94.71	91.11	99.76
Depreciation	140.65	119.01	130.79	117.26
Miscellaneous Expenditure W/o	0.38	0.38	0.38	0.38
Total	9411.28	6482.19	3699.77	3572.48
Net Profit before tax	769.53	642.36	149.16	72.64
Sundry Debtors	1980.71	3103.92	968.95	786.34

Our business is well spread among customers, who are spread across several countries. The percentage of revenues derived from the Company's top customer and top 5 customers is tabulated as under:

Particulars	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Top 10 Customers	16.17%	20.00%	49.45%	60.45%	60.62%

Comparison between financial performance for financial year 2006-07 and financial year 2005-06

Net Sales:

The net sales of the company have increased from Rs. 7055.59 lakhs in 2005-06 to Rs.10136.35 lakhs in 2006- 07 registering a 43.66% increase over the previous year. The increase in sales was on account of growth in the industry in general, changes in the marketing structure of our veterinary products and launching of new products in the export markets.

Raw materials Consumed:

The raw materials consumption increased from Rs. 5832.62 lakhs for the financial year 2005-2006 to Rs. 8508.10 lakhs for the financial year 2006-2007 showing an increase of 45.87% which is in line with the increase in sales volumes. Moreover, there has also been an increase in prices of inputs during this period, resulting in higher raw material consumption.

Staff & administrative Costs:

The Staff costs have increased from Rs. 155.73 lakhs in the financial year 2005-2006 to Rs.180.79 lakhs in the financial year 2006-2007 an increase of 16.09%, which was due to an annual increase given to employees and also increase in marketing field staff.

Selling & Distribution charges:

Selling & distribution charges have increased from Rs. 124.21 lakhs in the financial year 2005-2006 to Rs.256.51 lakhs

in the financial year 2006-2007 showing an increase of over 106.51% compared to the previous year. This was on account of changes in the marketing structure of our veterinary products, registration costs of additional products for future exports and increase in commissions and incentives.

Financial Charges:

The financial charges have gone up from Rs. 94.71 lakhs for the financial year 2005-2006 to Rs. 141.04 lakhs because of increase in secured loan by Rs. 621.08 lakhs and increase in interest rates.

Depreciation:

The depreciation for the year 2005-2006 was Rs. 119.00 lakhs, which increased to Rs.140.65 lakh for the financial year 2006-2007. This was on account of addition to fixed assets amounting to Rs. 273.33 lakhs.

Profit before Tax

Profit before tax have increased from Rs. 642.36 lakhs to Rs. 769.53 lakhs registering an increase of 19.80%. The increase was not in line with the increase in sales because of additional expenses incurred in realignment of marketing structure and other expenses related to future growth.

Sundry Debtors

Sundry Debtors have decreased from Rs. 3103.92 lakhs to Rs. 1980.71 lakhs on account of better realisation.

Comparison between financial performance for financial year 2005-06 and financial year 2004-05

Net sales:

The net sales of the company have increased from Rs. 3737.87 lakhs in 2004-05 to Rs. 7055.59 lakhs registering 88.76% increase over the previous year. This exceptional growth in net sales was on account of increase in sales of high value products, sale of life saving products on which there was no excise duty and launch of 27 new products which were well accepted in the market.

Raw materials Consumed:

The raw materials consumption increased from Rs.3090.66 lakhs for the financial year 2004-2005 to Rs. 5832.62 lakhs for the financial year 2005-2006 showing an increase of 88.71% which is in line with the increase in net sales.

Staff & administrative Costs:

The Staff costs have increased from Rs. 131.59 lakhs in the financial year 2004-2005 to Rs.155.73 lakhs in the financial year 2005-2006 i.e. an increase of 17.45% which is on account of annual increase given to employees and addition of employees to support the increase in sales.

Selling & Distribution charges:

Selling & distribution charges have increased from Rs. 88.14 lakhs in the financial year 2004-2005 to Rs.124.21 lakhs in the financial year 2005-2006 showing an increase of over 41% compared to the previous year. This was on account of larger growth in sales of our own products as compared to the growth in sales of contract manufacturing products.

Financial Charges:

The financial charges have gone up from Rs. 91.11 lakhs for the financial year 2004-2005 to Rs. 94.71 lakhs because of increase in secured loans to the extent of Rs. 214.93 lakhs.

Depreciation:

The depreciation for the year 2004-2005 was Rs.130.79 lakhs, which decreased to Rs.119.00 lakh for the financial year 2005-2006. This decrease was on account of no minimal capital expenditure incurred in 2005-2006.

Profit before Tax

Profit before tax have increased from Rs. 149.16 lakhs during 2004-05 to Rs. 642.36 lakhs during 2005-06 registering an increase of 330.65%. The increase was on account of increase in sales of high value products, excise-exempt life saving products and companies added emphasis on sales of its own products as opposed to sales of products under contract manufacturing.

Alpa Laboratories Limited

Sundry Debtors

Sundry Debtors have increased from Rs. 968.95 lakhs during 2004-05 to Rs. 3103.92 lakhs during 2005-06 registering an increase of 220.34%. We were enjoying sales tax exemption as we were situated in thrust sector and which was expiring on March 26, 2006. In order to maximize sales tax exemption advantage before its expiry, we made sales even though on credit basis in the last quarter of financial year 2006. This resulted in steep increase in sundry debtors during this period.

Comparison between financial performance for financial year 2004-05 and financial year 2003-04

Net Sales:

The net sales of the Company have increased from Rs. 3699.25 lakhs in 2003-04 to Rs. 3737.87 lakhs registering an increase of 1.04% over the previous year. This increase was negligible.

Raw materials Consumed:

The raw materials consumption increased from Rs.3046.05 lakhs for the financial year 2003-2004 to Rs.3090.66 lakhs for the financial year 2004-2005 i.e. an increase of 1.46% which was negligible.

Staff & administrative Costs:

The Staff costs have increased from Rs.104.15 lakhs in the financial year 2003-2004 to Rs.131.59 lakhs in the financial year 2004-2005 which was on account of increase in staff strength.

Selling & Distribution charges:

Selling & distribution charges have increased from Rs. 51.25 lakhs in the financial year 2003-2004 to Rs.88.14 lakhs in the financial year 2004-2005 showing an increase of over 71% compared to the previous year which was on account of expenses towards marketing of companies own products as opposed to products under contract manufacturing.

Financial Charges:

The financial charges have gone down from Rs. 99.76 lakhs for the financial year 2003-2004 to Rs. 91.11 lakhs because of repayments of Term loans and reduced rate of interest due to better credit rating by bankers to the company.

Depreciation:

The depreciation for the year 2003-2004 was Rs.117.26 lakhs, which increased to Rs.130.79 lakh for the financial year 2004-2005, due to additional capital expenditure incurred on account of utilities and investment in plant & machinery.

Profit before Tax

Profit before tax have increased from Rs. 72.64 lakhs during 2003-04 to Rs. 149.16 lakhs during 2004-05 on account of a improvement in efficiency of consumption of raw material.

Sundry Debtors

Sundry Debtors have increased from Rs. 786.34 lakhs during 2003-04 to Rs. 968.95 lakhs during 2004-05 registering an increase of 23.22% which was on account of delay in payment realisation due to general stagnation in the market conditions.

Other Matters

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that have significantly affected our business.

Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in API prices.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales,

revenue or income from continuing operations except as described in the section titled “Risk Factors” on page no. iii and in “Management Discussion and Analysis of Financial Condition and Results of Operations” in this Red Herring Prospectus, to Company’s knowledge.

Future relationships between costs and revenues

Other than as described in the section titled “Risk Factors” and “Managements Discussion and Analysis of Financial Conditions and Results of Operation” in this Red Herring Prospectus, to our knowledge there are no future relationship between cost and income that have or had or expected to have a material adverse impact on our operations and finances.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of manufacturing activity carried out by the Company.

Total turnover of each major industry segment in which the Company operated

The Company operates in only one Industry Segment i.e. Pharmaceutical Industry.

Status of any publicly announced New Products or Business Segment

The Company has not announced any new products or business segment.

Seasonality of Business

The business of our Company is not seasonal in nature.

Dependence on a single or few suppliers or customers

We are not dependent on any single or few suppliers or customers.

Competitive conditions

We will face competition from existing players in pharmaceutical formulation industry in India.

Alpa Laboratories Limited

SECTION VI – LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations, suits or criminal or civil prosecutions against our Company, our Directors, our Promoters and our Promoter group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors and our Promoters, except the following:

CASES FILED AGAINST OUR COMPANY

A. Excise Duty Case:

A1. Show Cause Notice N. C. No. V (30) 18-9/C-III/04/3389 dated May 27, 2004 issued by the Assistant Commissioner, Customs and Central Excise Division, Indore (Madhya Pradesh)

Our Company had received a Show Cause notice bearing number C. No. V (30) 18-9/C-III/04/6389 dated May 27, 2004 from the Assistant Commissioner, Customs and Central Excise Division, Indore, demanding an amount of Rs. 3.26 Lacs, on the value of exempted life saving medicines cleared during the period between June 1999 to July 15, 2000. On the basis that our Company was not maintaining separate inventories of Inputs in terms of provisions of Central Excise Rules, 1944. Our Company filed a reply to the show cause notice dated August 16, 2004 and written submission on January 18, 2005. The Deputy Commissioner, Customs and Central Excise Division, Indore confirmed the demand of Rs. 3.26 Lacs and appropriated the amount of Rs. 1.14 Lacs, already debited towards reversal of credit and imposed a penalty of Rs. 3.26 Lacs with interest.

Our Company filed an appeal before the Commissioner (Appeals), Customs and Central Excise, Indore on July 1, 2005. The Commissioner (Appeals), Customs and Central Excise, Indore set aside the adjudication order passed by the Deputy Commissioner Central Excise, Indore with directions to allow credit of Rs. 0.35 Lacs towards excess debited by our Company. An appeal has been filed by the Commissioner, Customs and Central Excise Division, Indore before the CESTAT bearing Number E-3516/2005 against our Company on November 16, 2005. Our Company in reply has filed a Memorandum of cross objection against the appeal on January 30, 2006. The matter is pending before the Appellate Tribunal for hearing.

B. Drugs And Cosmetics Act, 1940:

B1. Government Analyst report bearing number M/3898/2005 dated January 27, 2006

Our Company received a government analyst report bearing number M/3898/2005 dated January 27, 2006 stating that the drug "Ciprofloxacin Eye/Ear Drops" is found not of standard quality as per the provisions of the Drugs and Cosmetics Act, 1940 and rules thereunder. Our Company did not agree with the report and has challenged the Drug analyst report. On the basis of the same, the drug inspector to whom the request for final testing was made has filed a Miscellaneous Application No. 509 of 2006 before the Honourable Court of Judicial Magistrate First Class, Court No. 2, Solapur and the samples have been sent by the court on the basis of the application for final testing to the Central Drug Testing Authority, Kolkata. The test report from the Central Drug Laboratory, Kolkata is pending. The amount involved in the matter can not be quantifiable.

B2. Government Analyst report bearing number M/3478/2005 dated January 18, 2006

Our Company received a Government Analyst report bearing number M/3478/2005 dated January 18, 2006 stating that certain drugs namely, Primaquine Phosphate Tablets IP Batch No. TV 1865 was not of standard quality as per the Drugs and Cosmetics Act, 1940 and rules there under. Our Company did not agree with the report and has challenged the Drug analyst report. On the basis of the same, the drug

inspector to whom the request for final testing was made has filed a R.C.C. No. 492/2006 before the Honourable Judicial Magistrate First Class, Vashi, C.B.D, Belapur, and the samples have been sent by the court on the basis of the application for final testing to the Central Drug Testing Authority, Kolkata. The test report from the Central Drug Laboratory, Kolkata is pending. The amount involved in the matter can not be quantifiable.

CASES FILED BY OUR COMPANY:

A. Criminal Cases (u/s 138 of the Negotiable Instruments Act):

Our Company had filed four cases under section 138 of the Negotiable Instruments Act, against one Mr. Dilip Mankani before the Judicial Magistrate First Class, first dishonour of cheques. Subsequently, a withdrawal application was filed by our Company upon the request of Mr. Dilip Mankani that he would issue fresh cheques for the dishonour of cheques. However, the said cheques bounced on account of insufficient funds and our Company filed two fresh cases under Section 138 & Section 420 of the Negotiable Instruments Act. The details of the two cases are as follows:

i) Case No. 2797 of 2006 filed against Dilip Mankani (U/S 138 & 420 of the Negotiable Instruments Act)

Our Company has filed a criminal complaint under Section 138 and Section 420 of the Negotiable Instruments Act, against Mr. Dilip Mankani before the Judicial Magistrate First Class, Indore in respect of dishonour of three cheques amounting to Rs. 25,904/- (Rupees Twenty Five Thousand Nine Hundred and Four Only), Rs. 28,274/- (Rupees Twenty Eight Thousand Two Hundred and Seventy Four Only) and Rs. 32,348/- (Rupees Thirty Two Thousand Three Hundred and Forty Eight Only) issued in favour of our Company. The case is currently pending before the Court of the Judicial Magistrate First Class, Indore for hearing.

ii) Case No. 2798 of 2006 filed against Dilip Mankani (U/S 138 & 420 of the Negotiable Instruments Act)

Our Company has filed a criminal complaint under Section 138 and Section 420 of the Negotiable Instruments Act, against Mr. Dilip Mankani before the Judicial Magistrate First Class, Indore in respect of dishonour of cheque amounting to Rs. 15,000/- (Rupees Fifteen Thousand Only) issued in favour of our Company. The case is currently pending before the Court of the Judicial Magistrate First Class, Indore for hearing.

Litigations by our Directors

There are no cases filed by our Directors

Litigations against our Directors

There are no cases filed against our Directors.

Litigations by our Promoters

There are no cases filed by our Promoters.

Litigations against our Promoters

There are no cases filed against our Promoters.

Litigations by our Promoter group companies / ventures of promoters

Alpa Labs (India) Limited

Trademark/Copyright

Suit No. 201 of 1999 filed by Alpa Labs (India) Limited and our Company (Plaintiff No. 2) in the Honorable Court of the District Judge, Indore, against Mr. Anil Kumar Bhangdia and others under Sections 78 and 79 of the Trade and Merchandise Marks Act, 1958 and Section 52 (2) of the Copyright Act, 1957.

Alpa Labs (India) Limited own several Trademarks containing the word ALPA as an essential and dominant feature. In February 1999, our Company adopted another trademark, Alpa Generics as one in the series of its ALPA Trademarks. Alpa Labs (India) Limited is also the owner of a copyright in the distinctive packaging comprised by the labels and cartons of the products manufactured by our Company.

Alpa Laboratories Limited

Mr. Anil Kumar Bhangdia, a distributor of our Company since 1988 set up two companies in the name and style of “Alpa Generics Private Limited” (Incorporated on March 25, 1999) and “Alpa Meditrades Private Limited” (Incorporated on December 27, 1996). He alleged represented before the customers of our Company that he is the owner of the mark Alpa Generics and it's a Company under Alpa group. It is also alleged that Mr. Bhangdia has copied the product packaging, thereby attempting to pass off his business as that of being connected with or approved by our Company and Alpa Labs (India) Limited and thus violated trademarks and copyrights of Alpa Labs (India) Limited.

Alpa Labs (India) Limited has filed a suit for Permanent Injunction restraining Infringement of Trademark and Copyright, passing off, rendition of accounts of profits, delivery Up, etc., against Mr. Anil Kumar Bhangdia, for prevention of making, selling, offering for sale, advertising directly or indirectly dealing in pharmaceutical or medicinal preparations under the trademark ALPA GENERICS, ALPA MEDITRADES and ALPAINJECT or under any other mark continuing the word ALPA amounting to infringement of Alpa Labs (India) Limited. Our Company also prayed for an order for rendition of accounts of the profits illegally earned on account of the use of the impugned mark “ORNILIV”. The Defendants No. 1,2 and 3 filed reply on October 27, 1999 denying all the allegations mentioned in the suit filed by Alpa Labs (India) Limited. The case is pending before the Honourable Court of the district Judge, Indore for hearing.

Litigations against our group companies / ventures of Promoters

There is no litigation pending against our group companies / ventures of Promoters

Penalties imposed on Our Company in the last five years

Our Company has paid a penalty of Rs. 3,000 in July, 2005 for the late submission of the Excise Returns with the Excise Department.

Amounts owed to small scale undertakings

As on March 31, 2007, there are no small scale undertakings to whom our Company owes a sum exceeding Rs. 1 Lacs, which is outstanding for more than 30 days from the date such amount was due.

Material Developments since the last Balance Sheet date i.e. March 31, 2007

After the date of last balance sheet i.e. March 31, 2007 there have been no material development.

GOVERNMENT APPROVALS AND LICENSES

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Our Company has also received approvals from those of its lenders whose financing arrangements required it to obtain approvals in connection with the Issue. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

REGISTRATION/LICENSES RECEIVED BY COMPANY

Sr. No.	Name of the License/ Approval/ certificate/ Registration/Consent	Issuing Authority	License/ Certificate Registration No.	Date of Issue	Validity
Incorporation					
1.	Certificate of Incorporation	Registrar of Companies, Gwalior, Madhya Pradesh	10-04446 of 1988	March 18, 1988	NA
2.	Fresh Certificate of Incorporation	Registrar of Companies, Gwalior, Madhya Pradesh	4446	September 3, 1998	NA
Industrial/Tax/Labour					
3.	License to work a factory under the Madhya Pradesh Factory Rules, 1962 and Factories Act, 1948	Chief Inspector of Factories, Madhya Pradesh	54/14722/IND/2M(I)	December 31, 2006	December 31, 2007
4.	Weights and Measurement Certificate under Weights and Measurement Office, Madhya Pradesh	Inspector, Weights and Measurement, Indore	8 of 2006	June 12, 2006	June 11, 2007 Challan money was paid on May 26, 2007, but the renewal certificate is awaited
5.	Drug Manufacturing License under the Drugs and Cosmetics Rule, 1945	Licensing Authority, Food & Drugs Administration, Madhya Pradesh	25/2/99	March 18, 1999	December 31, 2007
6.	Drug Manufacturing License	Licensing Authority, Food & Drugs Administration, Madhya Pradesh	28/2/99	March 18, 1999	December 31, 2007
7.	World Health Organisation GMP Certificate	Licensing Authority, Food & Drugs Administration, Madhya Pradesh	V/WHO/GMP/3/2003/20657	December 1, 2005	December 31, 2007
8.	Certificate of Importer – Exporter (IEC)	Foreign Trade Development Officer, Ministry of Commerce, Government of India	1199002763	December 17, 1999	NA
9.	Madhya Pradesh Pollution Board consent under the Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974	Regional Officer, Madhya Pradesh Control Board	1098/RO-II/PCB/TS/02	February 2, 2003	February 28, 2008
10.	Madhya Pradesh Pollution Board consent under the Section 25/26 of the Air (Prevention and Control of Pollution) Act, 1981	Regional Officer, Madhya Pradesh Control Board	1099/RO-II/PCB/TS/02	February 2, 2003	February 28, 2008

Alpa Laboratories Limited

Sr.No.	Name of the License/ Approval/ certificate/ Registration/Consent	Issuing Authority	License/ Certificate Registration No.	Date of Issue	Validity
11.	Certificate of Registration under Section 69 of the Finance Act, 1994 for payment of Service Tax on Goods Transport Age Services	Supertindent, Service Tax, Central Excise, Indore	R-ST/IND/GTA/1472/04-05	March 24, 2005	NA
12.	Tax Payer's Identification Number – TIN	Officer, Income Tax, Madhya Pradesh	23240101926	July 1, 2003	NA
13.	Registration under Central Sales Tax issued under the provision of the Central Sales Tax (Registration and Turnover) Rules. 1957	Commercial Tax Officer, Circle- I, Indore	0101/MHW/1280/C	May 17, 1997	NA
14.	Tax Deduction Account Number (TAN) issued under the Section 206 CA of the Income Tax Act, 1961	Income Tax Department	121013273/TAN/173135	July 29, 2004	NA
15.	Certificate of Central Excise Registration under Rule 9 of the Central Rules, 2002	Deputy Commissioner, Central Excise Division-I, Indore	AACCA8437CXM001	June 14, 2006	NA
16.	Registration cum Membership Certificate given by Pharmaceutical Export Promotion Council, Setup by Ministry of Commerce & Industry, Government of India	Executive Director	PXL/SSM/I/3172/2005-06	May 13, 2005	March 31, 2010
17.	License to sell stock or exhibit for sale or distribute by wholesale drugs specified in schedule C and C (i) and Schedule X of the Drugs and Cosmetics Rules, 1945 – Form 20 B & Form 21 B – License taken for Clearing & Forwarding Agent	Drugs Licensing Authority, Saharanpur	1/2006/U/WNB	March 18, 2006	March 17, 2011
18.	Permission for installation of DG Sets 1'125 K.V.A	Sub-Engineer and Deputy Power Inspector, Indore	297	May 14, 1999	NA
19.	Permission for installation of DG Sets 1'250 K.V.A	Sub-Engineer and Deputy Power Inspector, Indore	87	April 6, 2000	NA
20	Permanent Account Number	Chief Commissioner Income Tax of Bhopal	AACCA8437G	March 18, 1988	NA

PROJECT APPROVALS NOT APPLIED FOR

Our Company has to apply for the following major/material licenses, which will be applied in once the construction of the proposed project commences.

Sr. No.	Name of the license/ approval/ certificate	Issuing Authority	Reasons for not applying
1.	License to work a factory under the Madhya Pradesh Factory Rules, 1962 and Factories Act, 1948	Chief Inspector of Factories, Madhya Pradesh	Company will apply for the license once the construction of the proposed project commences
2.	Weights and Measurement Certificate under Weights and Measurement Office, Madhya Pradesh	Inspector, Weights and Measurement, Indore	Company will apply for the license once the construction of the proposed project commences
3.	Drug Manufacturing License under the Drugs and Cosmetics Rule, 1945	Licensing Authority, Food & Drugs Administration, Madhya Pradesh	Company will apply for the license once the construction of the proposed project commences
4.	World Health Organisation GMP Certificate	Licensing Authority, Food & Drugs Administration, Madhya Pradesh	Company will apply for the license once the construction of the proposed project commences
5.	License to sell stock or exhibit for sale or distribute by wholesale drugs specified in schedule c and c (i) and Schedule X of the Drugs and Cosmetics Rules, 1945 – Form 20 B	Drugs Licensing Authority, Indore	Company will apply for the license once the construction of the proposed project commences
6.	License to sell stock or exhibit for sale or distribute by wholesale drugs specified in schedule c and c (i) and Schedule X of the Drugs and Cosmetics Rules, 1945 – Form 21 B	Drugs Licensing Authority, Indore	Company will apply for the license once the construction of the proposed project commences

Alpa Laboratories Limited

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue of Equity Shares in the Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on October 15, 2006 subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the issue at the Extra Ordinary General Meeting of the Company held on November 15, 2006.

PROHIBITION BY SEBI

Neither the Company, nor its Promoters, its directors, any of its Group Companies, and the companies or entities with which directors of the Company are associated, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

None of the Promoters, their relatives, the Company or the Promoter Group Companies are detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

Eligibility for the Issue

The Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines, as confirmed by the Auditors of the Company:

- The Company has net tangible assets of atleast Rs. 300.00 lakhs in each of the 3 preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.
- The Company has had a pre-issue net worth of not less than Rs. 100.00 lakhs in each of the three preceding full years (of 12 months each).
- The Company has had a track record of distributable profits as per Section 205 of the Companies Act, 1956, for atleast three out of the immediately preceding five years.
- The proposed issue size would not exceed five (5) times the pre-issue net worth of the Company as per the audited accounts for the year ended March 31, 2007.
- The Company has not changed its name within the last one year.

The net tangible assets, monetary assets, distributable profits and net worth as derived from the restated financial statements prepared in accordance with SEBI Guidelines, for the last five financial years ended March 31, 2007 is set forth below:

(Rs in Lakhs)

Financial Year	2006-07	2005-06	2004-05	2003-04	2002-03
Net Tangible Assets	4499.06	2959.81	1724.66	1514.21	1275.25
Monetary Assets	6.03	54.79	11.81	1.74	1.80
Monetary Assets as a Percentage of Net Tangible Assets	0.13	1.85%	0.68%	0.11%	0.14%
Distributable Profits	633.12	411.84	145.43	(9.66)	30.12
Net Worth	2685.23	1766.18	746.35	593.69	595.14

- (1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).
- (2) Monetary assets include cash on hand and bank.

(3) The distributable profits of the company as per section 205 of the Companies Act has been calculated from the restated Financial Statements.

(4) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off, if any)

In addition, we shall ensure that number of allottees getting Equity Shares is not less than one thousand in number.

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ALLIANZ SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER M/S ALLIANZ SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 13, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**
- (3) WE CONFIRM THAT:**
 - A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
 - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
 - D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**
 - E. WE HAVE CERTIFIED OURSELVES ABOUT THE WORTH OF UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- (4) WE CERTIFY THAT A WRITTEN CONSENT FROM THE SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS A PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN,**

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WILL NOT BE DISPOSED/SOLD/TRANFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, NCT OF, GWALIOR, MADHYA PRADESH IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER, RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER (MERCHANT BANKERS), ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

DISCLAIMER FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGER

The Company, its Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at its instance and that anyone placing reliance on any other source of information, including website of the Company, www.alpalabs.com would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Manager Allianz Securities Limited and our Company dated November 15, 2006, and the Underwriting agreement to be entered into between the Underwriters and our Company.

All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

Neither the Company nor BRLM or Syndicate Members shall be liable to the Bidders for any failure in downloading the bids due to faults in any software/ hardware system or otherwise.

CAUTION

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India), who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs registered with SEBI. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes into is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Indore only.

No action has been or will be taken to permit a public offering in any jurisdiction where permission would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final Red Herring Prospectus has been filed with RoC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red

Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act ("the Securities Act") or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Equity Shares are only being issued and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE, the Designated Stock Exchange)

Bombay Stock Exchange Limited (the Exchange) has given vide its letter dated January 19, 2007, permission to this Company to use the Exchanges name in this offer document as one of the Stock Exchanges on which this Companys securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner :-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Companys securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/38413-Q dated February 1, 2007, permission to the Issuer to use the Exchanges name in this Offer Document as one of the Stock Exchanges on which this Issuers securities are proposed to be listed. The Exchange has scrutinised this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuers securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

FILING

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under

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Section 60 of the Companies Act will be delivered for registration to the RoC situated at the Registrar of Companies, 3rd floor, A Block, Sanjay Complex, Jayendraganj, Lashkar, Gwalior.

LISTING

The initial listing applications have been made to Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The Bombay Stock Exchange Limited (BSE) will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus and if such money is not repaid within eight days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

The Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the basis of allotment for the Issue.

CONSENTS

Consents in writing of Directors, the Company Secretary, Compliance Officer, the Auditors, Bankers to the Company, Monitoring Agency, Book Running Lead Manager to the Issue, Registrars to the Issue and Legal advisors, Syndicate Members, Underwriters to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, as required under Sections 60 of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of this Red Herring Prospectus, for registration with the Registrar of Companies, 3rd floor, A Block, Sanjay Complex, Jayendraganj, Lashkar, Gwalior

M/ s C.H. Padliya & Co Chartered Accountants Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, 3rd floor, A Block, Sanjay Complex, Jayendraganj, Lashkar, Gwalior.

EXPERT OPINION

No opinion of any expert has been obtained by the Company, except that of M/ s C.H. Padliya & Co Chartered Accountants., Statutory Auditors of the Company and M/s. Crawford Bayley & Co. Advocates & Solicitors, Legal Advisors to the Issue.

PUBLIC ISSUE EXPENSES*

The expenses for this Issue includes issue management fees, selling commission, underwriting commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at approximately [•], details of which are as under:

(Rs. In Lakhs)

Activity	Amount (Rs. In Lakhs)	% Total Issue Size	% Total Issue Expenses
Issue Management Fee	[•]	[•]	[•]
Registrars fees	[•]	[•]	[•]
Fee for Legal Counsel	[•]	[•]	[•]
Printing and Distribution of Issue Stationery	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[•]	[•]	[•]
Total	[•]	[•]	[•]

* Will be incorporated after finalization of Issue Price

FEES PAYABLE TO THE BRLM, UNDERWRITING, BROKERAGE AND SELLING COMMISSION

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the engagement letter(s) dated March 31, 2006 is available for inspection at the Registered Office of the Company.

FEES PAYABLE TO THE REGISTRAR

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar dated November 27, 2006 copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

PREVIOUS PUBLIC AND RIGHTS ISSUES

The Company has not made any public or rights issue since its inception, except as stated in the title "Capital Structure" on page 13 of this Red Herring Prospectus.

PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

The Company has not issued shares for consideration other than for Cash, except as stated in the title "Capital Structure" on page no. 13 of this Red Herring Prospectus.

COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES

Since this is the initial public issue of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of Equity Shares of the Company since its incorporation

COMPANIES UNDER THE SAME MANAGEMENT

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which has made any capital issues during the last three years

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PROMISE V/S PERFORMANCE

(A) Last issue made by the Issuer Company

The Company has not made any issue of Equity Shares to the public prior to the present Public Issue.

(B) Last issue of group/ associate companies

The Promoters of the Company does not have any listed venture and consequently the Company is not required to furnish details of promise v/s performance in respect of the last issues of its Promoter companies.

OPTION TO SUBSCRIBE

Equity Shares being issued through this Red Herring Prospectus can be applied for in Dematerialized form only.

OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES OR OTHER INSTRUMENTS

The Company since its incorporation has not issued any Redeemable Preference shares and debentures, bonds or other instruments.

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

This being the Initial Public Issue of Alpa Laboratories Limited, the Equity Shares of the Company are not listed on any stock exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Company has appointed **Bigshare Services Private Limited**, as the Registrar to the Issue, to handle the investor grievances in co-ordination with Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bidder/Bank branch where the application was submitted. The Company will monitor the work of the Registrar to ensure that the grievances are settled expeditiously and satisfactorily.

DISPOSAL OF INVESTOR GRIEVANCES

Bigshare Services Private Limited, the Registrars to the Issue, will handle investor grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors. The Company assures that the Board of Directors, in respect of the complaints, if any, to be received, shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Taken
1.	Non-receipt of refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address notification	Within 7 days of receipt of Information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

The Company has appointed Mr. Mukesh Kumar Gupta, as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

COMPLIANCE OFFICER AND COMPANY SECRETARY

Mr. Mukesh Kumar Gupta

Alpa Laboratories Limited
33/2, Pigdamber, A.B. Road Rau District
Indore, Madhya Pradesh – 453 446
Ph: +91 731- 4020440; Fax No: +91 731-4020444
E-mail: ipo@alpalabs.com

CHANGES IN AUDITORS

There has been no change in the Auditors of the Company during the last three years

CAPITALIZATION OF RESERVES OR PROFITS (DURING THE LAST FIVE YEARS)

The Company has not capitalized its profits or reserves at any time except as stated in the section titled “Financial Statement” on page no. 99 of this Red Herring Prospectus.

REVALUATION OF ASSETS (DURING THE LAST FIVE YEARS)

The Company has not revalued its assets during the last five years.

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SECTION : VII ISSUE RELATED INFORMATION

ISSUE STRUCTURE

ISSUE OF 95,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] LAKHS (HEREINAFTER REFERRED TO AS THE “ISSUE”), INCLUDING EMPLOYEE RESERVATION OF 2,50,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] (HEREINAFTER REFERRED TO AS THE “EMPLOYEE RESERVATION PORTION”). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION SHALL BE 92,50,000 EQUITY SHARES OF RS. 10/- EACH (HEREINAFTER REFERRED TO AS THE “NET ISSUE TO THE PUBLIC”). THE ISSUE WILL CONSTITUTE 44.06 % OF THE POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. 62 TO Rs. 68 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH

THE ISSUE PRICE IS 6.2 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND IS 6.8 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares**	Not more than 46,25,000 Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 13,87,500 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 32,37,500 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Upto 2,50,000 Equity Shares
Percentage of Issue Size Available for allocation	Not more than 50% of the Net Issue or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders with 5% compulsory allocation to mutual funds.	Not less than 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders	Upto 2.63% of Issue size.
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid *	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 100 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 100 Equity Shares thereafter	100 Equity shares and in multiples of 100 Equity Share thereafter.	100 Equity shares and in multiples of 100 Equity Share thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceed Rs. 1,00,000	Not exceeding 2,50,000 equity shares
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
Trading Lot	One	One	One	One

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Who can apply***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable laws.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceed Rs. 100,000 in value.	Eligible Employees
Terms of Payment	Margin Money applicable to QIBs at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to eligible employee shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of the bid amount	Full Bid amount on Bidding	Full Bid amount on Bidding	100% of the Bid amount on Bidding

* Subject to valid bids being received at or above the Issue Price.

** Under-subscription, if any, in any category would be met with spillover from other categories at the sole discretion of the Company, in consultation with the BRLM.

*** In case the bid cum application form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the bid cum application form.

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ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate Members Only. In case of QIB bidders, the Company, in consultation with the BRLM, may reject any Bids procured by any or all members of the Syndicate, at the time of acceptance of Bid-cum-Application Form provided that the reasons for rejecting the same shall be disclosed to the Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Pink
Eligible Employees of the Company.	Blue

Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture capital funds registered with SEBI;

- Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLM and Syndicate Members shall be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of BRLM and Syndicate Member may subscribe for equity shares in the issue, including the QIBs and Non-Institutional portion where the allocation is on proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from Registered Office of the Company, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of post-issue paid-up capital of the Company (i.e., 10% of 1,0,95,920 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of total issued capital or 5% of our total issued capital of the Company

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in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

Bids by SEBI registered VCF and FVCI

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund and Bilateral Development Financial Institution for a minimum of such number of Equity Shares and in multiples of 100 thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see “Maximum and Minimum Bid Size” at page no. 136 of this Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum 100 number of Equity Shares and in multiples of 100 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000 In case of revision of Bids, the Retail Individual Bidders have

to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others (Non-Institutional Bidders and QIBs) Bidders: The Bid must be for a minimum of such number of Equity Shares in multiples of 100 Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 100 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 2,50,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs.1,00,000 may bid at Cut-off price. The allotment in the employee reservation portion will be on proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders

- a) The Company will file this Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- b) The members of the Syndicate will circulate copies of this Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- c) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of the Company or from the BRLM, or from a member of the Syndicate.
- d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bids.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

1. The Company and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended vide SEBI Circular no. SEBI / CFD / DIL / DIP / 14 / 2005 / 25 / 1 dated January 25, 2005. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. Investors who are interested in subscribing for Equity Shares of the Company should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
3. The Bidding Period shall be a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two widely circulated newspapers (one each in English and Hindi), and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding ten working days.

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4. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
5. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” on page no. 138 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
6. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph “Build up of the Book and Revision of Bids” on page no. 141 of this Red Herring Prospectus.
7. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Account” on page no. 139 of this Red Herring Prospectus.

Bids at Different Price Levels

The Price Band has been fixed at Rs. 62 to Rs.68 per Equity Share of Rs. 10/- each, Rs.62 being the lower end of the Price Band and Rs.68 being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One).

The Company, in consultation with the BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.

Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi) and also indicating the change on the relevant website of the BRLM, Company and the terminals of the members of the Syndicate.

The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band, in accordance with this clause, without the prior approval of, or intimation to, the Bidders.

The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**

Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such

that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for retail individual bidders if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1, 00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs.7,000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.

Application in the Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

1. The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.
2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form by drawing a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page no. 147 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Issue Structure" on page no. 132 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference

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between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two (2) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.)
 - Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for.
 - Bid price.
 - Bid-cum-Application Form number.
 - Whether Margin Amount is made upon submission of Bid-cum-Application Form.
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLM/ member of the Syndicate also has the right to accept the Bid or reject it in case of QIBs; however, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page no. 149 of this Red Herring Prospectus.

- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- (b) The Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category to Bidders.
- (c) The allocation for QIBs would be not more than 50% of the Issue Size would be proportionate basis. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35%

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of the Issue Size, respectively, would be on proportionate basis in the manner specified in the SEBI guidelines and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

- (d) Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 2,31,250 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of Company, in consultation with the BRLM and the Designated Stock Exchange.
- (e) Allocation to NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- (f) The BRLM, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before allotment. In terms of SEBI DIP guidelines, QIB bidders shall not be allowed to withdraw their bid after the bid / issue closing date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Issuance of Confirmation of Allocation Note

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- b) The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation" as set forth under the chapter "Issue Procedure" of this Red Herring Prospectus.

Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the Company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with ROC

The Company will file a copy of the Prospectus with the Registrar of Companies, Gwalior, situated at The Registrar of Companies, 3rd floor, A Block, Sanjay Complex, Jayendraganj, Lashkar, Gwalior in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, the Company shall after receiving final observation, if any, on this Red Herring Prospectus with SEBI, publish an advertisement, in the form prescribed by the SEBI DIP guidelines in widely circulated newspapers (one each in English & Hindi).

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

1. The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot the Equity Shares to the allottees. The Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be completed within two working days of the date of finalization of the basis of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
2. **In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (pink in colour) or Employee Bid-cum-Application Form (blue in colour).
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialized form only. Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- d) Investors must ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository account is held. In case the Bid cum Application Form is submitted in Joint names, it should be ensured that the Depository account is also held in the same Joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- e) Ensure that you have been given a TRS for all your Bid options;

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- f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the Bid is within the Price Band.
- h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 or 61 as the case may be together with the permissible documents as address proof
- i) Ensure that demographic details (as defined herein below) are updated true and correct in all respects.
- j) Ensure that Bids are submitted at bidding centres only on forms bearing stamp of a member of Syndicate

Don'ts:

- a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b. Do not Bid for lower than minimum Bid size;
- c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e. Do not pay Bid amount in cash;
- f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders);
- g. Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
- h. Do not fill up the Bid cum Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.
- i. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j. Do not submit bid accompanying with Stock Invest.
- k. Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- l. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, Pink colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter subject to a maximum of Rs. 1,00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 100 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the

investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.

- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

1. For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of our company who are on the pay-roll of our Company as on May 31, 2007.
 - a) Bids under Employee Reservation Portion by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. Blue colour Form).
 - b) Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
 - c) The sole/ first bidder should be Eligible Employees as defined above.
 - d) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
 - e) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
 - f) Bidding at cut-off is allowed only for employees whose bid amount is less than or equal to Rs. 1,00,000.
 - g) Bids made by the employees under both employee reservation portion as well as in the net issue shall not be treated as multiple bids.
 - h) If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
 - i) Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net issue and allocation to be made in accordance with the description in Basis of Allocation as described in page no. 153 of this Red Herring Prospectus.
 - j) If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit to or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID

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CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used any other purposes by the Registrars to the Issue.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company and

the BRLM may deem fit.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form instead of those obtained from the Depositories.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) In case of resident QIB Bidders: **“Escrow Account – Alpa Public Issue – QIB - R”**
 - (b) In case of Resident Retail Individual and Non-Institutional Bidders – **“Escrow Account – Alpa Public Issue – R”**
 - (c) In case of Non-Resident QIB Bidders: **“Escrow Account – Alpa Public Issue – QIB – NR”**
 - (d) In case of Non-Resident Retail Individual and Non-Institutional Bidders – **“Escrow Account – Alpa Public Issue – NR”**
 - (e) In case of Eligible Employees of the Company: **“Escrow Account- Alpa Public Issue -Employees”**
 - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
 - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
4. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.

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5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
8. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stock-invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock-invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications

physically verified to tally signatures as also father's / husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bidders in the Employee Reservation portion can also bid in the Net Issue to the Public and such Bids shall not be treated as multiple Bids

The Company in consultation with the BRLM reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number – MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/ quote UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 by its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut-off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations. Therefore, MAPIN is not required to be quoted with the Bids.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM may reject a Bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;

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2. Age of First Bidder not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of 100;
11. Category not ticked;
12. Multiple bids as defined in this Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stock invest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
21. Bids by OCBs;
22. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation S under the Securities Act; and
23. Bids by NRIs not disclosing their residential status;
24. If GIR number is mentioned instead of PAN number.
25. Bank account details (for refund) are not given.
26. Bids by QIBs not submitted through members of the Syndicate;
27. Bids by employees or directors of the Company who are not eligible to apply in the Employee Reservation Portion;
28. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-

materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated June 26, 2007 among NSDL, the Company and Registrars to the Issue.
2. An Agreement dated June 25, 2007 among CDSL, the Company and Registrars to the Issue.

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

The Company has appointed Mr. Mukesh Kumar Gupta as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Compliance Officer and Company Secretary

Mr. Mukesh Kumar Gupta

Alpa Laboratories Limited
33/2, Pigdamber, A.B. Road Rau District,
Indore, Madhya Pradesh – 453 446
Ph: +91 731- 4020440
Fax No: +91 731-4020444
E-mail: ipo@alpalabs.com

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Procedure and Time Schedule for Allotment

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] and expire on [•]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Disposal of Applications and Applications Money and Interest in case of Delay

The Company shall ensure despatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Fund) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of basis of allotment of Equity Shares. The Company shall dispatch refund orders above Rs. 1500/-, if any, by registered post or speed post at the sole or first bidder’s sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall despatch refund orders, as per the procedure mentioned under section “Dispatch of Refund Orders” on page no. 156 of this Red Herring Prospectus, at the sole or First Bidder’s sole risk.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

- i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- ii) Dispatch of refund orders will be done within 15 days from the Bid /Issue Closing Date; and
- iii) The Company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment is not made, refund orders / credit intimation are not dispatched and in case where refund is made through electronic mode, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors within the fifteen day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

Basis of Allocation

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 32,37,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the aggregate demand in this category is greater than 32,37,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 32,37,500 Equity Shares. For the method of proportionate basis of allocation, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 13,87,500 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 13,87,500 Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of 13,87,500 Equity Shares. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The Net Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allotment shall be undertaken in the following manner –
 - a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
 - i) In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
 - i) In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
 - ii) Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;

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- b) In the second instance, allocation to all QIBs shall be determined as follows –
- i) In the event that the over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.
 - ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of equity shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii) Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

For Employee Reservation Portion

- Bids received from the eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this portion is less than or equal to 2,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to Employees to the extent of their demand.
- If the aggregate demand in this portion is greater than 2,50,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer below.
- Only eligible Employees shall apply under the Employee reservation portion.

Undersubscription, if any, in any category would be allowed to be met with spillover from any other category at the sole discretion of our company and the BRLM

Method of Proportionate Basis of Allocation

In the event of the issue being over-subscribed, the Company shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below.

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) If the proportionate allotment to a Bidder is a number that is more than 100 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) In all Bids where the proportionate allotment is less than 100 Equity Shares per Bidder, the allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 100 Equity Shares.

- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

S. No.	Particulars	Issue details
1	Net Issue size	100 lakhs Equity Shares
2	Allocation to QIB (minimum 10% of the Issue) Of which:	50 lakhs Equity Shares
	a. Reservation For Mutual Funds, (5%)	2.50 lakhs Equity Shares
	b. Balance for all QIBs including Mutual Funds	47.50 lakhs Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	250 lakhs Equity Shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in Lakhs)
1	A1	25
2	A2	10
3	A3	65
4	A4	25
5	A5	25
6	MF1	20
7	MF2	20
8	MF3	40
9	MF4	10
10	MF5	10
TOTAL		250

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in lakhs)

Type of QIB bidders	Shares bid for	Allocation of 2.5 lakh Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 47.50 lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	25	0	4.80	0
A2	10	0	1.92	0
A3	65	0	12.48	0
A4	25	0	4.80	0
A5	25	0	4.80	0
MF1	20	0.50	3.74	4.24
MF2	20	0.50	3.74	4.24
MF3	40	1.0	7.48	8.48
MF4	10	0.25	1.87	2.12
MF5	10	0.25	1.87	2.12
	250	2.50	47.50	21.20

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Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled “Issue Structure” beginning on page no. 132 of this Red Herring Prospectus.
2. Out of 50 lakhs Equity Shares allocated to QIBs, 2.50 lakh (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh shares in the QIB Portion.
3. The balance 47.50 lakhs Equity Shares [i.e. 50 – 2.5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 47.50 lakh Equity Shares (including 5 Mutual Fund applicants who applied for 100 lakh Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 95 lakhs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - i. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 47.5/247.5
 - ii. For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 47.5/247.5
 - iii. The numerator and denominator for arriving at allocation of 47.5 lakhs Equity Shares to the 10 QIBs are reduced by 2.5 lakh shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

The Company shall give credit of Equity Shares to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall dispatch refund orders, if any, of value upto Rs. 1,500 by “Under Certificate of Posting”, and will dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or first Bidder’s sole risk within 15 days of the Bid / Issue Closing date and adequate funds for the purpose shall be made available to the Registrars by the Company. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through “Under Certificate of Posting” within 15 days of closure of issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

The Company shall ensure dispatch of refund orders / refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the First Bidder’s sole risk within 15 days of the Bid / Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode (s) disclosed shall be made available to the Registrars by the Company.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;

- **Dispatch of refund orders**

Refunds will be done within 15 days from the Bid / Issue Closing Date at the sole or First Bidder’s sole risk. The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue; and

- **Interest in case of delay in dispatch of allotment letters / refund orders**

The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders have not been dispatched to the applicants or if, in case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid / Issue closing date.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are

received. The Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

The Company will provide adequate funds to the Registrars to the Issue for making refunds to unsuccessful applicants as per the mode disclosed under “Dispatch of Refund Order” appearing on page no.156 of this Red Herring Prospectus..

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference –

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Bankers, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the above-mentioned fifteen centers and whose refund amount exceeds Rs. Ten Lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company. Charges, if any, levied by the applicants’ bank receiving the credit would be borne by the applicant.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2 & 3 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

UNDERTAKING BY THE COMPANY

The Company undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- (c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Dispatch of Refund Orders” on page no. 156 of this Red Herring Prospectus shall be made available to the Registrar to the Issue by the Company;
- (d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- (e) that the promoter’s contribution in full, shall be brought in advance before the issue opens for public subscription;
- (f) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- (g) that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Red Herring Prospectus are listed or until the Bid Money’s are refunded on account of non-listing, under-subscription etc.

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UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- (a) all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilised;
- (c) details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Gol and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision hereinbelow is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company

(i) *Preliminary*

Title of Article	Article Number and contents
Table “A” not to apply but company to be governed by these Articles	1. The regulations contained in Table “A” in the First Schedule of the Companies Act, 1956 shall not apply to this Company, but these Articles for the management of the Company and for the observance of the Members thereof and their representatives shall subject to any exercise of the statutory powers of the Company with reference to the repeal of, alteration of, or addition to, its regulations/Articles by Special Resolution, as prescribed by the Companies Act 1956 be such as are contained in these Articles.

(ii) **Articles relating to rights of members regarding voting, dividend, lien on shares, process for modification of such rights and forfeiture of shares**

VOTES OF MEMBERS

Title of Article	Article Number and contents
Member paying money in advance not to be entitled to vote in respect thereof	116. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
Restriction on exercise of voting rights of Members who have not paid calls	117. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
Number of votes to which Member entitled	118. Subject to the provisions of Article 116, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference share-holder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.
Rights of Members to use votes differently	124. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses

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Proxies	125. Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.
Proxy either for specified meeting or for a period	126. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
No proxy to vote on a show of hands	127. No proxy shall be entitled to vote by a show of hands.
Instrument of proxy when to be deposited	128. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of Proxy	129. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
Validity of votes given by proxy notwithstanding revocation of authority	130. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	131. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.
Chairman of any Meeting to be the judge of Validity of any value	132. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of Instrument	133. If any such instrument of appointment is confined to the object of appointing at attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	Article Number and contents
Division of profits	192. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares. (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	193. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	194. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	195. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	196. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.(b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
Capital paid-up in advance as interest not to earn dividend	197. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	198. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	199. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	200. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	201. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	202. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of

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	<p>the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.</p>
Notice of dividend	203. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	204. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	205. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-(a) where the dividend could not be paid by reason of the operation on any law; or(b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or(c) where there is dispute regarding the right to receive the dividend; or(d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unclaimed dividend	206. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account". Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board.
Set-off of calls against dividends	207. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.
Dividends in cash	208. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.

Capitalisation	<p>209. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.</p> <p>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;</p> <p>(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or</p> <p>(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or</p> <p>(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)</p> <p>(3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.</p>
Board to give effect	210. The Board shall give effect to the resolution passed by the Company in pursuance of above Article.
LIEN	Article Number and contents
Title of Article	
Partial payment not to preclude forfeiture	43. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company to have lien on Shares/ Debentures	44. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.
As to enforcing lien by sale	45. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED

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<p>Application of proceeds of sale</p>	<p>THAT no sale shall be made:-</p> <p>(a) Unless a sum in respect of which the lien exists is presently payable; or</p> <p>(b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members</p> <p>(c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.</p> <p>46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and</p> <p>(b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).</p>
<p>FORFEITURE OF SHARES</p>	
<p>Title of Article</p>	<p>Article Number and contents</p>
<p>If money payable on Shares not paid notice to be given</p>	<p>47. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.</p>
<p>Sum payable on allotment to be deemed a call</p> <p>Form of notice</p>	<p>48. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.</p> <p>49. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.</p>
<p>In default of payment Shares to be forfeited</p>	<p>50. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.</p>
<p>Notice of forfeiture to a Member</p>	<p>51. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.</p>

Forfeited Shares to be the property of the Company and may be sold etc.	52. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owing at the time of forfeiture and interest	53. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	54. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul forfeiture	55. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	56. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off. (c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share. (d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	57. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Cancellation of shares certificates in respect of forfeited Shares	58. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null

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Evidence of forfeiture	59. The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
Validity of sale	60. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	61. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.
MODIFICATION OF RIGHTS	
Title of Article	Article Number and contents
Modification of rights	<p>10. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall <i>mutatis mutandis</i> apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.</p> <p>The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking <i>pari passu</i> therewith.</p>

(iii) Other provisions of Articles of Association

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Share Capital	3. The authorized share capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each. The Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution..
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares

Non Voting Shares	<p>may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act</p>
Redeemable Preference Shares	5. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Reduction of capital	6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Purchase of own Shares	8. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Sub-division consolidation and cancellation of Shares	8A. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
	9. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	11. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Shares under control of Directors	13. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit,

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<p>Power to offer Shares/options to acquire Shares</p>	<p>and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p> <p>13A (i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.</p> <p>(ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would <i>inter alia</i> include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.</p> <p>(iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.</p>
<p>Power also to Company in General Meeting to issue Shares</p>	<p>15. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.</p>
<p>Power of General Meeting to authorize Board to offer Shares/ Options to employees</p>	<p>15A (i) Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in</p>

	<p>any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose</p> <p>(ii) In addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.</p>
The Board may issue Shares as fully paid-up	18. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	19. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
Deposit and call etc., to be debt payable	20. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	21. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	21. (A) Definitions Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository. SEBI "SEBI" means the Securities and Exchange Board of India. Bye-Laws "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996; Depositories Act. "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force; Depository "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992; Record "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI; Regulations "Regulations" mean the regulations made by SEBI; Security "Security" means such security as may be specified by SEBI.
Dematerialisation of securities	21. (B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor

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Options to receive security certificates or hold securities with depository	21. (C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	21. (D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
Rights of depositories and beneficial owners	21. (E) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Depository To Furnish Information	21. (F) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Option to Opt out in respect of any security	21. (G) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Sections 83 and 108 of the Act not to apply	21. (H) Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.
Share certificate	22. (a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.

Limitation of time for issue of certificates	<p>Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.</p>
New certificate to be granted on delivery of the old certificates	<p>24. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis apply to Debentures of the Company.</p>
The first name joint holder deemed sole holder	<p>25. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.</p>
Company not bound to recognize any interest in Shares other than of registered holder	<p>27. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.</p> <p>(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.</p>

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UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission may be paid	30. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	31. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
Commission to be included in the annual return	32. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

Title of Article	Article Number and contents
Interest out of capital	33. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Title of Article	Article Number and contents
Debentures with voting rights not to be issued	34. (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business. (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act. (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act. (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act. (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance. (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred. (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof. (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Title of Article	Article Number and contents
Directors may make calls	35. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.
Evidence in action by Company against share holder	(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
	41. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	42. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfers to minors etc.	62. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Execution of transfer	65. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed.

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Directors may refuse to register transfer	<p>The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.</p>
Death of one or more joint holders of Shares	<p>68. Subject to the provisions of Section 111A these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.</p>
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	<p>69. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.</p> <p>72. Subject to the provisions of the Act and Article 69 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".</p>
Refusal to register nominee	<p>73. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.</p>
No fees on transfer or transmissions	<p>75. No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.</p>
Company not liable for disregard of a notice prohibiting registration of transfer	<p>77. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to</p>

<p>SHARE WARRANTS</p> <p>Title of Article</p> <p>Power to issue share warrants</p>	<p>any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.</p> <p>Article Number and contents</p> <p>78. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.</p>
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CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	82. The Company may, by Ordinary Resolution: (a) Convert any fully paid up Share into stock, and(b) reconvert any stock into fully paid-up Shares.

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	86. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	87. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon: such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Terms of issue of Debentures	88. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and

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Mortgage of uncalled capital	<p>conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.</p> <p>89. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.</p>
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MEETING OF MEMBERS

Title of Article	Article Number and contents
Omission to give notice not to invalidate proceedings	100. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.
Notice of business to be given	101. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Chairman's casting vote	112. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	134. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve..
Debenture Directors	136. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.
Nominee Director or Corporation Director	137. a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI), ICICI Limited.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee

	<p>furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/their places.</p> <p>b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.</p> <p>c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall <i>ipso facto</i> vacate such office immediately on the moneys owing by the Company to the Corporation being paid off</p> <p>d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..</p> <p>f) Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.</p>
Directors may fill in vacancies	140. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	141. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional

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Qualification shares	Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Directors' sitting fees	142. A Director need not hold any qualification shares.
Extra remuneration to Directors for special work	143. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees, as the Company in General Meeting shall from time to time determine.
Directors and Managing Director may contract with Company	144. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided. Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either: i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or ii) by way of commission if the Company by a Special Resolution authorised such payment.
Director may be director of companies promoted by the Company	150. Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.
	154. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

MANAGING DIRECTOR AND MANAGER

Title of Article	Article Number and contents
Appointment and powers of Manager	173A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

MANAGING DIRECTOR

Title of Article	Article Number and contents
Powers to appoint Managing Director	166. Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Wholetime Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.
Remuneration of Managing Director	167. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receivesuch remuneration as may from time to time be approved by the Company.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Powers of Board meeting	179. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
Acts of Board or Committee valid notwithstanding defect in appointment	183. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	184. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting: - (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;

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<p>Certain powers of the Board</p>	<ul style="list-style-type: none"> (b) remit, or give time for the repayment of, any debt due by a Director, (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; <p>186. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <ul style="list-style-type: none"> (1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. (3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit. (6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed. (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
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	<p>(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.</p> <p>(9) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.</p> <p>(10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</p> <p>(11) Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</p>
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ACCOUNTS

Title of Article	Article Number and Contents
Accounts when audited and approved to be conclusive except as to errors discovered within 3 months	218. Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.

DOCUMENTS AND NOTICES

Title of Article	Article Number and Contents
Members bound by documents or notices served on or given to previous holders	220. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.

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SECTION IX : OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, have been delivered to the Registrar of Companies, Gwalior, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company, from 10.00 a.m. to 4.00 p.m. on any working day from the date of the Red Herring Prospectus until the date of closing of the Issue.

Material Contracts

1. Memorandum of Understanding, dated November 15, 2006 signed between the Company and Allianz Securities Limited, the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding, dated November 27, 2006 signed between the Company and Bigshare Services Private Limited the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated June 26, 2007 between NSDL, the Company and Bigshare Services Private Limited to establish direct connectivity with the depository.
4. Copy of the Tri-partite Agreement dated June 25, 2007 between CDSL, the Company and Bigshare Services Private Limited to establish direct connectivity with the depository.

Documents for Inspection

1. Memorandum and Articles of Association of Alpa Laboratories Limited as amended from time to time.
2. Certificate of Incorporation of Alpa Laboratories limited dated September 3, 1998
3. Copy of board resolution passed on October 15, 2006 and Special Resolution passed at EGM dated November 15, 2006/s 81 (1A) authorizing the Issue of Equity Shares.
4. Copies of letters addressed to BSE and NSE regarding In-principle approval for Listing.
5. Copies of In-principle approvals from BSE and NSE dated January 19, 2007 and dated February 1, 2007 respectively.
6. Copies of Auditors Reports issued by Statutory Auditors of the Company M/s C.H. Padliya & Co., Chartered Accountants, dated June 11, 2007 regarding reinstated financials of the Company.
7. Copy of tax benefit certificate issued by Statutory Auditors of the Company dated June 11, 2007.
8. Certificate dated June 21, 2007 regarding the deployment of funds in relation to the expansion programme till that date.
9. Resolutions approving the present terms of employment and remuneration between our Company and our Whole-time Directors as approved by our Board and our Shareholders.
10. Copy of Trade Mark Agreements dated January 4, 2004 with our Group Company viz. Alpa Labs (India) Limited for using their Trade Marks.
11. Copy of the sanction letter no. YNRD/ADVTL.15/06-07/00553 dated October 23, 2006 and sanction letter no DGM/MRO/C&I dated November 23, 2006 from State Bank of Indore and State Bank of Travancore respectively.
12. Consent letters from Directors, Book Running Lead Manager to the Issue, Bankers to the Issue, Bankers to the Company, Statutory Auditors, Legal Advisors to the Issue, Registrar to the Issue, Syndicate Member, Underwriters, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Red Herring Prospectus.

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13. Copies of Annual Reports of the Company for the last 5 accounting periods i.e. 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07.
 14. Copies of Annual Reports of the Promoter Group Companies.
 15. Due Diligence Certificate dated December 12, 2006 issued by Book Running Lead Manager to the Issue viz. Allianz Securities Limited.
 16. A copy of the SEBI Final observation letter no. CFD/DIL/ISSUES/PB/MKS/91543/2007 dated April 19, 2007 received from SEBI, Mumbai in respect of the Public Issue of Alpa Laboratories Limited.

Alpa Laboratories Limited

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF ALPA LABORATORIES LIMITED

Mr. Purushottam R. Patel

Chairman & Managing Director

Mr. Mahendra Singh Chawla

Whole Time Director

Mr. Pravin C. Shah

Whole Time Director

Mr. S. L. Chaplot

Director

Mr. Vijay Padaki

Director

Mr. Ashok Das Gupta

Director

Mr. Jayesh Patel

Chief Executive Officer

Date : June 27, 2007

Place : Indore, Madhya Pradesh