

AUROMED LIMITED

TENTH ANNUAL REPORT

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2004 - 2005

AUROMED LIMITED

TENTH ANNUAL REPORT 2004 - 2005

BOARD OF DIRECTORS

Chairman & Managing Director

Mr. D. SRINIVASVARADAN

Directors

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

BRAHMANANDA & CO.

Chartered Accountants

P. VISHWANATHAN (Partner)

#122c, T.T.K. Road, Alwarpet

Chennai – 600 018

Ph: 044 55281297

BANKERS

Oriental Bank of Commerce

(Global Trust Bank Ltd)

Tamil Nadu Mercantile Bank

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

AUROMED LIMITED

Regd. Office: "Srinilayam", 1, Kannaiah Street, T.Nagar, Chennai – 17

NOTICE

NOTICE is hereby given that the **TENTH** Annual General Meeting of the Shareholders will be held at The Registered Office of the Company Chennai, on Tuesday, 24th June, 2005 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Accounts as at 31st March 2005 and together with the Directors and Auditors' Report thereon.
2. In accordance with Article 98 of the Articles of Association of the Company **Mrs. S. NAPPINAI** 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. P. MUKUNDA REDDY** retires from office by rotation, and being eligible, offers for reappointment.
4. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting. **Mr. P.Vishwanathan**, 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 : 15.04.2005

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 11th June, 2005 up to 24th June, 2005 (both days inclusive).



D. SRINIVASVARADAN
CHAIRMAN

Place : Chennai
Date : 15.04.2005

AUROMED LIMITED

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

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the TENTH ANNUAL REPORT together with the Audited Accounts of the Company for the year ended 31st March, 2005.

PERFORMANCE

Your Company has made a profit before tax of Rs.13,94,298/= during the year ended 31st March,2004.

FINANCIAL RESULTS

Sl. No.	Particulars	2004 – 05 (Rs. In Lakhs)	2003 – 04 (Rs. In Lakhs)
1	Income from Operations and Other Income	159.37	45.38
2	Profit before Interest, Depreciation and taxes	19.73	4.20
3	Interest	-	-
4	Depreciation	12.36	2.92
5	Profit before Exceptional items & taxation	7.37	1.28
6	Provision for tax	2.70	0.46
7	Provision for Deferred Tax	-	-
8	Profit after tax	4.67	0.82
9	Profit brought forward from previous year	1.35	0.53
10	Interim & Proposed Dividend	-	-
11	Tax on Dividend	-	-
12	Transfer to General Reserve	-	-
13	Profit carried to Balance Sheet	6.02	1.35

DIVIDEND:

As the Company is clearly emerging out of its bad-phase, is in its third year of operations and due to inadequate surplus funds, your Directors did not recommend payment of dividend for the year.

REVIEW OF OPERATIONS

The review of the working results and the operations during the year ended 31st March, 2004, which spells success registers, the faith, dedication, and the endeavor of your staff and directors, who have been

constantly searching, seeking, and striving hard to achieve their goal. The product spectrum has been further improved with a new range with in-house technological up-gradation. Your Company had improved its performance in each segment like, Herbs and Isolates, Herb Cultivation, Spirulina and its down stream products, (like Phycobiliproteins, Gama Linoleic Acid), Beta Carotene, Glucosamine, Amino Acids, Coenzyme Q10, 5-Lipoxygenase, wound healing AUREX compound based formulations, Xanthins, Tissue Culturing, Contract Cultivation, Functional Foods, Nutraceutical and Cosmeceutical formulations.

Herbs & Cultivation

The processing of Herbs and Sales (of both procured as well as cultivated) rose by about 115%.Controlling operations at the distant godowns was difficult; the pressure from the buying agencies was more for maintaining commitment on time-bound deliveries following selecting, sorting and then quality servicing with a high-tech audit was cumbersome. The company had to induct more contract labour in this direction; ware-houses where monitoring operations became more difficult, the company had to reorganize operations in a different warehouse with better accessibility for operations and techno-audit, besides enforcing discipline in other areas where the company has contracted for procurement on long term basis. These four factors resulted in higher floor-rejections of herbs, which the company is seriously considering to control.



Spirulina

The sales of Spirulina touched a level of Rs.2.3 millions. Substantial volume of Spirulina was also used for captive consumption. Your Directors humbly submit to the members that the quality of Spirulina is held high in the esteem of certain quarters in Europe quite equivalent to the No:1 Global product, and your SPIRULINA PREMIA was found fit to qualify for ORGANIC SPPIRULINA; it is just another feather in our cap as the staff at all points of processing adhere strictly to what is stipulated for Total Quality Monitoring under Good Manufacturing Practice. The product with practically no offensive odour (as that of Marine Products), is being catered to the market in 500 mg tablet form, which is uncoated, and not treated with odour masking or tableting agents like Glue, Cellulose or Calcium Carbonate. The swinging health which your Spirulina customer gets has been well studied and recorded in a recent survey conducted to know the customer's opinion.

GLA

GAMA LINOLENIC ACID, is a downstream product in the processing of Spirulina obtained in small volumes of commercial significance. The company also extracts the same by the distillation and selective adsorption from a blend of vegetable oils. This product of very high purity, is a very important nutraceutical for Cholesterol management, weight management, antiaging and also for tuning up of general health.

Betacarotene & Xanthines

These products started up as a down stream line from Spirulina; now is currently supported by the culture and cultivation of Salina Dunaliella, an algae which is the richest source of Carotenoids and Xanthines. The process has been perfected in the second half of 2004 and will be attaining full swing registering larger output of Betacarotene and Xanthines, in the years to come.

Phycobilliprotein

This is made available from a specially processed version of Spirulina which is also extracted by the unconventional method of separation. The products are powerful antioxidants and useful in fluorescence based detection, mapping during remote sensing, free radical scavenging, anti-inflammatory functions, hepatoprotection and other disorders. Your company made marginal contribution in this product-segment during the years 2003 and 2004. This year the volume rose to yield a revenue level of Rs.3.3 Millions.

Lipoxygenase

This product is more specifically known as 5-LIPOXYGENASE, a most safe, advanced and popular Non steroidal analgesic; the extraction and isolation of ingredients of Boswellic Acid, obtained from Boswellia

Serrata . During the formulation of an analgesic oil based compound of Ayurvedic origin , it so happened that the fractions of Nobiletin, Tangeretin and 5-Lipoxygenase were identified to be the actual active ingredients obtained from a vegetable oil blend extracted along with Citrus, other fruits and their barks. Similarly Standardised Boswellic Acid extract in the form of 3-acetyl-11-keto-B-Boswellic acid (AKBA) was found to possess similar analgesic behaviour with similar functions. This year the process has been independently developed from Boswellic Acid and a few alternate raw materials including 5-LIPOXYGENASE have been tried in formulations; small volume has been offered to few agencies who wanted to have studies done on the molecule and products, independently.

Glucosamine salts (GLS)

The earlier processing of GLS was from Crab shell shavings, jelly fish etc. Marine feed-stock, generally, being seasonal, is becoming scarce and rare day by day. Your company has engaged Consultants to culture and adapt a specific strain of mushroom; the process plant has employed this material in its regular process, which has proven successful and is to be expanded into commercial scale. This has strengthened a chain of formulary products for Arthritis, Gout, and Rheumatism. Chondroitin Sulphate, Methyl Sulphonyl Methane, and other few selective active ingredient isolates obtained from Indian herbs have proven very useful and found to possess higher efficacy than conventional GLS formulations available globally. The ensuing year will have more output of this series abroad in UK and EU regions with a very well linked commercial organization, we have associated with, is taking up evaluating these formulations commercially. This has opened a new wave of Vega Glucosamine formulations, in India.

Aurex – Wonder Wound Healer

The product formulation AUREX (meant to emphasize the efficacy and proven excellence of isolates of Ayurvedic herbs), in oil, cream and ointment forms has been extensively used in applications over more than a decade, and found to heal faster, safely and smoothly without any hard crusts or discoloured skin over the affected wound – area.

The Company has associated in the marketing research and clinical study of this product evolved, and has acquired the rights of commercial exploitation at the preprocessing stages of the patent application. This is already being planned as a product aimed for the global market.

Amino Acids

The Company has already commenced manufacturing operations in the pilot bench-scale by the fermentative route as well as extraction of protein hydrolysates. These are to be used in specific formulations under Nutraceutical, Cosmeceutical and Antiaging formulations .

Coenzyme Q10

Waste tobacco is taken up for extraction to isolate Beta Solanesol. This is converted into Coenzyme Q10, which is also known as Ubiquinone. The technology of conversion is strenuous and the company has the arrangement of contract conversion done through outsourcing. This product is used in many cardiac formulations and other health-benefic applications also.

Functional Foods

The Company has evolved different formulations with varying levels of energy and protein and other functional active ingredients according to the metabolic need of each situation to suit to Pediatrics, Geriatrics, Students, Convalescents, Trauma Patients (Road Accident and Fire and Chemically Burnt Accident cases), Pre and Post surgical patients, Lactating mothers, Patients suffering from Hepatitis infection, cancer borne patients at pre and post surgical stages, Chemotherapy, and recovery, including patients under palliative care. The formulations for Athletes and Sports persons and those who are subjected to high stress and long term endurance have already been formulated and tested by a very eminent team of experts and sports trainers and they are very happy with the product and its results over their wards.

Clinical Trials, Consultancy & Diagnostics

Your Company has geared up operations in this segment and have found it to be very encouraging, equally complementing and supporting to the company's product operations, at this very initial techno-commercial launch of the products. Your company has helped a lot of poor patients in carrying out expensive clinical investigations, clinical tests as well as assisted number of medical personnel in contrast cases/disorders. on. These trials were carried out by medical experts of the patients' who willingly conducted the trials and co-operated in supporting the investigations. About three such facilities in Bangalore and three of them in Chennai have done excellent work. Members of the Board jointly extend their sincere heartfelt thanks for their very earnest support to lead our products in the path towards success.

Cultivation

Lands, both held under the company's possession, lands held in the company's possession, still unregistered under their acquisition programme, as well as lands held under long and short term lease programme besides other lands under contract cultivation scheme were taken up for topographic studies, seismic studies, tests for tracing aquifers and other sub-soil resources. The action plan for lands classified as good and potential but dry, and those who were fertile but are currently turning to be disastrously bad due to drastic drought conditions was drawn and budgeted for immediate implementation. Agro consultants and horticulturists who have specialized in crops and herbs of our interest were engaged to draw final plans.

Crop & Species Selection

The company also made selection of the species proposed for cultivation , after examination of different farm sites and the condition of such soils and the performance of those species over a period of at least two years; these lands were taken up for Agri-Horti operations in sequence. Some rare plants have been chosen for experiments in these areas.

Hi-tech Agri-horti audit

The Directors have visited advanced agro and horticultural farms in Europe, and Germany where principles of hi-tech agri audits have been tried out successfully. The company had taken out studies about smooth transitory adaptations of such principles to suit to our climate, environment and agricultural practice. This has been currently reassessed and made ready for implementation. A two member team studied this pattern and prepared a schedule for implementation at our cultivation farms.

Herbs Purchase Programme

The Company was offering more than 80% of its herbs to various customer agents who were taking from your company and supplying them to different large industrial and multi-national companies. During this year, the buying agents extended excellent co-operation.

The consistent interest showed by the herb purchasers, processors and dealers for exporters were overwhelming and the demand for quality processed herbs showed a steady improvement. This ensuing year, the Company foresees vagaries in the rain patter and other factors, it will be only 45% of the processed and stocked herbs, which it will be able to offer to the market.

Bio active ingredient Refinery

Based on the actual need for pure quality actual ingredient isolate or concentrate, which is growing steadily at about 15% every year the Company proposes to establish a separate plant for regular extraction, isolation and refinement of active ingredients from herbs, plants, and bio-products. This is likely to be located either near Salem or in the suburban out-skirts of Chennai; to support this and to hold raw materials afresh and fit for operations, the Company opts to have a Refrigeration Plant with a separate freezer for certain specific operations, to reduce rejections of most of the perishable commodities.