

ANNUAL REPORT 2005 - 2006

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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:

314,3rd 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

AURO LABORATORIES LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 17th Annual General Meeting of the members of AURO LABORATORIES LIMITED will be held on Thursday, September 28, 2006 at 11 A. M. 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, 2006 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.

SPECIAL BUSINESS:

To Consider and if thought fit, to pass with or without modification(s), the following Resolutions:

4. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT in supersession of all earlier resolutions passed under Section 293 [1](d) of the Companies Act, 1956, Consent of the Company be and is hereby accorded under the provision of Section 293 [1](d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may at its discretion think fit notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the total amount of such borrowing by the Board of Directors shall not at any time exceed Rs. 100 crores."

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RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors be and is hereby authorised to take all steps and give directions as may be necessary or desirable and to settle any question or difficulty whatsoever that may arise herein as they may in their absolute discretion deem fit."

5. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293[1](a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct to or in favour of all or any of the Financial Institutions/Banks/any other investing agencies/trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any other person(s)/bodies corporate by way of private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 100 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under Agreement/Arrangements entered into/to be entered into by the Company in respect of the said loans/debentures/bonds or other instruments.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

Registered Office :

For and on behalf of the Board

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
August 25, 2006.

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 FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 26/09/2006 to 28/09/2006 (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 a. The Company has appointed M/s. SHAREX DYNAMIC [INDIA] PRIVATE LIMITED as Common Registrar & Transfer Agent of the Company for physical 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] PRIVATE LIMITED
[Unit : AURO LABORATORIES LIMITED]
Dena Bank Building, 2nd Floor,
Horniman Circle, Fort, Mumbai - 400 023,
Tel: 022 2270 2483/2270 2485

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6. 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.

7. 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.

8. Members who are holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.

9. 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.

10. An explanatory statement as required u/s.173 of the Companies Act, 1956 is enclosed herewith in respect of Special Business.

11. In all correspondence with the Company, members are requested to quote their Folio No. and in case their shares are held in dematerialized form, they must quote their DP ID and client ID Numbers.

AURO LABORATORIES LIMITED

EXPLANATORY STATEMENT U/S. 173 OF THE COMPANIES ACT, 1956

ITEM NO. 4 & 5:

The Company, from time to time, obtains loans and financial assistance from the Financial Institutions/Banks/other lending agencies/trustees for the holders of debentures/bonds/other instruments which may be issued and the same are required to be secured by creation of mortgage/charge on the assets of the Company.

Section 293[1](a) of the Companies Act, 1956, inter alia, provides that the Board of Directors of a Public Limited Company shall not without the consent of the Company in General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since creation of mortgage/charge by the Company in favour of the above entities may be regarded as disposal of the assets or undertaking of the Company, it is necessary for the members to pass a resolution under Section 293[1](a) of the Companies Act, 1956.

As the members are aware, the Board is authorised to borrow for the purpose of carrying on the business of the Company up to an amount not exceeding Rs. 10 Crores. The company may in future require more funds for existing as well as future business. For these purposes new loans may be required. It is therefore necessary to increase the limit to which the company can borrow funds to Rs. 100 crores.

Therefore it is necessary for members to pass the resolution under Sections 293[1](a) and Section 293[1](d) of the Companies Act, 1956.

The Board recommends the resolutions at Sr. No. 4 & 5 to be passed.

None of the Directors of the Company are concerned or interested in the Resolutions.

Registered Office :

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
August 25, 2006.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

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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. 3&4):

| | |
|----------------|-----------------------------|
| A. Name | : MR. GOVERDHANDAS AGGARWAL |
| Age | : 57 years [02/10/1949]. |
| Qualifications | : B.com. |

Mr. Goverdhandas Aggarwal is associated with the Company since June 11, 2001 and look after Marketing of the Company. He has an experience of over 25 years in the field of drugs and pharmaceuticals.

Other Directorships:

1. Hoare Miller & Co. Ltd.
2. Serampore Industries Ltd.

Committee Memberships: NIL.

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting 17th Annual Report together with the Audited accounts for the year ended March 31, 2006.

| FINANCIAL RESULTS: | Year ended 31.03.2006 Rs. In Lacs | Year ended 31.03.2005 Rs. In Lacs |
|----------------------------------|--|--|
| Sales & Other Income | 455.36 | 288.79 |
| Profit before depreciation & tax | 22.79 | 1.17 |
| Depreciation | 19.63 | 17.30 |
| Profit/Loss after tax | 2.34 | (16.13) |

OPERATIONS:

Your Company has performed well during the year. The Total Income at Rs. 455.36 lacs was up by about 58% over the previous year. The profitability of the company has also increased and the profit after tax was Rs. 2.34 lacs as against loss of Rs. 16.13 lacs during the previous year.

DIVIDEND:

Due to carry forward losses, your Directors do not recommend any dividend for the year ended March 31, 2006.

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:

During the year Mrs. Meena Deorah resigned from the board. Your board records its appreciation for the services rendered by her during the tenure of directorship.

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

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Company retire by rotation and being eligible, offer himself for re-appointment.

CORPORATE GOVERNANCE:

The Company has taken proactive steps to ensure that the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange are complied with. A separate report on Corporate Governance together with Auditors' Certificate on its compliance are included in this Annual Report.

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, 2006.
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.