

# **ANNUAL REPORT 2008 - 2009**



**AURO LABORATORIES LIMITED**

## **AURO LABORATORIES LIMITED**

### **BOARD OF DIRECTORS**

Sharat Deorah  
Siddhartha Deorah  
Murarilal Sharma  
Goverdhandas Aggarwal

Managing Director  
Director  
Director  
Director

### **AUDIT COMMITTEE**

Murarilal Sharma  
Goverdhandas Aggarwal  
Siddhartha Deorah

Chairman  
Member  
Member

### **REGISTERED OFFICE & FACTORY**

K-56 M.I.D.C. Industrial Area, Tarapur  
Boisar, Dist. Thane 401506, Maharashtra

### **ADMINISTRATIVE OFFICE:**

314,3<sup>rd</sup> Floor, T. V. Industrial Estate,  
S. K. Ahire Marg, Worli, Mumbai 400 030.

### **AUDTIORS**

M/s. Kothari Jain & Associates  
Chartered Accountants

### **BANKERS**

Allahabad Bank Mumbai

### **REGISTRAR & SHARE TRANSFER AGENT**

**M/s. SHAREX DYNAMIC [ INDIA ] PRIVATE LIMITED**  
**[ Unit : AURO LABORATORIES LIMITED ]**

Unit No. 1, Luthra Industrial Premises, Near Safed Pool,  
Andheri Kurla Road, Andheri [ East], Mumbai - 400 072  
Tel : 022 2851 5644/2851 5606

# ANNUAL REPORT 2008-2009

## NOTICE TO THE MEMBERS

NOTICE is hereby given that the 20th Annual General Meeting of the members of AURO LABORATORIES LIMITED will be held on Tuesday, August 18, 2009 at 11am at the registered office of the Company at K-56, M.I.D.C. Industrial Area, Tarapur, Boisar, Dist. Thane, Maharashtra – 401 506 to transact, with or without modification(s) the following businesses:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2009 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Goverdhandas Aggarwal, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Registered Office:

For and on behalf of the Board

K-56, M.I.D.C. Industrial Area,  
Tarapur,  
Boisar,  
Thane - 401 506.  
June 10, 2009.

For AURO LABORATORIES LIMITED

SHARAT DEORAH  
Managing Director

# AURO LABORATORIES LIMITED

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 13/08/2009 to 18/08/2009 (both days inclusive).

3. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.

4. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.

5. The Company has listed its shares on The Bombay Stock Exchange Limited, Mumbai.

6 a. The Company has appointed M/s. SHAREX DYNAMIC (INDIA) PRIVATE LIMITED as Common Registrar & Transfer Agent of the Company for physicals as well as demat mode of transfers. Members are therefore requested to send their grievances to them for early disposal at the address given below.

b. Members holding Shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below AND in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants and not to the Company.

**M/S. SHAREX DYNAMIC (INDIA) PVT. LTD.**  
Unit : [ AURO LABORATORIES LIMITED ]  
Unit No.1, Luthra Ind. Premises, Andheri Krula Road,  
Safed Pool, Andheri (East), MUMBAI - 400 072.  
**Tel: 022 2851 5606 / 2851 5644**

7. All documents referred to in the Notice are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

8. Members/Proxies holding their Shares in Physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.

9. Members who are holding shares in dematerialised form are requested to bring their Client ID and DPID numbers for easy identification at the meeting.

10. In all correspondence with the Company, members are requested to quote their Folio No. and in case their shares are held in demat form, they must quote their DP ID and Client ID Number.

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## LISTING REQUIREMENTS:

As required under Clause 49 [vi] of the Listing Agreement, given below are the details of the Director(s) who retire by rotation and are eligible for re-appointment (Resolution at Item Nos. 2):

A. Name	: MR. GOVERDHANDAS AGGARWAL
Age	: 60 [02/10/1949].
Qualifications	: B.Com.

Mr. Goverdhandas Aggarwal is associated with the Company since March 01, 2004 and look after Marketing and administration of the Company. He has an experience of over 30 years in the field of drugs and pharmaceuticals.

Other Directorships:	Nil
Shareholding in the Company:	Nil.
Committee Memberships:	Nil.

# AURO LABORATORIES LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting 20th Annual Report together with the Audited accounts for the year ended March 31, 2009.

FINANCIAL RESULTS:	Yearended 31.03.2009 Rs. In Lacs	Yearended 31.03.2008 Rs. In Lacs
Sales & Other Income	1088.21	611.74
Profit before depreciation & tax	34.37	29.25
Profit after Depreciation	8.44	4.59
Profit / Loss after tax	7.89	4.14

## OPERATIONS:

In the current financial year the company has achieved sales of Rs.10.88 crores which is approx. 70 % more than the previous year. The production capacity has increased and the product mix has got good demand with our domestic and overseas customers. The Board of Director has decided to increase the production capacity of Metformin HCL for which new machinery have been ordered. The costs will be met from the loan to be arranged. The new machineries will be installed and use for production in next four months time. The company proposed to achieve a further increase in the sales from the current level. Baring unforeseen circumstances the sales are likely to be 50 % to 70 % more than the current level.

## DIVIDEND:

Due to carry forward losses, your Directors do not recommend any dividend for the year ended March 31, 2009.

## RESEARCH & DEVELOPMENT:

The R&D department of the company has been arduously working to provide quality and value for money to the customers in keeping with market trends.

## FIXED DEPOSITS:

Your Company has not accepted any deposit during the year within the meaning of section 58A of the Companies Act, 1956 from Public and the rules made there under.

## BOARD OF DIRECTORS:

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company Mr. Goverdhandas Aggarwal, Director of the Company retire by rotation and being eligible, offer himself for re-appointment.

# ANNUAL REPORT 2008-2009

## DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Appropriate policies have been selected and applied consistently and judgments and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

## AUDITORS:

M/s. Kothari Jain & Associates, Chartered Accountants, Auditors of the Company are retiring at the ensuing Annual General Meeting. They are eligible for re-appointment and have expressed their willingness to act as auditors, if re-appointed. The Company has received a certificate from them that they are qualified under section 224 (1) of the Companies Act, 1956, for appointment as Auditors of the Company. Members are requested to consider their appointment at a remuneration to be decided by the Board of Directors for the financial year ending March 31, 2010 as set out in the Notice convening the Meeting.

## AUDITORS' OBSERVATIONS:

The observations of the auditors contained in their Report have been adequately dealt with in the Notes to the Accounts given in Schedule "R" which are self explanatory and, therefore, do not call for any further comments.

## AUDIT COMMITTEE:

In accordance with the provisions of the Listing Agreement and Companies Act, 1956, the Company has constituted an Audit Committee. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

## DEPOSITORY SERVICES:

The Company's Equity Shares have been admitted to the depository mechanism of the National Securities Depository Limited (NSDL) and also the Central Depository Services Limited (CDSL). As a result the investors have an option to hold the shares of the Company in a dematerialized form in either of the two Depositories. The Company has been allotted ISIN No. INE292C01011.

Shareholder's therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [ DPs ] with whom they have their Demat Accounts for getting their holdings in electronic form.

## CORPORATE GOVERNANCE:

Your Company continued to practice good governance as set out by the Securities And Exchange Board of India. In addition to the basic governance issues, the Board laid a strong emphasis on transparency, accountability and integrity. The detailed report on compliance of Corporate Governance and Management Discussion Analysis as stipulated in Clause 49 of the Listing Agreement is enclosed and form part of this Report.

# AURO LABORATORIES LIMITED

## **CODE OF CONDUCT:**

Your Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors have implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity.

## **LISTING:**

The Company has listed its Equity Shares on Mumbai Stock Exchange Limited, Mumbai.

## **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

The information pursuant to section 217 (l) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure "A" to this report.

## **PARTICULARS OF EMPLOYEES:**

None of the employees of the Company came within the purview of the information required U/s. 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

## **SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:**

The Company has taken all the necessary steps for safety and environmental control and protection at the plant.

## **ACKNOWLEDGMENT:**

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers and distributors for the support they have given to the Company and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

Registered Office:

For and on behalf of the Board

K-56, M.I.D.C. Industrial Area,  
Tarapur,  
Boisar,  
Thane - 401 506.  
June 10, 2009.

For AURO LABORATORIES LIMITED

SHARAT DEORAH  
Managing Director



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## ANNEXURE TO THE DIRECTORS' REPORT:

Additional information as required in terms of the provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 regarding conservation of energy, Technology, Absorption and foreign exchange earnings and outgo is given here under:

### CONSERVATION OF ENERGY:

a) Energy Conservation measures taken:

The Company pays highest attention for conservation of energy. A constant watch for conserving the energy is maintained.

b) Additional Investments and proposals, if any being implemented for the reduction of consumption of energy: **None**

c) Impact of the measures at (a) and (b) above for the reduction of production of goods: **Negligible**

d) Total energy consumption and energy consumption per unit of the production as under:

	Year Ended 31.3.2009	Year Ended 31.3.2008
<b>1. ELECTRICITY</b>		
(a) Purchase Unit (in Lacs)	6.45	4.96
Total Amount (Rs. in Lacs)	34.56	24.40
Rate / Unit (Rs.)	5.35	4.92
(b) Own generation (through diesel generator)	NIL	NIL

### 2. LIGHT DIESEL OIL LDO/FURNACE OIL

(FOR PRODUCTION)

Quantity (Ltr. in Lacs)

LDO	0.15	0.10
FURNACE OIL	3.03	2.32

Total Amount (Rs. in Lacs)

LDO	5.62	3.55
FURNACE OIL	70.78	46.76

Average rate per Ltr. (Rs.)

LDO	36.91	34.13
FURNACE OIL	23.37	20.15

### 3. CONSUMPTION PER KG. OF PRODUCTION:

Products (Kg.)	483735	301087
Electricity (Rs.)	7.14	8.10
Diesel / FO (Rs.)	15.79	16.71

# AURO LABORATORIES LIMITED

## TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company : **None**
2. Benefits derived as a result of the above R & D : **Nil**
3. Future plan of action : **None**
4. Expenditure on R & D : **Nil**  
Technology absorption, adaptation and innovation :

1. Efforts in brief made towards technology absorption, adaptation and innovation : **None**
2. Benefits derived as a result of the above efforts : **None**
3. Technology Imported during the last five years :
  - a) Technology imported : **Nil**
  - b) Year of Import : **Nil**
  - c) Has technology been fully absorbed : **N.A.**
  - d) If not fully absorbed, areas where it has not taken place, reasons thereof, and future plans of action : **N.A.**

## FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rs. In Lacs)
Foreign exchange earnings	371.54
Raw Material	
Foreign Exchange Outgo	
Travelling	6.49

Registered Office:

For and on behalf of the Board

K-56, M.I.D.C. Industrial Area,  
Tarapur,  
Boisar,  
Thane - 401 506.  
June 10, 2009.

For **AURO LABORATORIES LIMITED**

**SHARAT DEORAH**  
Managing Director

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## ANNEXURE - 'B' TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the system by which Companies are directed and controlled by the management in the best interest of the Shareholders and others; ensuring greater transparency and better and timely financial reporting. Corporate Governance therefore generates long term economic value for its Shareholders.

Your Company believes that the implementation of Corporate Governance principles generates public confidence in the corporate system. With this belief, your Company has initiated significant measures for compliance with Corporate Governance.

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Auro Laboratories Limited believes in the following the practice beyond the just letter of law. We, at Auro, follow the best Corporate Governance practice aiming at maximizing value for Shareholders while ensuring fairness to all segments of Stakeholders viz. Customers, Employees, Investors, Vendors, State and Central Government and Society at large. We perceive good Corporate Governance as a key driver of sustainable corporate growth and long term shareholder value creation.

We, always believes in principle of Integrity, Fairness, Equity & Transparency. The traditional values of honesty, integrity, ethical business conduct, customer orientation and commitment to service have struck deep routes across the organization. Over the years governance process and system have been strengthened at Auro Laboratories Limited. The Company recognizes that good Corporate Governance is a continuous exercise and reiterates that it commitment to pursue highest standards of Corporate Governance in the overall interest of all the Stakeholders.

To implement the Corporate Governance practice, Auro Laboratories Limited, has a well defined policy consisting of the following:

- Ensure that the Quality and frequency of Financial and Managerial Information's, which the Management shares with the Board, fully placed before the Board Members in control of the Company's affairs.
- Ensure that the Board exercises its Fiduciary responsibilities towards Shareowners and Creditors, thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committees thereof.
- Ensure that the Board, the Management, the Employees and all the other stakeholders are fully committed to maximizing long-term value to the shareowners and to the Company.
- Ensure that the core values of the Company are protected.
- Ensure that the Company positions itself from time to time to be at par with any other world-class Company in operating practices.

# AURO LABORATORIES LIMITED

## BOARD OF DIRECTORS:

The Company presently has Four Directors. Two of the Directors are Executive Directors & the remaining Two are Non Executive Directors. The Executive Directors consists one Managing Director and other whole time Director. The Two Non Executive Directors are Independent Directors and professionals with expertise and experience in general corporate management, finance and other allied fields.

As per clause 49 of the Listing Agreement, if the Chairman is the Executive Chairman at least half of the board should consist of Non Executive Directors & half of the Board shall comprise of Independent Directors. In case of Auro Laboratories Ltd., One half of the Directors are Non Executive. Two out of the Four Directors are Independent Directors and Non Executive which is very much in Compliance of the Listing Agreement.

Composition of the Board of Directors has a healthy mix of Executive & Non Executive Directors & ensures the desired level of independence and functioning & decision making. The details of composition of the Board, category, number of other Directorships and other Committee Memberships are as follows:

During the financial year ended March 31, 2009, 6 [SIX] Board meetings were held on 30/04/2008, 30/06/2008, 31/07/2008, 31/10/2008, 31/01/2009 and 16/03/2009.

The maximum time gap between any two meetings is much less compared to the requirement of not more than four month in clause 49. The dates and timings of the meetings were decided well in advance. The details of composition of the Board, category, attendance of Directors at Board Meetings during the financial year and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:

Name of Director	Category	No. of Board Meeting attended	Attendance at last AGM	No. Of Other Directorships Held As on 31/3/09		Outside Committee Position Held As on 31/3/09	
				Public	Private	Mem.	Chmn.
Mr. Sharat Deorah	MD	6	YES	--	2	--	--
Mr. Siddhartha Deorah	ED	6	YES	--	2	--	--
Mr. Murarilal Sharma	NED	6	YES	--	1	--	--
Mr. Goverdhandas Aggarwal	NED	6	NO	2	--	--	--

MD stands for Managing Director.

NED stands for Non Executive Director.

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## INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information with the Company & to any of the employee of the Company. The Board is provided with all the relevant information on the important matters affecting the working of the Company as well as the related details required deliberations by the members of the board.

Among others, this includes:

- Annual operating plans, capital budgets and updates.
- quarterly results of the Company and its operating divisions.
- minutes of meeting of audit committee and other committees.
- information on recruitment and remuneration of senior officers just below the board level.
- general notices of interests.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- details of any joint venture or collaboration agreement.
- sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
- foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- Any materially significant effluent or pollution problem.
- Any issue which involves possible public or product liability claims of a substantial nature.
- Significant development in the human resource and industrial relations fronts.
- Legal compliances reporting system.

The Board is routinely presented with all information under the above heads whenever applicable and materially significant.

As mandated by the revised Clause 49, the independent Directors on the board of the Company.

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates that may affect independence of the director.
- Are not related to promoters or persons occupying management positions at the board level or at one level below the board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years.
- i) Statutory audit firm or the internal audit firm that is associated with the Company.
- ii) Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, services providers or customers or lessors or lessees of the company, which may affect independence of the Director.
- Are not substantial Shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

# AURO LABORATORIES LIMITED

## **MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:**

There are no material transactions with related parties that require separate disclosure. A comprehensive list of related party transactions as required by the Accounting Standard [AS] 18 issued by the Institute of Chartered Accountants of India, is given in Schedule "R" to the Accounts in the Annual Report.

## **COMMITTEES OF DIRECTORS:**

To focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted a set of Committees of Independent Directors with specific terms of reference / scope. The committee operates as empowered agents of the Board. The inputs and details required for the decision is provided by the operating managers. The Minutes of the Meeting of the all Committees of the board are placed before the board for discussions / noting.

Details of the committee of the board and other related information are as follows:

### **a) Audit Committee:**

The Company has a qualified and independent Audit Committee comprising of 2 Non-Executive Directors. & 1 Executive Director. The broad terms of reference of the Audit Committee are in consonance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

### **Brief description of terms of reference of the Audit Committee:**

- Review of the financial reporting process and disclosure of its financial information.
- Review with the Management, the Annual/Quarterly financial statements before submission to the Board for approval.
- Review with the Management, the performance of Statutory Auditors, Internal Auditors and the adequacy of internal control systems.
- Review the Company's Accounting Policies.
- Look into reasons for substantial defaults, if any.
- Recommend the appointment, re-appointment and replacement or removal of Statutory Auditors/Internal Auditors and fixation of their Fee.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Other functions as required by applicable Regulations.

The Committee met 5 times meeting during the year on 30/04/2008, 30/06/2008, 31/07/2008, 31/10/2008 and 31/01/2009.

Attendance record at the meetings of the Audit Committee of Directors during financial year 2008-09

The name of Members of Committee and their attendance are as follows:

Name of the Members	Status	No. of Meetings Attended
MR. Murarilal Sharma	CHAIRMAN	5
MR. Goverdhandas Aggarwal	MEMBER	5
MR. Siddhartha Deorah	MEMBER	5

All the members have financial and accounting knowledge.

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The meetings of the Audit Committee are also attended by Head of Accounts department and representative of statutory auditors.

The Chairman of the Committee was present at the Annual General Meeting held on September 9, 2008 to attend the shareholder's queries.

## SHAREHOLDERS' COMMITTEE:

The Company has constituted a Shareholders' Committee at board level to strengthen the investor relations and to inter-alia look into issues relating to Shareholder Grievances pertaining to transfer of shares, non receipt of declared dividends, non receipt of Annual Report, issues concerning de-materialization etc.

### Brief description of terms of reference:

1. Look into the redressal of Shareholders' and Investors' complaints/grievances like transfer of shares, non receipt of Balance Sheet, non receipt of declared dividends, etc;
2. Review the certificates issued by the Practicing Company Secretary regarding timely action on transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies;
3. Oversee the performance of the Registrar and Share Transfer Agent and recommend measures for overall improvement in the quality of investor services;
4. Ascertain whether the Registrars & Share Transfer Agents (RTA) are sufficiently equipped with infrastructure facilities such as adequate manpower, computer hardware and software, office space, documents handling facility etc. to serve the shareholders/investors;
5. Recommend to the Board, the appointment, reappointment, if required, the replacement or removal of the Registrar and Share Transfer Agent and fixation of their fees; and
6. To carry out any other function as required by the Listing Agreement of the Stock Exchanges, Companies Act and other Regulations.

The Committee met 5 times meeting during the year on 30/04/2008, 30/06/2008, 31/07/2008, 31/10/2008 and 31/01/2009.

The composition of the Shareholders' Committee and details of the meetings attended by the Directors during the year 2008-09 are given below:

The composition of the Shareholders' Committee and details of the meetings attended by the Directors are given below:

Name of the Members	Status	No. of Meetings Attended
MR. Murarilal Sharma	CHAIRMAN	5
MR. Goverdhandas Aggarwal	MEMBER	5
MR. Siddhartha Deorah	MEMBER	5

Mr. Seshdhar Dubey is the Compliance Officer.

# AURO LABORATORIES LIMITED

## DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR:

Sr. N	Nature of Complaints	Received	Disposed	Pending
1.	Non receipt of Dividend Warrants.	NIL	NIL	NIL
2.	Non receipt of Share Cert. After Transfer & others.	6	6	NIL
	<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>NIL</b>

## REMUNERATION:

The Company has constituted Remuneration Committee as required under the provisions of the Companies Act, 1956.

All matters relating to review and approval of compensation payable to the Executive and Non-Executive Directors are considered by the Remuneration Committee and necessary recommendations are made by the Committee to the board for the approval within the overall limits approved by the Members and as per Schedule XIII of the companies Act, 1956.

In view of losses Managing Director and Executive Director have decided not to draw salary, perquisites and allowances.

The Company do not have any stock option plans and hence such instrument does not fall part of the remuneration package payable to any Executive Director and / or Non Executive Director.

During the period under review, none of the directors were paid any performance linked incentive.

## Shareholding of Non Executive Directors

shareholding in the Company by the Non Executive Directors in their own name is NIL

## CODE OF CONDUCT

The Company has adopted a Code of Conduct for the Directors and senior management of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the code for the effective period. The Declaration by the Chairman and Managing Director to that effect forms part of this Report.

## MANAGEMENT DISCUSSIONS & ANALYSIS

Management discussion and analysis report is given in a separate section forming part of the Directors' Report in this annual report.

## STEPS FOR PREVENTION OF INSIDE TRADING

In compliance of the SEBI (Prevention of inside Trading) Regulations as amended in 2002, the Company has issued a comprehensive guidelines advising and cautioning management staff and other relevant business associates on the procedure to be followed while dealing in Equity Shares of Auro Laboratories Ltd., and disclosure requirements in this regard. Company believes that "The Code of Internal Procedure and Conduct" and 'The Code of Corporate Disclosures Policies' framed by it in this regard will help in ensuring compliance of the amended SEBI regulations.



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## DISCLOSURES

The necessary disclosures regarding the transactions entered into with the related parties are given in the notes to the accounts. There were no transactions of the material value with related parties Viz., Promoters, Directors, or the Management or Relatives having any potential conflict with the interest of the company.

## NON-COMPLIANCES

There were no instances of non compliance on any matter related to the capital market during the last three years. No penalties or strictures were imposed on the company by any Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during last three years.

### Details of compliance with mandatory requirement and adoption of non mandatory requirement.

The Company has complied with all mandatory requirement of Clause 49 of the Listing Agreement with the Stock Exchange and has implemented the following non mandatory requirements:

#### 1. AUDIT QUALIFICATION:

It is always the companies endeavor to present unqualified financial statements. There are no audit qualifications in the company's financial statement for the year under review.

#### 2. TRAINING OF BOARD MEMBERS:

Directors are fully briefed about all business related matters risks assessment market conditions of the product manufactured by the company, competition and new initiative proposed by the company.

### CEO/CFO CERTIFICATION:

As required under Clause 49 of the Listing Agreement a Certificate duly signed by Mr. Sharat Deorah, Managing Director has been obtained. The certificate is annexed to this report.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

The Company has obtained a certificate from Auditors of the company regarding compliance with the provisions relating to the corporate governance laid down in clause 49 of the listing agreement with the Stock Exchanges. This certificate is annexed to the report.

### DECLARATION:

I, Sharat Deorah, Managing Director of Auro Laboratories Limited hereby affirm and declare, to the best of my knowledge and belief, and on behalf of the Board of Directors of the Company and senior management personnel, that:

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company ['the code of conduct'];

The code of conduct has been complied with;

# AURO LABORATORIES LIMITED

## GENERAL SHAREHOLDERS INFORMATION:

### GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2006	28.09.2006	11 A.M.	Registered Office
31.03.2007	28.09.2007	11 A.M.	-- As above --
31.03.2008	09.09.2008	11 A.M.	-- As above --

All the matters as set out in the respective notices were passed by the Shareholders. No special resolution was required to be put through postal ballot last year.

### MEANS OF COMMUNICATION:

1. Quarterly results are sent to the Stock Exchange as required under the Listing Agreement.
2. All items required to be covered in the Management Discussion and Analysis has been included in the Management Discussion and Analysis as attached to this Report.
3. The Company has its own website and all the vital information relating to the Company and its products are displayed on the web site. Address of the website is [www.aurolabs.com](http://www.aurolabs.com).

### GENERAL SHAREHOLDERS INFORMATIONS:

ANNUAL GENERAL MEETING	:	20th Annual General Meeting.
DAY & DATE	:	Tuesday, August 18, 2009.
TIME	:	11 A. M.
VENUE	:	Registered Office.

### FINANCIAL CALENDAR:

- \* Financial reporting for the quarter ended June 30, 2009 : End of July, 2009.
- \* Financial reporting for the quarter ended Sept.30, 2009 : End of Oct., 2009.
- \* Financial reporting for the quarter ended Dec. 31, 2009 : End of Jan., 2010
- \* Financial reporting for the Year ended March 31, 2010 : Audited by June 30, 2010.

DATE OF BOOK CLOSURE: 13/08/2009 TO 18/08/2009 [Both days inclusive].

### SHARE TRANSFER SYSTEM:

Share Transfer Requests are received at the registered office of the Company as well as directly at RTAs office. RTA does the verification and processing of documents. In order to comply with the requirement of SEBI circular Nos. SMD/POLICY/CIR-10/02 dated May 7, 2002 to effect transfer of shares within one month, the RTA has been authorised to process, approve and effect transfer of shares on behalf of the Company at fortnightly intervals. The share certificates duly endorsed for transfer are returned to shareholders within stipulated time of 30 days.

### TRANSFER UNDER PHYSICAL AND DEMAT MODE:

#### M/S. SHAREX DYNAMIC (INDIA) PVT. LTD.

Unit : [ AURO LABORATORIES LIMITED ]

Unit No.1, Luthra Ind. Premises, Andheri Krula Road,  
Safed Pool, Andheri (East), MUMBAI - 400 072.

Tel: **022 2851 5606 / 2851 5644**

### COMPLIANCE OFFICER:

# ANNUAL REPORT 2008-2009

**Mr. Seshdhar Dubey**

**ADDRESS FOR CORRESPONDENCE:**

**AURO LABORATORIES LIMITED**

Administrative Office:

314, T. V. Industrial Estate,

S. K. Ahire Marg, Worli, Mumbai – 400 025.

E-mail : auro @ aurolabs.com

Telephone No. 66635456 / 66635457

**LISTING:**

Bombay Stock Exchange Limited, Mumbai.

**STOCK CODE OF THE COMPANY:**

Bombay Stock Exchange Limited, Mumbai.

Scrip Name: AURO LABORATORIES LIMITED

Scrip Code: 530233.

Electronic Mode: INE292C01011.

**DEPOSITORY CONNECTIVITY:** NSDL and CDSL.

**ISIN NO. FOR THE COMPANY'S SECURITY:** INE292C01011.

**DEMATERIALISATION OF SHARES:**

As on March 31, 2009, 29,82,393 Shares representing 47.85% of total Equity Shares were held in dematerialized form with NSDL and CDSL.

Member can hold Shares in electronic forms and trade the same in Depository System. However, they may hold the same in physical form also.

**STOCK PRICE DATA: [AS OBTAINED FROM BSE SITE].**

Stock Market price data for the year

**STOCK PRICE DATA: [TAKEN FROM BSE SITE].**

Stock Market price data for the year

	Company's Share	
Month	High (Rs.)	Low (Rs.)
April, 2008	7.18	4.26
May, 2008	5.72	3.92
June, 2008	4.52	3.41
July, 2008	4.25	3.38
August, 2008	4.95	3.77
Sept., 2008	5.18	4.75
October, 2008	4.52	4.30
Nov., 2008	4.28	4.07
Dec., 2008	3.87	3.04
January, 2009	3.34	2.18
Feb., 2009	3.93	2.47
March, 2009	3.68	3.50

# AURO LABORATORIES LIMITED

## SHAREHOLDING PATTERN AS ON MARCH 31, 2009:

Category	No. Of shares held	% of shareholding
Promoters	24,79,320	39.78
Private Bodies Corporate	1,70,851	2.74
Indian Public	24,72,490	39.67
NRI/OCBs	11,09,839	17.81
Total	62,32,500	100.00

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2009:

No. of Equity Shares held	No. of Shareholders	No. of Shareholders	% of Equity Capital
Upto 500	7139	1108872	17.79
500-1000	581	510490	8.19
1001-5000	343	769262	12.34
5001-10000	22	154883	2.49
10001 & above	43	3688993	59.19
Total	8128	6232500	100.00

## PLANT LOCATIONS:

K-56, MIDC Industrial Area, Tarapur, Boisar, Dist. Thane - 401 506.

## COMPLIANCE:

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance and is attached to this report.

## CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT:

The Board of Directors has laid down the Code of Conduct for all the Board Members and members of Senior Management of the company. Certificate from the Managing Director affirming compliance of the said Code by all the Board Members and members of Senior Management of the Company to whom the code is applicable is annexed separately to this report.

## POSTAL BALLOT:

The provision relating to Postal Ballot will be complied with in respect of matters, wherever applicable.

Registered Office:

For and on behalf of the Board

K-56, M.I.D.C. Industrial Area,  
Tarapur,  
Boisar,  
Thane - 401 506.  
June 10, 2009.

For AURO LABORATORIES LIMITED

SHARAT DEORAH  
Managing Director

# ANNUAL REPORT 2008-2009

## CEO CERTIFICATION:

The Board of Directors  
Auro Laboratories Limited,  
Mumbai

### Re: Financial Statements for the year 2008-09– Certification by CEO:

I, Sharat Deorah, Managing Director of Auro Laboratories Limited, hereby certify that:

- (a) I have reviewed Financial Statements and the Cash Flow Statement for the financial year ended March 31, 2009 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee that:
  - i. there have been no significant changes in internal control over financial reporting during the year;
  - ii. there have been no significant changes in accounting policies during the year; and
  - iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For AURO LABORATORIES LIMITED

SHARAT DEORAH  
Managing Director

June 10, 2009.

# AURO LABORATORIES LIMITED

## AUDITORS' CERTIFICATE

To  
The Members,  
AURO LABORATORIES LIMITED,

We have examined the compliance of conditions of Corporate Governance by AURO LABORATORIES LIMITED, for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

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

FOR KOTHARI JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS

Sd/-  
SUNIL KOTHARI  
PROPRIETOR  
M. No. 043842

Place: Mumbai  
Dated: 10<sup>th</sup> June 2009

# ANNUAL REPORT 2008-2009

## MANAGEMENT DISCUSSION AND ANALYSIS

### **BUSINESS OVERVIEW:**

The main business of the Company is manufacturing and sale of Chemicals, Dyes and Bulk Drugs used in Industrial and Domestic purposes.

### **OPPORTUNITIES, THREATS, RISKS, CONCERNS AND OUTLOOK:**

The year under review experienced a global slow down in economic growth, which had its impact in India too. Despite recessionary trends in the industries using your Company's products your company managed to increase its sale of Chemicals by about 71%.

The general outlook with respect to this Industry in India is of caution under immense competitive pressure. However the intrinsic strength of your company has helped us to effectively overcome such pressure and the sales therefore should register a modest but definite growth.

### **EXPORTS:**

The main thrust of the Company is on export which constitutes around 36% of total sales of the Company.

The Company is fast consolidating its resources to build a market presence in the international arena. The results are reflected in an exponential growth rate in the last two years as also continuing in the current year.

### **PERFORMANCE OF THE COMPANY:**

The challenges described above did restrict the sales growth to a modest rate, however, your Company managed to achieve a substantial growth in Net Profit. During the current financial year the Company is working towards further improvement in its profitability.

### **HUMAN RESOURCES:**

Development of skills and updating of knowledge are essential for continues growth of any organization. Your Company considers human resources as a key asset. Therefore, your Company not only implemented many in house training programs but also sent selected employees to suitable outside programs to keep them abreast of the latest developments in the industry and economy.

To establish direct link between performance and reward, your Company has been steadily increasing the weightage of actual performance in remuneration packages. The Company has, under its employment 48 officers and workmen.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Internal Control Systems are designed to ensure the reliability of financial and other record and accountability of executive action to the management's authorisation. The Statutory Auditors have evaluated the system of internal controls of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

The internal control systems are reviewed by the top Management and by the Audit Committee of the Board and proper follow up action is ensured wherever required.

# AURO LABORATORIES LIMITED

## FINANCIAL PERFORMANCE:

The highlights of the financial performance of the Company for the year under review are as under:

- a. The Net Profit was Rs. 7.89 lacs as against Rs. 4.14 lacs during the previous year.
- b. The Company spent Rs. 3,200/- on Capital Expenditure during the year. Capital Work in Progress pending capitalization stands at Rs.209.86 Lacs as against Rs.112.94 Lacs in last year.
- c. The Secured Loan as at March 31, 2009 was Rs. 287.25 Lacs as against Rs. 205.14 Lacs as at March 31, 2008.

## CAUTIONARY STATEMENT:

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

Registered Office:

For and on behalf of the Board

K-56, M.I.D.C. Industrial Area,  
Tarapur,  
Boisar,  
Thane - 401 506.  
June 10, 2009.

For AURO LABORATORIES LIMITED

SHARAT DEORAH  
Managing Director



# ANNUAL REPORT 2008-2009

## AUDITOR'S REPORT

### Auditors' Report to the Members of AURO LABORATORIES LIMITED

We have audited the attached Balance Sheet of **AURO LABORATORIES LIMITED** as at 31<sup>st</sup> March 2009 and also the related Profit and Loss Account annexed thereto and the Cash Flow statement for the year ended on the date, which have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As required by the **Companies (Auditor's Report) Order 2003** issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (The 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- I. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- II. In our opinion proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of the books.
- III. The Balance Sheet and Profit & Loss account and Cash Flow statement dealt with by this report are in agreement with the books of accounts.
- IV. In our opinion, the Balance sheet, Profit and Loss account and cash flow statement dealt with by this report complies with the Accounting Standards issued by the Institute of Chartered Accountants of India, referred to in Section 211 (3C) of the Companies Act, 1956, *except Accounting for Fixed Assets (AS 10), Accounting for Investments (AS 13) and Accounting for Retirements Benefits (AS15).*
- V. On the basis of written representation received from the Directors as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as directors of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

## AURO LABORATORIES LIMITED

**VI. In our opinion, and to the best of our information and according to the explanations given to us, subject to, Note No. 1 regarding non provision for gratuity, Note no. 3 regarding non provision for diminution in the value of the investments and Note no. 7 regarding Doubtful loans and advances Rs. 39,33,684/- in Schedule "R", resulting to understatement of Loss amounting to Rs. 39,33,684/- for the year, the said accounts read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:**

- a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2009.
- b) In the case of the Profit & Loss Account, of the "Profit" for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For KOTHARI JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS

Sd/-  
SUNIL KOTHARI  
PROPRIETOR  
M.NO. 043842  
Place: Mumbai  
Date: 10<sup>th</sup> June 2009

# ANNUAL REPORT 2008-2009

## ANNEXURE TO THE AUDITORS REPORT

(Referred to in our Report of even date)

We have prepared this annexure on the basis of the Books of Account examined, and information and explanations obtained by us during the course of our Audit. Further, in our opinion and to the best of our knowledge we report that –

- i) a) The company has maintained Fixed Assets Register and the same is not updated.  
b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the company and nature of its assets. We were informed that no material discrepancies were noticed on such verification.  
c) The company has not disposed off substantial part of fixed assets, during the year under review, to affect its going concern.
- ii) a) The management, during the year under review, has conducted physical verification of inventory. The Frequency of such verification is reasonable in relation to the company, nature of its business and nature of inventory.  
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
c) The company is maintaining proper records of inventory as required in the normal course of business. The discrepancies noticed on verification between physical stocks and book records were not material.
- iii) a) The company has not granted any loan secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. The Company has taken unsecured loan from four parties amounting to Rs. 182.60 lacs, covered in the register maintained under section 301 of the Companies Act 1956, and the year end balance of loans taken is Rs.517.80 lacs.  
b) In our opinion, the rate of interest and other term and condition on which the unsecured loans have been taken by the company listed in the register maintained under section 301 of the Companies Act are not prima-facie prejudicial to the interest of the company.  
c) The terms of repayment of the principal amount is not specified.  
d) In our opinion, according to the information and explanation given to us, reasonable steps have been taken by the company for payment of the principal amount and no amount is overdue for more than rupee one lac.
- iv) In our opinion, according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchases of inventory and fixed assets and for sale of goods. Company is continuously correcting weakness detected in internal control.
- v) a) According to the information and explanation given to us, we are of the opinion that the transaction that need to be entered into the register maintained in pursuance of section 301 of the Companies Act 1956 have generally been so entered.

## AURO LABORATORIES LIMITED

- b) According to the information and explanation given to us, transactions made in pursuance of contract or arrangements entered into the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rs. 5.00 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from public.
- vii) In our opinion the company has no formal internal audit system commensurate with size and nature of business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of Sub- Section (1) of section 209 of the Companies Act 1956 for the nature of industry in which the Company is doing business.
- ix) a) According to the information and explanations given to us and according to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and Other material statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, there are no undisputed dues in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess.
- x) In our opinion, the Accumulated losses of the company at the end of the financial year are not more than fifty per cent of its net worth. The company has not incurred cash losses during the financial year covered by our audit as well as in the immediately preceding financial year.
- xi) In our opinion, according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions or banks.
- xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or advances against security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments.
- xv) In our opinion and as explained to us the company has not given guarantee for loan taken by others from bank or financial institutions.
- xvi) According to the information and explanation given to us and on overall examination of the balance sheet of the company, we report that the Company has not taken any term loans.
- xvii) According to the information and explanation given to us and on over all examination of the balance sheet of the company, we report that no funds raised on short- term basis have been used for long- term investments. No long- term funds have been used to finance short –term assets except Permanent Working Capital.

## ANNUAL REPORT 2008-2009

- viii) In our opinion, the company has not made any preferential allotment of shares to parties and Companies covered in the register maintained in pursuance of section 301 of the Companies Act 1956.
- ix) In our opinion, the Company has not issued any debentures during the year under review.
- x) The Company did not raise money through public issue during the year under review.
- xi) According to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

For KOTHARI JAIN & ASSOCIATES  
CHARTERED ACCOUNTANT

Sd/-  
SUNIL KOTHARI  
PROPRIETOR  
M. No. 043842

Place: Mumbai  
Dated: 10<sup>th</sup> June 2009

# AURO LABORATORIES LIMITED

**BALANCE SHEET AS AT 31ST MARCH 2009**

Particulars	SCH.	AS AT 31.03.2009		AS AT 31.03.2008	
<b><u>SOURCES OF FUNDS</u></b>					
<b>Shareholder's Funds</b>					
Share Capital	" A "	62,325,000		62,325,000	
Reservs & Surplus	" B "	5,175,000		5,175,000	
Cash Subsidy		1,500,000		1,500,000	
			69,000,000		69,000,000
<b>Loan Funds</b>					
Secured Loans	" C "	28,724,631		20,513,542	
Unsecured Loans		51,780,000	80,504,631	40,968,257	61,481,799
<b>TOTAL</b>			149,504,631		130,481,799
<b><u>APPLICATION OF FUNDS</u></b>					
<b>Fixed Assets</b>					
Gross Block	" D "	58,227,656		58,381,954	
Less: Depreciation		23,272,771		20,792,428	
Net Block		34,954,885		37,589,526	
Add : Capital Work in Progress		20,986,435	55,941,320	11,294,038	48,883,564
<b>Investments</b>	" E "		487,982		487,982
<b>Current Assets, Loans &amp; Advances</b>					
<b>" F "</b>					
Inventories		50,327,247		41,649,476	
Sundry Debtors		32,194,178		17,637,858	
Cash & Bank Balances		929,845		953,116	
Loans & Advances		17,081,143		16,379,545	
		100,532,413		76,619,995	
<b>Less:</b>					
<b>Current Liabilities &amp; Provisions</b>	" G "	26,383,693		15,225,213	
<b>Net Current Assets (F - G)</b>			74,148,720		61,394,782
<b>Miscellaneous Expenditure</b>	" H "		18,926,610		19,715,467
<b>TOTAL</b>			149,504,631		130,481,799

SIGNIFICANT ACCOUNTING  
POLICIES AND NOTES ON ACCOUNTS

" R "

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(0)

As per our report of even date.

For KOTHARI JAIN & ASSOCIATES  
Chartered Accountants

For & on behalf of the Board

SUNIL KOTHARI  
PROPRIETOR

M. NO. 043842

Place : Mumbai

Date : 10.06.2009

SHARAT DEORAH  
Managing Director

SIDDHARTH DEORAH  
Director

Place : Mumbai

Date : 10.06.2009

# ANNUAL REPORT 2008-2009

Profit and Loss Account for the year ended on 31st March, 2009

Particulars	SCH	AS AT 31.03.2009	AS AT 31.03.2008
<b>INCOME</b>			
Sales	" I "	105,039,445	61,165,863
Other Income	" J "	3,781,924	7,789
Increase / (Decrease) in Stocks	" K "	7,522,500	13,469,654
		<b>116,343,869</b>	<b>74,643,306</b>
<b>TOTAL INCOME</b> <b>A</b>			
<b>EXPENDITURE:</b>			
Purchases for Trading		2,072,325	10,761,589
Raw Material consumed	" L "	77,836,149	38,452,807
Manufacturing Exp.	" M "	15,289,509	9,523,568
Expenditure on Employees	" N "	7,568,806	5,388,449
Administrative Expenses	" O "	4,505,569	2,989,396
Selling & distribution Expenses	" P "	2,936,600	3,080,443
Interest Paid	" Q "	2,698,287	1,522,533
Depreciation	" D "	2,593,026	2,464,892
<b>TOTAL EXPENDITURE</b> <b>B</b>		<b>115,500,271</b>	<b>74,183,677</b>
Profit / (Loss) Before Taxation <b>(A - B)</b>		<b>843,598</b>	<b>459,630</b>
Provision For Tax			
For Current Tax		-	-
For Fringe Benefit Tax		54,740	45,252
For Deferred Tax		-	-
		<b>788,858</b>	<b>414,378</b>
Prior year Adjustments		-	-
Prior year Adjustments		-	-
Profit / (Loss) After Taxation		<b>788,858</b>	<b>414,378</b>
Loss Brought Forward from earlier years		<b>(19,715,467)</b>	<b>(20,129,845)</b>
Profit / (loss) Carried to Balance Sheet		<b>(18,926,610)</b>	<b>(19,715,467)</b>

Basic & Diluted Earning Per Shares of Rs.10 each

0.14

0.07

SIGNIFICANT ACCOUNTING " R "  
POLICIES AND NOTES ON ACCOUNTS

As per our report of even date.

For KOTHARI JAIN & ASSOCIATES  
Chartered Accountants

For & on behalf of the Board

SUNIL KOTHARI  
PROPRIETOR  
M. NO. 043842  
Place : Mumbai  
Date : 10.06.2009

SHARAT DEORAH      SIDDHARTH DEORAH  
Managing Director      Director

Place : Mumbai  
Date : 10.06.2009

# AURO LABORATORIES LIMITED

## SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Particulars	AS AT 31.03.2009	AS AT 31.03.2008
<b><u>SCHEDULE "A"</u></b>		
<b><u>SHARE CAPITAL:</u></b>		
<b><u>AUTHORISED:</u></b>		
70,00,000 (70,00,000) Equity Shares of Rs.10/- each.	70,00,000	70,00,000
<b><u>ISSUED, SUBSCRIBED AND PAID UP :</u></b>		
62,32,500 (62,32,500) Equity Shares of Rs.10/- each fully paid up for cash at par	62,32,500	62,32,500
	<b>62,32,500</b>	<b>62,32,500</b>
<b><u>SCHEDULE "B"</u></b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Capital Reserve		
State Cash Subsidy	1,500,000	1,500,000
Share Premium Account		
Share Premium Account	5,175,000	5,175,000
	<b>6,675,000</b>	<b>6,675,000</b>
<b><u>SCHEDULE "C"</u></b>		
<b><u>SECURED LOANS:</u></b>		
Allahabad bank O/D (First charge on the Stock, Spares, Book debts & personally guaranteed by some of the Directors and also secured by first charge on the immovable properties of the company.)	22,144,081	13,188,192
Indian Overseas Bank - Packing Credit (Stock meant for the Exports & personally guaranteed by some of the Directors and also secured by second charge on the fixed assets of the company)	-	6,000,000
Bills Payable - Allahabad Bank	3,045,265	-
Bills Payable - Indian Overseas Bank	3,535,285	1,325,350
	<b>28,724,631</b>	<b>20,513,542</b>
<b><u>UNSECURED LOANS:</u></b>		
Auro Impex Pvt.Ltd. (Interest accrued & due Rs. 28,19,135.70 Rs.P.Y.13,85,201/-)	38,350,000	30,438,257
Sharat Deorah	10,180,000	7,280,000
Siddhartha Deorah	3,250,000	3,250,000
	<b>51,780,000</b>	<b>40,968,257</b>



**SCHEDULE "D"**  
**FIXED ASSETS**

F. Y. 2008 - 2009

PARTICULARS	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	%	AS AT 01.04.2008	ADDITIONS	DEDUCTIONS	AS AT 31.03.2009	UP TO 31.03.2008	FOR THE 31.03.09	SALE DURING THE YEAR	Total	AS AT 31.03.09	AS AT 31.03.2008
LEASEHOLD LAND	-	439,701			439,701	83,309	4,628		87,937	351,764	356,392
FACTORY BUILDING	3.34	11,443,196	-		11,443,196	3,423,583	382,203		3,805,786	7,637,411	8,019,613
OFFICE AT WORLI	1.63	7,019,447			7,019,447	629,293	114,417		743,710	6,275,737	6,390,154
PLANT & MACHINERY	5.28	24,876,518	-	157,500	24,719,018	10,503,974	1,313,480	112,685	11,704,769	13,014,249	14,372,544
PIPE FITTINGS	5.28	5,731,127	-		5,731,127	2,395,129	302,604		2,697,733	3,033,394	3,335,999
LABORATORY EQUIPMENTS	5.28	1,759,761	-		1,759,761	410,651	92,915		503,566	1,256,195	1,349,110
ELECTRICAL EQUIPMENTS	5.28	2,741,461	-		2,741,461	1,348,259	144,749		1,493,008	1,248,453	1,393,202
TOOLS & EQUIPMENTS	5.28	86,109	-		86,109	24,794	4,547		29,341	56,768	61,315
FIRE FIGHTING EQUIPMENTS	5.28	58,517	-		58,517	19,732	3,090		22,822	35,695	38,785
AIR CONDITIONERS	6.33	374,143	-		374,143	154,282	23,683		177,965	196,178	219,861
FURNITURE & FIXTURES	6.33	1,837,423	-		1,837,423	464,113	116,309		580,422	1,257,001	1,373,311
COMPUTERS	18.21	570,599	-		570,599	576,711	(6,112)		570,599	-	(6,112)
MOTOR CAR	9.50	629,853	-		629,853	443,794	59,836		503,630	126,223	186,059
SCOOTER	9.50	29,279	-		29,279	23,762	2,782		26,544	2,735	5,517
MISCELLANEOUS FIXED ASSETS	6.33	447,187	3,200	-	450,387	254,211	28,393		282,604	167,783	192,976
ROAD A/C	1.63	337,634	-		337,634	36,833	5,503		42,336	295,298	300,801
<b>TOTAL</b>		<b>58,381,956</b>	<b>3,200</b>	<b>157,500</b>	<b>58,227,656</b>	<b>20,792,430</b>	<b>2,593,026</b>	<b>112,685</b>	<b>23,272,771</b>	<b>34,954,885</b>	<b>37,589,526</b>
<b>PREVIOUS YEAR</b>		<b>44,560,749</b>	<b>13,821,205</b>	<b>-</b>	<b>58,381,954</b>	<b>18,327,536</b>	<b>2,464,892</b>	<b>-</b>	<b>20,792,428</b>	<b>37,589,526</b>	<b>26,233,213</b>

# AURO LABORATORIES LIMITED

## SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Particulars	AS AT 31.03.2009	AS AT 31.03.2008
<b>SCHEDULE "E"</b>		
<u>INVESTMENTS</u>		
<b>(A) QUOTED(Non Trade)</b>		
<b>(I) Current (Fully paid up)</b>		
Aggregate {(Market Value, Current Year Rs. /- (P.Y.Rs. /-)}		
<b>(ii) Long Term ( Fully paid up)</b>		
311 (311) Shares of Zee Telefilms Ltd. of face value Re.1/- each	484,982	484,982
178(178) Shares of Dish Tv India Limited of face value Re.1/- each		
155(155) Shares of Wireless & Wireless India Limited of face value Re.1/- each		
140 (140) Shares of Zee News Ltd. of face value Re.1/- each		
<b>Aggregate {(Market Value, Current Year Rs. 43,819.00 PY Rs. 76,583.75) }</b>	<b>484,982</b>	<b>484,982</b>
<b>(B) UNQUOTED : (fully paid up,Trade)</b>		
<u>SHARES</u>		
35 ( 5 ) Shares of Worli Ind Properties Ltd.of face value Rs.100/-each of the above 5 share were issue	3,000	3,000
on purchase of assets & included in the value of assets.	<b>3,000</b>	<b>3,000</b>
	<b>487,982</b>	<b>487,982</b>

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## SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Particulars	AS AT 31.03.2009	AS AT 31.03.2008
<b>SCHEDULE "F"</b>		
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES:</u></b>		
<b>a) INVENTORIES</b> (As taken, valued and certified by directors)		
Raw Material & Components ( Includes Rs 229916.80 goods in transit.)	3,594,098	2,438,827
Work In Process	38,490,219	37,058,833
Finished Goods	7,724,000	1,849,750
Consumables Stores & spares/Packing material	518,930	302,066
	<b>50,327,247</b>	<b>41,649,476</b>
<b>b) SUNDRY DEBTORS:</b>		
Outstanding:		
More than six months	1,660,742	186,438
Others	30,533,436	17,259,431
Doubtful	-	191,989
	<b>32,194,178</b>	<b>17,637,858</b>
<b>c) CASH &amp; BANK BALANCES:</b>		
Cash on hand	14,532	15,772
Bank Balances		
a) With Scheduled Banks :		
In Current A/c	(368,922)	45,344
In Fixed Deposit A/c	1,284,235	892,000
	<b>929,845</b>	<b>953,116</b>
<b>d) LOANS &amp; ADVANCES:</b> (Unsecured, considered good by mangement)		
Advances recoverable in cash or in kind for value to be received		
i) Others	3,803,605	6,290,185
ii) Considered Doubtful	3,933,684	3,933,684
Deposit with Govt Bodies	335,455	252,075
Deposit with others	145,638	105,638
Others	8,862,762	5,797,963
	<b>17,081,144</b>	<b>16,379,545</b>
	<b>100,532,413</b>	<b>76,619,995</b>
<b>SCHEDULE "G"</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS:</u></b>		
<b><u>CURRENT LIABILITIES:</u></b>		
Sundry Creditors:		
For Goods	19,404,439	13,491,392
For Expenses	526,649	608,620
For Others	2,813,966	646,556
Unpaid Liabilities	3,638,639	478,644
	<b>26,383,693</b>	<b>15,225,212</b>
<b>SCHEDULE "H"</b>		
<b><u>MISCELLANEOUS EXPENDITURE:</u></b>		
Profit & Loss a/c	18,926,610	19,715,467
	<b>18,926,610</b>	<b>19,715,467</b>

# AURO LABORATORIES LIMITED

## SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Particulars	AS AT 31.03.2009	AS AT 31.03.2008
<b><u>SCHEDULE "I"</u></b>		
<b>SALES: ( Net off Returns)</b>		
Local Sales	64,483,708	29,471,977
Export Sales	40,555,737	30,434,897
	105,039,445	59,906,874
Processing Charges	-	1,258,990
	105,039,445	61,165,864
<b><u>SCHEDULE "J"</u></b>		
<b><u>OTHER INCOME</u></b>		
Export Incentive	2,512,458	99,373
Interest and Discounting Charges (TDS Rs.1025 )	112,424	17,988
Dividend	678	615
Exchange rate difference	628,705	(159,905)
Profit on sale of investments	-	-
Profit on sale of Machinery	10,335	-
Other Receipts	517,324	49,719
	3,781,924	7,790
<b><u>SCHEDULE "K"</u></b>		
<b><u>INCREASE / (DECREASE) IN STOCK</u></b>		
<b><u>Closing Stock</u></b>		
Packing material and stores consumable	518,930	302,066
Finished Goods	7,724,000	1,849,750
Work In Process	38,490,219	37,058,833
(A)	46,733,149	39,210,649
Less: Opening Stock		
Packing material and stores consumable	302,066	211,276
Finished Goods	1,849,750	1,827,700
Work in Process	37,058,833	23,702,019
(B)	39,210,649	25,740,995
(A) - (B)	7,522,500	13,469,654
<b><u>SCHEDULE "L"</u></b>		
<b><u>RAW MATERIAL CONSUMED</u></b>		
Opening Stock	2,438,827	2,210,622
Add : Purchases	78,991,420	38,681,012
(A)	81,430,247	40,891,634
Less: Closing Stock	3,594,098	2,438,827
(B)	3,594,098	2,438,827
(A) - (B)	77,836,149	38,452,807

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## SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Particulars	AS AT 31.03.2009	AS AT 31.03.2008
<b><u>SCHEDULE "M"</u></b>		
<b><u>MANUFACTURING EXPENSES</u></b>		
Clearing & Forwarding Charges -Import	480,389	104,671
Consumable Stores & Spares	1,435,354	1,263,007
Electricity Charges	3,455,943	2,439,816
Excise Duty	7,252,332	4,155,117
Insurance Factory & Transit	55,501	66,499
Laboratory Chemicals	238,124	222,045
Repair & Maintenance	1,016,567	193,632
Transportation Charges	606,167	378,912
Water Charges	471,612	492,585
Factory Expenses	277,522	207,285
Methanol Distillation Charges	-	-
	<b>15,289,511</b>	<b>9,523,569</b>
<b><u>SCHEDULE "N"</u></b>		
<b><u>EXPENDITURE ON EMPLOYEES</u></b>		
Wages & Salaries	3,881,900	2,928,019
Welfare Expenses	159,133	129,105
Provident Fund	136,244	118,714
Others benefits	3,391,529	2,212,612
	<b>7,568,806</b>	<b>5,388,450</b>
<b><u>SCHEDULE "O"</u></b>		
<b><u>ADMINISTRATIVE EXPENSES &amp; OTHER EXPENSES</u></b>		
Analysis Charges	47,803	117,415
Bank Charges	1,077,685	310,584
Car Expenses	53,824	38,445
Computer Expenses	52,476	53,748
Consultancy Charges	3,700	5,200
Donation	1,554	152
Legal and Professional Charges	172,150	277,931
License Fees	24,088	67,928
Listing Fees	15,000	15,000
Long Term Capital Loss	-	-
Miscellaneous Expenses	209,191	99,861
Office Expenses	542,893	319,640
Payment to Auditors	35,000	35,000
Postage and Telegram	56,836	55,346
Printing and Stationery	327,893	173,395
Profession Tax	2,500	2,500
Rent Rates & Taxes	23,186	36,388
Repairs & Maintenance office	13,173	6,930
Scooter Expenses	8,654	9,217
Security Charges	-	131,757
Share Transfer Expenses	63,059	66,596
Membership & Subscription	23,951	14,920
Sundry Expenses	418,110	148,574
Telephone Expenses	347,896	290,415
Travelling & Conveyance Expenses	865,728	712,455
(Includes Director's travelling Rs.648655.35 (P. Y. 640320.10)		
Vat Expenses Paid 2005 - 2006	118,108	-
Interest on FBT paid (05-06)	1,110	-
	<b>4,505,568</b>	<b>2,989,397</b>
<b><u>SCHEDULE "P"</u></b>		
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Export Expenses	2,059,061	2,449,958
Transportation Charges	532,756	228,247
Advertisement & Publicity	38,300	37,143
Commission on Sales	300,888	343,211
Website Expenses	5,595	21,885
Sales Promotion	-	-
	<b>2,936,600</b>	<b>3,080,444</b>
<b><u>SCHEDULE "Q"</u></b>		
<b><u>INTEREST PAID</u></b>		
Banks	2,698,287	1,522,533
	<b>2,698,287</b>	<b>1,522,533</b>

# AURO LABORATORIES LIMITED

## SCHEDULE: "R" TO 'NOTES FORMING PART OF THE ACCOUNTS'

### I. SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the normally accepted accounting principles and the provisions of the Companies Act, 1956 as followed consistently by the company except Gratuity, accounted on cash basis.

#### ii. Revenue Recognition

Sales and other Income are accounted on accrual basis and are taken to be inclusive of excise duty but excluding sales tax.

Export incentive/benefits are accounted on accrual basis.

Custom duty benefits in the form of Advance license entitlements are recognized on the export of goods and set off from material cost.

Dividend Income on investments is accounted for when the right to receive the payment is established.

#### iii. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. All costs including financial costs which are specifically attributable to the asset are capitalized. Capital Work in Progress includes expenditure incurred during the year and yet to be capitalized.

Leasehold land is shown at cost including lease premium paid.

#### iv. Depreciation

Depreciation on the fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation in respect of additions to Assets is being provided on pro-rata basis from the date of such acquisition.

Lease Hold land is amortized over the period of lease.

#### v. Investment

Investments are classified into Current and Long term Investments. Current Investments are stated at lower of cost and Fair Market Value. Long-term investments are stated at cost.

#### vi. Inventories

Inventories are valued on FIFO basis as under:

- |                     |  |
|---------------------|--|
| 1) Raw Material     | - At Cost                                |
| 2) Work In progress | - At Cost                                |
| 3) Finished Goods   | - Lower of Cost or Net realizable Value. |

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- 4) Stores & Spares - Treated as fully consumed.

## vii. Government grants

Lump sum capital subsidies, not relating to any specific fixed assets, received from State Government for setting up projects are accounted as Capital Reserve in the year of receipt.

## viii. Foreign Exchange Transaction

Foreign Exchange Transactions are recorded at exchange rates prevailing on the dates of the respective transactions. Current Assets and Liabilities in foreign currency as at the Balance Sheet date are translated at the year end exchange rates. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account.

## ix. Retirement Benefits

The liability for Leave Encashment is provided for as per actuarial valuation however Gratuity has not been provided.

## II. NOTES ON ACCOUNTS

- 1) Other retirement benefits except Gratuity is accounted on cash basis. Liability for Gratuity as at 31.03.2009 is not ascertained.
- 2) The Inter corporate Deposits of Rs.17,60,108/- has been classified as doubtful therefore no provision for interest income has been made on Inter corporate advances & deposits. No provision for doubtful unsecured loans and advances to the tune of Rs. 39,33,684/- has been made, which are considered doubtful.
- 3) Investment in shares is in the nature of long term Investment. Provision for diminution in the value of shares as at the year-end amounting to Rs. 43,819/- (Previous Year Rs. 4,08,398/-) has not been provided for.
- 4) Contingent Liability;

Arrears of Water charges Rs. 86,464/-

Particulars	Amount in Rs	Remarks
Arrears of Water Charges	86,464.00	Case pending from Year 2000

- 5) Considering the carry forward losses, No provision for Taxation has been made.
- 6) Balances of the Sundry Debtors, Sundry Creditors and Loans and Advances have been taken as per books pending respective confirmation and reconciliation.
- 7) In the opinion of the Board of Directors of the Company, the current assets, loans and advances have a value, on realizations in the ordinary course of business, at least equal to the amounts at which they are stated and the provisions for all known liabilities are adequate and are not in excess of the amount reasonably necessary.

# AURO LABORATORIES LIMITED

- 8) Process loss /gain on Raw material consumption has not been separately ascertained and adjusted in production.
- 9) Production during the year includes NIL. (Previous Year 48,663.000 Kgs.) produced for third party on Job work basis.

## 10) Break-up of Expenditure on Employees

	Current Year		Previous Year	
	No. of Employees	Salary	No. of Employees	Salary
a) Employees whose remuneration was Rs. 24,00,000/- or more in aggregate for 12 months	NIL	NIL	NIL	NIL
b) Employees employed for only part of the year whose remuneration was Rs. 2,00,000/- or more per month.	NIL	NIL	NIL	NIL

- 11) Sales Tax Assessment has been completed upto the accounting year ended 31.3.2002 and the Company does not foresee any liability for the pending years.
- 12) Income Tax Assessment has been completed upto Assessment Year 2006-07 i.e. Accounting year ended 31.3.2006. The Company does not foresee any liability for the pending years.

## 13) Payment to the Auditors

	Current Year	Previous Year
Statutory Audit Fees	Rs.25,000/-	Rs.25,000/-
Tax Audit Fees	Rs.10,000/-	Rs.10,000/-
Service Tax	Rs. 0/-	Rs. 0/-
	-----	-----
	Rs.35,000/-	Rs.35,000/-
	=====	=====

## 14) Earning and outgo in Foreign Currency.

FOB Value of export: Rs. 3,71,53,612/- (Previous Year Rs. 2,99,42,709/-).

Foreign traveling expenses: Rs. 6,48,655/- (Previous Year Rs. 6,40,320/-).

Plant & Machinery : Rs. Nil/- (Previous Year Rs. Nil)



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## 15) Earnings Per Share

	31.03.2009	31.03.2008
Net Profit/(Loss) After Tax available for Equity Share Holders	7,88,858	4,14,378
Weighted Average number of Equity Shares of Rs. 10/- each outstanding during the year [Number of Shares]	6232500	6232500
Basic / Diluted Earning (Loss) Per Share (Rs.)	0.13	0.07

## 16) Segment Reporting.

Based on the guiding principles given in the Accounting Standard- 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India, the company is a single segment company engaged in the business of Bulk Drugs.

## 17) Deferred Tax Asset / Liability

In accordance with the accounting standard 22 "Accounting for taxes on Income" AS 22 issued by ICAI, Company has computed deferred taxes during the year.

	31-03-2009	31-03-2008
Deferred Tax Assets		
a) Carried Forward Losses	60,82,284	60,80,728
b) Unabsorbed Depreciation	2,16,23,199	2,16,41,187
	2,77,05,483	2,77,21,915
Deferred Tax Liabilities		
c) Fixed Assets	1,63,84,141	1,62,82,323
Deferred Tax Assets/(Liabilities)	1,13,21,342	1,14,39,592

Considering the past performance and present scenario, the company does not expect future taxable profits, no provision has been made for the Deferred Tax Asset as on 31st March 2009.

# AURO LABORATORIES LIMITED

## 18. Related Party Disclosure:

Disclosures as required by the Accounting Standard 18 "Related Party Disclosure" are given below:

(Amount in Rs.)

Name of the related party	Nature of relationship with the Company	Nature of Transaction with related party	Volume of Transaction	Balance at the end of the year
Auro Impex Private Limited	Company controls the composition of board of directors	i) Loan taken and repaid	79,71,743/-	3,83,50,000/-
		ii) Interest on above loan	30,67,345/-	
Mr. Sharat Deorah	Managing Director	Managerial Remuneration	NIL	NIL
		Loan Taken	29,00,000/-	1,01,80,000/-
		Managerial Remuneration	NIL	NIL
Mr. Siddhartha Deorah	Director	Loan Taken	NIL	32,50,000/-
		Loan Taken	NIL	NIL
		Loan Taken	NIL	NIL
Mrs. Meena Deorah	Shareholder			
Ms. Samridhi Deorah	Shareholder			

15) The figures of the previous accounting period are re-grouped, re-classified, rearranged wherever necessary and are not comparable with the figure of the current accounting year.

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## SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE

### BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

20) Additional Information required under Schedule VI Part II of the Companies Act, 1956 (As certified by the Directors)

#### A) DETAILS OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK OF FINISHED GOODS

		YEAR ENDED 31.03.2009				YEAR ENDED 31.03.2008		
		UNIT	QTY	AMOUNT		UNIT	QTY	AMOUNT
OPENING STOCK								
BULK DRUGS	kg.	7125	1,849,750		kg.	15160	1,827,700	
CHEMICALS	kg.	35387.43	2,137,888		kg.	42029	2,210,622	
FURNANCE OIL	ltr	13,310	300,939		ltr	13296	252,624	
				4,288,577				4,290,946
PURCHASE FOR TRADING								
CHEMICALS/BULK DRUGS	kg.	48012	2,064,000		kg.	173412	10,721,011	
DEPB Lic.			-				40,578	
				2,064,000				10,761,589
PRODUCTION								
BULK DRUGS	kg. **	483735			kg. **	301087		
SALES								
BULK DRUGS/CHEMICALS	kg.	468955	101,747,122		kg.	267811	48,029,423	
CONVERSION (LABOUR)	kg.		-		kg.	48633	1,258,990	
				101,747,122				49,288,413
SALES TRADING								
CHEMICALS	kg.	48012	3,292,272		kg.	173412	11,919,440	
				3,292,272				11,919,440
CLOSING STOCK								
BULK DRUGS	kg.	30650	7,724,000		kg.	7125	1,849,750	
CHEMICALS	kg.	76364	3,594,098		kg.	35387.43	2,137,888	
FURNANCE OIL	ltr	1,719	17,636		ltr	13,310	300,939	
				11,335,734				4,288,577

\*\* Includes NIL kgs on conversion basis for third parties. (Previous year 11577 kgs)

# AURO LABORATORIES LIMITED

## SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### B) DETAILS OF RAW MATERIAL CONSUMED

RAW MATERIAL	UNIT	YEAR ENDED 31.03.2009		YEAR ENDED 31.03.2008	
		QTY	AMOUNT	UNIT	QTY
Acetic Acid	kg.	40291	1,414,147	kg.	25930
4 Chloro 2 Amino	kg.	64050	18,675,185	kg.	44000
Methanol	kg.	168920	2,793,817	kg.	95066
Mix xylene	kg.	5660	239,557	kg.	1000
Dicyanamide	kg.	215240	27,011,864	kg.	116900
Dimethylamine HCL	kg.	313975	15,359,678	kg.	144000
Hydrate Lime	kg.	520	2,860	kg.	5120
Potassium Iodate	kg.	0	-	kg.	141.22
Potassium Iodide-IP	kg.	944	147,264	kg.	944
Activated Carbon	kg.	6995.22	764,151	kg.	7117
D.H Flowsuper Cell	kg.	1670	49,421	kg.	897
Caustic Soda Flakes	kg.	27850	790,200	kg.	17800
Calcium Chloride	kg.	0	-	kg.	50
Caustic Potash Flakes	kg.	250	20,499	kg.	0
Formic Acid	kg.	105	8,716	kg.	0
Other Chemicals	kg.	0	-	kg.	38400
Hydrochloric Acid	kg.	192540	493,389	kg.	135010
Iodine Crude	kg.	350	460,252	kg.	0
Sodium Hydro Sulphate	kg.	1600	134,591	kg.	1200
Sodium Methoxide	kg.	0	-	kg.	98
Melformin IP	kg.	0	-	kg.	7025
Common Salt	kg.	17200	42,000	kg.	3000
T.G.Urea	kg.	65500	1,574,071	kg.	18150
LDO	Ltr	15238.75	577,805	Ltr	10400
Furnace Oil	Ltr	302900	7,076,850	Ltr	242239
			77,636,316		
					37,308,682

### DETAILS OF VALUE OF IMPORTED AND INDIGINOUS RAW MATERIAL CONSUMED AND% OF EACH OF THE TOTAL CONSUMPTION

RAW MATERIAL	%	YEAR ENDED 31.03.2009		YEAR ENDED 31.03.2008	
		AMOUNT	%	AMOUNT	%
IMPORTED	6.83	5,392,349	3.34	1,291,112	
INDIGINOUS	93.17	73,599,071	96.66	37,389,900	

### C) DETAILS OF INSTALLED CAPACITY (AS CERTIFIED BY MANAGEMENT)

BULK DRUGS	UNIT	YEAR ENDED 31.03.2009		YEAR ENDED 31.03.2008	
		UNIT	MT	UNIT	MT
	MT	1000		1000	

### D) C.I.F. VALUE OF IMPORTS

RAW MATERIAL	5,392,349	1291112
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### E) EARNING IN FOREIGN CURRENCY

F.O.B. VALUE OF EXPORTS	37153612	29942709
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The schedules & notes referred to above form an integral part of the Accounts.

AS PER OUR REPORT OF EVEN DATE ATTACHED

For KOTHARI JAIN & ASSOCIATES  
Chartered Accounts

Sd/-  
SUNIL KOTHARI  
Proprietor  
M. NO. 043842

Place : Mumbai  
Date : 10.06.2009

# ANNUAL REPORT 2008-2009

Information pursuant to the provisions of Part IV of Schedule VI of the Companies Act, 1956.

(Rupees in Lacs)

## Balance Sheet Abstract and the Companies General Business Profile.

I. Registration Details StateCode: 11  
Registration No. 11 - 51910 of 1989  
Balance Sheet Date : 31.03.2009

II. Capital Raised During the year  
Public Issue: Nil Rights Issue: Nil  
Bonus Issue: Nil Private Placement: Nil

III. Position of Mobilisation and Deployment of Funds

Total Liabilities: 1495.05 Total Assets: 1495.05

### SOURCES OF FUNDS

Paid up Capital: 623.25 Reserves & Surplus : 66.75  
Secured Loans: 287.25 Unsecured Loans : 517.80

### APPLICATION OF FUNDS

Net Fixed Assets: 559.41 Investments: 4.88  
Net Current Assets: 741.49 Miscellaneous Expenditure: 189.27

V. Performance of the Company  
Turnover including Other Income 1163.44  
Total Expenditure including Depreciation 1155.00  
Profit / (Loss) Before Tax 8.44  
Profit / (Loss) After Tax 7.89

Earning Per Share: 0.14 Dividend Rate %: Nil

VI. Generic Names of Two Principal Products / Services of the Company

(As per monetary terms)  
Item Code No.(ITC Code) : 29335902  
Product Description : Trimethoprim  
: 2942  
: Chloropheniramine Meleate  
: 2942  
Metformin

The schedules & notes referred to above form an integral part of the Accounts.

AS PER OUR REPORT OF EVEN DATE ATTACHED

For KOTHARI JAIN & ASSOCIATES FOR AURO LABORATORIES LIMITED  
CHARTERED ACCOUNTANTS

Sd/-  
SUNIL KOTHARI  
PROPRIETOR  
M. NO. 043842

SHARAT DEORAH  
Managing Director

SIDDHARTH DEORAH  
Director

Place : Mumbai  
Date : 10.06.2009

Place : Mumbai  
Date : 10.06.2009

# AURO LABORATORIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	YEAR ENDED 31.03.2009 Rupees in Lacs	YEAR ENDED 31.03.2008 Rupees in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	8.44	4.60
<u>Adjustments for :</u>		
Depreciation	25.99	24.65
Depreciation Written back	(0.06)	0.00
Interest Paid	26.98	15.23
Profit on Sale of Fixed Asset	(0.10)	0.00
Provision for FBT	(0.55)	(0.45)
Profit on sale of investment	0.00	0.00
Interest and Discounting Charges Received	(1.12)	0.00
	51.14	39.43
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	59.58	44.03
<u>Adjustments for :</u>		
Trade and Other Receivable	(152.58)	(38.94)
Inventories	(86.78)	(136.98)
Trade Payables	111.58	24.00
	(127.78)	(151.92)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	(68.20)	(107.89)
Net Cash Flow from Operating Activities (A)	(68.20)	(107.89)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition of Fixed Assets / Capital WIP	(96.96)	(113.64)
Sale of Fixed Assets	0.55	0.00
Purchase of Investments	0.00	0.00
Sale of Investments	0.00	0.00
Interest and Discounting Charges Received	1.12	0.00
<b>Net Cash Flow from Investing Activities (B)</b>	(95.29)	(113.64)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowing of secured loan	82.11	93.97
Borrowing of unsecured loan	108.12	149.35
Repayment of Long term Borrowings	0.00	0.00
Interest Paid	(26.98)	(15.23)
<b>Net Cash Flow from Financing Activities (C)</b>	163.25	228.09
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	(0.24)	6.56
Opening balance of cash & Cash Equivalents	9.54	2.98
<b>Closing Cash &amp; Cash Equivalents</b>	9.30	9.54
	0.00	

Note: Figures in brackets represent outflows

For & on behalf of the Board

SHARAT DEORAH

Managing Director

SIDDHARTH DEORAH

Director

Place : Mumbai

Date : 10.06.2009

# **ANNUAL REPORT 2008-2009**

## **CERTIFICATE**

To,  
The Board of Directors,  
AURO LABORATORIES LIMITED,

We have examined the attached cash flow statement of Auro Laboratories Limited for the year ended 31st March 2009. The statement has been prepared by the Company in accordance of the requirements of listing agreement clause 32 with stock exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the company covered by our report of even date to the members of the company.

**For KOTHARI JAIN & ASSOCIATES**  
**Chartered Accountants**

**Sd/-**  
**SUNIL KOTHARI**  
**PROPRIETOR**  
**M. NO. 043842**

**Place : Mumbai**  
**Date : 10.06.2009**

# AURO LABORATORIES LIMITED

Registered Office : K-56, M.I.D.C. Industrial Area, Tarapur, Boisar,  
Dist. Thane – 401 506, Maharashtra.

## PROXY FORM

I / We \_\_\_\_\_  
of \_\_\_\_\_ being a Shareholder/Shareholders of  
AURO LABORATORIES LIMITED hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_  
or falling him/her \_\_\_\_\_ of \_\_\_\_\_  
or falling him/her \_\_\_\_\_ of \_\_\_\_\_  
as my/our Proxy to attend and vote for me/us and on my/our behalf at the 20th Annual  
General Meeting of the Company to be held on Tuesday the 18th day of August  
2009 at 11.00 a.m. and at any adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Affix a  
Revenue  
Stamp

Signature of Shareholder \_\_\_\_\_

**Note :** The Proxy form duly completed and signed must be deposited at the  
Registered Office of the Company at K-56, M.I.D.C. Industrial Area, Tarapur, Boisar, Dist.  
Thane- 401 506 not less then 48 hours before the time for holding the Meeting.

Name \_\_\_\_\_

Address \_\_\_\_\_

Regd.Folio.No. \_\_\_\_\_ No.of Shares held \_\_\_\_\_

Client I.D. No. \_\_\_\_\_ DP. ID. No. \_\_\_\_\_

----- (TEAR HERE) -----

# AURO LABORATORIES LIMITED

Registered Office : K-56, M.I.D.C. Industrial Area, Tarapur, Boisar,  
Dist. Thane – 401 506, Maharashtra.

## ATTENDANCE SLIP

I/We hereby record my/our presence at the Twentieth Annual General Meeting of the  
Company at the Registered Office of the Company at K-56, M.I.D.C. Industrial Area, Tarapur,  
Boisar, Dist. Thane- 401 506 on Tuesday the 18th day of August 2009 at 11.00 a.m.

Name \_\_\_\_\_

Address \_\_\_\_\_

Regd.Folio.No. \_\_\_\_\_ No.of Shares held \_\_\_\_\_

Client I.D. No. \_\_\_\_\_ DP. ID. No. \_\_\_\_\_

Name of Proxy/Representative, if any \_\_\_\_\_

Signature of the Shareholder(s)/Proxy/Representative \_\_\_\_\_

Please bring this attendance slip to the meeting hall and hand it over at  
the entrance after affixing the necessary signature.



**BOOK - POST**

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**SHAREX DYNAMIC (INDIA) PRIVATE LIMITED**

**[ Unit : AURO LABORATORIES LIMITED]**

**Unit No. 1, Luthra Industrial Premises, Near Safed Pool,  
Andheri Kurla Road, Andheri [ East]. Mumbai - 400 072**

**Tel : 022 2851 5644/2851 5606**

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