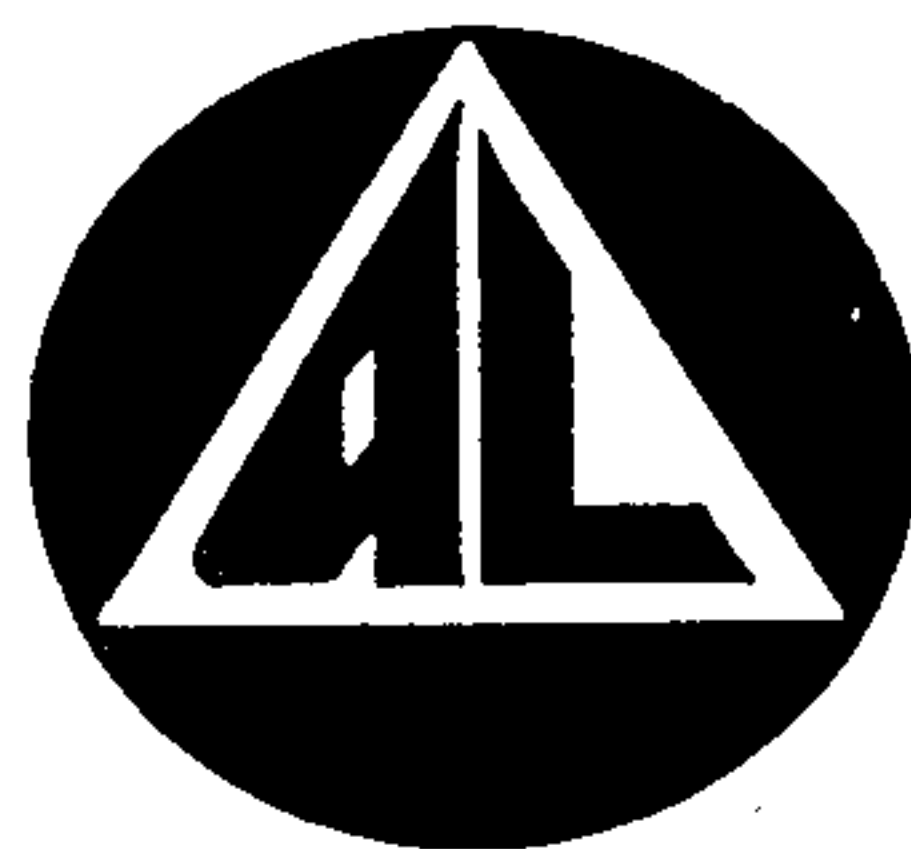


ANNUAL REPORT 2010 - 2011



AURO LABORATORIES LIMITED

AURO LABORATORIES LIMITED

BOARD OF DIRECTORS

Sharat Deorah
Siddhartha Deorah
Kailash Chandra Bubna
Goverdhandas Aggarwal

Managing Director
Director
Director
Director

AUDIT COMMITTEE

Kailash Chandra Bubna
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.

AUDITORS

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 22nd Annual General Meeting of the members of AURO LABORATORIES LIMITED will be held on September 29, 2011 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, 2011 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. Kailash Chandra Bubna, who retires from office by rotation, and being eligible offers him-self for re-appointment.
3. To appoint M/s. Kothari Jain & Associates, Chartered Accountants having Firm Registration No. 113041W as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Registered Office:

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

July 30, 2011.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

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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 27/09/2011 to 29/09/2011 (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 DP ID 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.

AURO LABORATORIES LIMITED

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):

Name	: MR. KAILASH CHANDRA BUBNA
Age	: 57[16/12/1954].
Qualifications	: B.com.

Mr. Kailash Chandra Bubna is associated with the Company since July 14, 2009 and look after overall administration and marketing of the Company. He has an experience of over 20 years in the field of administration.

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

Registered Office:	For and on behalf of the Board
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K-56, M.I.D.C. Industrial Area, Tarapur, Boisar, Thane - 401 506. July 30, 2011.	For AURO LABORATORIES LIMITED
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SHARAT DEORAH
Managing Director

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting 22nd Annual Report together with the Audited accounts for the year ended March 31, 2011.

FINANCIAL RESULTS:	Year ended 31.03.2011 Rs. In Lacs	Year ended 31.03.2010 Rs. In Lacs
Sales & Other Income	2210.14	1215.81
Profit before depreciation & tax	64.95	42.14
Profit after Depreciation	20.51	8.13
Profit / Loss after tax	20.51	8.13
Balance brought forward	-181.13	-189.26
Balance carried forward	-160.62	-181.13

OPERATIONS:

In the current financial year the company has performed well and achieved a total income of Rs. 22.10 Crores as against Rs. 12.16 Crores in previous year which is about 83 % more than the previous year. The production capacity has increased and the product mix has got good demand with our domestic and overseas customers. New machineries have been installed which will further boost performance of the Company. The company proposed to achieve a further increase in the sales from the current level.

DIVIDEND:

Due to carry forward losses, your Directors do not recommend any dividend for the year ended March 31, 2011.

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:

Mr. Kailash Chandra Bubna retires by rotation and being eligible offer himself for reappointment.

AURO LABORATORIES LIMITED

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, 2011.
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, 2012 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.

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CORPORATE GOVERNANCE:

Your Company continued to practice good governance as set out by the Securities & 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.

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 has 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 (1) (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:

K-56, M.I.D.C. Industrial Area,
Tarapur, Boisar,
Thane - 401 506.
July 30, 2011.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

AURO LABORATORIES LIMITED

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 give 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 31.03.2011	Year Ended 31.3.2010
1. ELECTRICITY		
(a) Purchase Unit (In Lacs)	11.85	9.40
Total Amount (Rs. In Lacs)	66.00	47.17
Rate / Unit (Rs.)	5.57	5.01
(b) Own generation (through diesel generator)	NIL	NIL
2. LIGHT DIESEL OIL LDO/FURNACE OIL		
(FOR PRODUCTION)		
Quantity (Ltr. In Lacs)		
LDO	0.26	0.11
FURNACE OIL	4.42	3.94
Total Amount (Rs. In Lacs)		
LDO	10.44	4.20
FURNACE OIL	118.02	93.81
Average rate per Ltr. (Rs.)		
LDO	40.15	36.58
FURNACE OIL	26.70	23.83
3. CONSUMPTION PER KG. OF PRODUCTION:		
Products (Kg.)	1065958	635721
Electricity (Rs.)	6.19	7.41
Diesel / FO(Rs.)	12.05	15.41

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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:

Foreign exchange earnings

FOB Value of export: Rs. 7,13,32,399/- (Previous Year Rs. 3,54,08,195/-).

Foreign exchange outgo

Foreign traveling expenses: Rs. 5,08,307/- (Previous Year Rs. 8,57,008/-).

Place: MUMBAI

Dated: July 30, 2011

For & on behalf of the Board

SHARAT DEORAH
MANAGING DIRECTOR

AURO LABORATORIES LIMITED

ANNEXURE - 'B' TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

AURO LABORATORIES LIMITED ("the Company") is committed to adhere to the corporate governance code as prescribed by the SEBI and Stock Exchange and has accordingly implemented various aspects of the code.

To implement the Corporate Governance practice, Auro Laboratories Ltd., 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.

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 consist 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:

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BOARD MEETINGS:

The Board of Directors met 5 times during the financial year i.e. on 30/04/2010, 31/05/2010, 31/07/2010, 31/10/2010 and 31/01/2011.

The maximum time gap between any two meetings is much less compared to the requirement of not more than four month as specified 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 31/3/11		Outside Committee Position Held As on 31/3/11	
				Public	Private	Mem.	Chmn.
Mr. Sharat Deorah	CMD	5	YES	--	2	--	--
Mr. Siddhartha Deorah	WTD	5	YES	--	2	--	--
Mr. Goverdhandas Aggarwal	NED	5	YES	2	--	--	--
Mr. Kailash Chandra Bubna	NED	5	YES	--	--	--	--

CMD stands for Managing Director.
WTD stands for Whole time Director.
NED stands for Non Executive Director.

AURO LABORATORIES LIMITED

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 of 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 compliance 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.

- 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 of the firm or executives of the company or were not partners of the firm or executives of the company during the preceding three years of either:
 - Statutory audit firm or the internal audit firm that is associated with the Company.
 - 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.

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