

AUROMED LIMITED

EIGHTH ANNUAL REPORT



2002 - 2003

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ANNUAL REPORT

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BOARD OF DIRECTORS

Chairman & Managing Director

Mr. D. SRINIVASVARADAN

Director

Smt. S. NAPPINAI

Mr. B.M. VASISHTA

Mr. V.HARANATH REDDY

Mr.P.MUKUNDA REDDY

REGISTERED OFFICE

“Srinilayam”

1, Kannaiah Street,

T. Nagar, Chennai – 600 017

AUDITOR

Mr. V. KARTHIKEYAN

Chartered Accountant

29/2A, Musiri Subramania Salai (Oliver Road)

Mylapore, Chennai – 600 004

BANKERS

Vijaya Bank,

Karnataka Bank,

Corporation Bank,

City Union Bank

Tamil Nadu Mercantile Bank,

Note: Shareholders are requested to bring their copies of Annual Report to the Meeting.

AUROMED LIMITED

REGD. OFFICE: "SRINILAYAM", KANNAIAH STREET, T.NAGAR CHENNAI – 17

NOTICE

NOTICE is hereby given that the **EIGHTH** Annual General Meeting of the Shareholders will be held at The Registered Office of the Company Chennai, on Tuesday, 30th September, 2003 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Accounts as at 31st March 2003 and together with the Directors and Auditors' Report thereon.
2. In accordance with Article 98 of the Articles of Association of the Company **Mr. B. M. Vasishta** retires from office by rotation, and being eligible, offers for reappointment.
3. In accordance with Article 98 of the Articles of Association of the Company **Mr. L. HARANATH REDDY** retires from office by rotation, and being eligible, offers for reappointment.
4. In accordance with Article 98 of the Articles of Association of the Company **Mr. P. MUKUNDA REDDY** retires from office by rotation, and being eligible, offers for reappointment.
5. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting. **Mr. V. Karthikeyan** the retiring Auditor of the Company being eligible, offers himself for re-appointment.

\ By the Order of the Board \

D. SRINIVASVARADAN
CHAIRMAN

Place : Chennai
Date : 01.09.2003

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself; such proxy need not be a member of the company.
2. The instrument appointing a proxy duly stamped and executed for use at the meeting must be lodged at the Registered office of the Company not less than 48 hours before the time fixed for the meeting.
3. Members seeking any information with regard to Accounts are requested to write to the Company atleast 7 days in advance of the meeting so as to enable the management to keep the information ready.
4. Members are requested to notify any change in the address to the Company
5. Members are requested to bring their copies of the Annual Report with them to the meeting.
6. The Register of Members and the share transfer books of the company will remain closed from 17th September, 2003 up to 30th September, 2003 (both days inclusive).

\ By the Order of the Board \

D. SRINIVASVARADAN
CHAIRMAN

Place : Chennai
Date : 01.09.2003

AUROMED LIMITED

Regd. Office: "SRINILAYAM", #1, Kanniah Street, T. Nagar, Chennai – 600017

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the **EIGHTH ANNUAL REPORT** together with the Audited Accounts of the company for the year ended 31st March, 2003.

PERFORMANCE:

Your company has made a profit before tax of Rs27,435/- during the year ended 31st March, 2003.

CURRENT YEAR OPERATIONS AND FUTURE PLANS:

The working results of the Company for the year under review registers progress and enhanced success in existing and also sparkling success in new territories which are novel and latest to the scenario of Indian medicine. The strategies concerning novel product spectrum and production planning have started giving a good break-through to the company's operations. His product band category and its relative worthiness based on its class of quality placed it along with a few large scales multinationals.

Members must bear in mind that the Company had commenced its operations way back in early 1997 and had sustained all the market upheavals without raising a rupee from the institutions or private channels. Your Directors have never been left comfortable due to finance a constraint which was always managed only you're Directors; and poor market conditions used to be sourly discouraging which they have faced with a firm determination. It is a very remarkable and commendable feature for the company to maintain an undeterred standard in its operations despite fundamental or factorial changes in the market conditions.

The herbs procurement particularly for the rare and ones which come from the unorganized sector or from forest collectors, has to be planned well six months ahead and positive moves have to be made well ahead of seasons with the suppliers ahead of the competitors. Your directors after thorough evaluation felt that it is worthwhile to toil for herbs and intermediates for your captive line of production based operations than for trading activities; however the trading activities it maintained at base minimal level so that it may continue to support the company financially as well position the company in the midst large companies who were also constantly purchasing from your company through their accredited agents.

Your company had this year after successful isolation and purification of Glucosamine and esterification of the same to its Sulfate and Hydrochloride salts commenced formulations with Chondroitin Sulphate, Methyl Sulfanyl Methylene, Metformin and GLA. These products were made by procuring most of the ingredients other than Glucosamine and GLA and quite similarly formulations using products like, Beta Carotene, Gama Linolenic acid and isolates from Herbal sources were made and tried out on fairly decent scale. The AUREX formulation was given a further improvisation and was also converted to ointments and suppositories by one of

your Directors who also derived a slip and slurry version for better and more efficient special purpose applications. The operation related to preparations of special extracts which are immediately needed for the formulations for captive consumption and also after derivatising them further were carried on besides continuing Spirulina production regularly.

The production of the first four Pharma-Chemicals originally initiated in 1996 was suspended this year also since there was no sign of improvement in the selling prices besides one of the principal consuming product for Bronopal, i.e., Gripe water started losing its market and virtually it was nearing extinct on advanced medical grounds.

The Company could not show drastic improvement in its production capacity. The products dispatched to UK through the local agents in Bombay were received well in the market and was sold at par with popular American Brands of equal strength in terms of quality, efficacy and hygiene. There was no repetitive order from the UK agency; meanwhile German agency and the Euro food stores agency, both were technically cleared by their respective federal ministries and visited India by the end of February for detailed negotiations.

Your Company succeeded in having a reputed expert marketing agency tied up provisionally on trial basis to evaluate the market strength for your Glucosamine based products. Your Directors have decided to have the results and market sensitivity analysis by the mid June of 2003 and start introducing the same in the UK exhibition like it performed for Spirulina through its agent during November 2000. It was envisaged by your Directors to make a direct entry with or without its agent in the UK and Europe exhibition in the coming year. Your Company has so far taken up trial production and also conducted clinical trials for nearly four more products during in addition to the ten during the past year.

This year the production bench has received new members on line with new products and formulations which were put on trials during the course of this year

Your Directors have made more adaptive and modified formulations for the following categories of diseases and disorders and at their levels have conducted trials within their own cycle and are now readily poised for a full-fledged clinical trials more specifically on well identified patients who are already afflicted :

- 1. NUTRITION PRODUCTS** : Products intended for general Nutrition based applications For all ages – specifically for improving general debility conditions for pediatric, and geriatric stages .
- 2. NUTRACEUTICALS** : Formulary a product combining few isolates and extracts which are intended for patients who are either being treated or are convalescing needing a more pronounced hepato Protection Neutraceutical formulations for preoperative and postoperative patients of general surgery, cancer, organ transplantation, radio therapy and chemotherapy.

- 3. NUTRACEUTICALS** : For both Restorative and Rejuvenative applications including Respiratory and other lung disorders.
- 4. OSTEO/ORTHO** : Formulations for disorders relating to bone, cartilage, tissue, muscle and nerve in Osteo and Ortho patients. A large Volume of data has been built up following different trials at different levels; but current drug registration procedures down by FDA and other lead international organizations call for a reclassified clinical trial.
- APPLICATIONS**
- 5. VASCULAR REPRESSION** : Formulations involving isolates which are responsible for streamlining and improving repressive blood circulation at peripheral levels like brain, legs, and arms. These formulations also have healing and curative functions to venous ulcers.

The versions of these formulations have earlier been manufactured and were also marketed on a very marginal scale to evaluate their prospects and performance on willing patients; the results were 100% encouraging and there was no incidence of contra-indications or any other side-effects. Now these products have been further improvised and balanced to optimal doses according to the intensity need and the category of the complaint.

The operations relating to the herbs collection and purchase, showed marginal improvement in its own as the climate showed signs of peace at forest centres. The lands earmarked for contract cultivation were thoroughly examined with the soil testing at different places and different levels according to its topography. They were classified into six fundamental categories and land development programme was drawn independently according to their categories. Among these two terrains were found to be absolutely unutilized for practically more than two decades and the soil tests conducted in these two places revealed that it had absolutely no chemical loading specifically concerning KNP evaluation and also other minerals and pesticides. The water bearing tabloid was not shallow and one had to dwell down deep as far as 50 meters and these two areas were earmarked for Organic Farming for exporting the farm produce to Europe particularly Germany, Sweden and Denmark markets. The operations commencing with digging and rotating the soil up to 2.6 meters depth (8 feet) was not required in one of them and herein a depth of 1.85 meters was found to be adequate. Necessary reinforcement and fencing to prevent surface and subsoil percolation had to be undertaken. This was drawn as a long term programme and operations were set for this project at medium pace to suit to the funds flow arrangement. About six fruit crops and nine vegetative crops were chosen for this programme.

The Contract Cultivation programme with farmers started yielding from the short term crops; your Directors are confident that in the next year nearly 30 to 45 % of the crops, more specifically Amlaki and Coleus Forskohli would be made available for captive consumption needed for our production programme.

Consecutively for the fifth year your company achieved Zero Complaints, in its quality and Quality Sales and Service. SPIRULINA with its premium quality very good response and many individual consumers were having a planned systematic purchase programme for receiving Spirulina. Some insisted upon fortnightly supplies and few upon monthly door delivery programme. The supplies of SPIRULINA received Zero complaints this year. The Drug Collectors and Procurement assistants had slightly improved their performance; however they fell below their targets.

Hi-tech Agricultural practices in Farming of Herbal Plants, of high commercial value needed more personalized attention and virtually your Directors had to personally supervise and monitor many operations. The association of various clinical laboratories and other professionals was of immense help to your company and your Directors are thankful for their service.

DIVIDEND:

As the Company is in its second year of operations and due to inadequate surplus funds, your Directors did not recommend payment of dividend for the year.

EMPLOYEES PARTICULARS UNDER SECTION 217 (2A):

None of the Employees are in receipt of remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956.

DIRECTORS:

Mr. B. M. VASISHTA, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Mr. L. HARANATH REDDY, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Mr. MUKUNDA REDDY, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS:

Mr. Karthikeyan, Chartered Accountant, Chennai will be retiring at the ensuing Annual General Meeting and being eligible, is offering himself for reappointment. Your Directors recommend his reappointment as Auditor of the company for the financial year 2002 - 2003.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING:

The particulars required under section 217(1) (e) of the companies Act, 1956, relating to energy and technology absorption are not applicable to the company. The Company has not earned any revenue in foreign exchange and it has also not incurred any expenditure in foreign exchange.

FIXED DEPOSITS:

During the period under review your company has not accepted any deposit from the public.