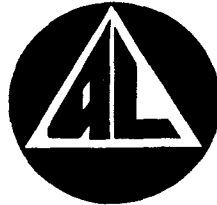


ANNUAL REPORT 2009 - 2010



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.

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

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 21st Annual General Meeting of the members of AURO LABORATORIES LIMITED will be held on September 17, 2010 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, 2010 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. Siddhartha Deorah, 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 Mr. Kailash Chandra Bubna who was appointed as an Additional Director of the Company with effect from 14/07/2009 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of the Annual General Meeting and being eligible offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member Under Section 257 and other applicable provisions, if any, of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

5. AS AN ORDINARY RESOLUTION:

“RESOLVED THAT subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mr. Sharat Deorah, Managing Director of the Company for a period of Five Years w.e.f. October 1, 2009 on the terms and conditions including the remuneration payable to him as Managing Director and the minimum remuneration payable to him in the event of absence or inadequacy of profits in any year, as set out in the agreement entered into by the Company with Mr. Sharat Deorah.

FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution.”

AURO LABORATORIES LIMITED

6. AS AN ORDINARY RESOLUTION:

RESOLVED THAT subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mr. Siddhartha Deorah, Executive Director of the Company for a period of Five Years w.e.f. October 1, 2009 on the terms and conditions including the remuneration payable to him as Executive Director and the minimum remuneration payable to him in the event of absence or inadequacy of profits in any year, as set out in the agreement entered into by the Company with Mr. Siddhartha Deorah.

FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution."

Registered Office:

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
May 31, 2010.

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 14/09/2010 to 17/09/2010 (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):

A. Name : MR. SIDDHARTHA DEORAH
Age : 32 [21/09/1978].
Qualifications : MBA

Mr. Siddhartha Deorah is associated with the Company since August 01, 1999 and look after Purchase and Sales aspects of the Company. He has an experience of over 8 years in the field of drugs and pharmaceuticals.

Other Directorships:

1. Auro Real Estate Private Limited.
2. Auro Impex Private Limited.

Shareholding in the Company - 296780 Shares

Other Committee Memberships: Nil.

B. Name : MR. KAILASH CHANDRA BUBNA
Age : 56 [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

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
May 31, 2010.

For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item Nos. 4.

Mr. Kailash Chandra Bubna was appointed as an Additional Director on the board of the Company w.e.f. July 14, 2009. Under Section 260 of the Companies Act, 1956, Mr. Kailash Chandra Bubna will hold Office till the conclusion of this Annual General Meeting.

The Company has received notice in writing from member together with requisite deposit under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Kailash Chandra Bubna as a candidate for the Office of Director.

Mr. Kailash Chandra Bubna is widely experienced in different fields. Therefore, it will be in the interest of the Company to draw on the valuable expertise and Guidance of Mr. Kailash Chandra Bubna by appointing him as regular Director on the Board of the Company.

The Board recommends the Resolution mentioned at item No. 4 for the approval of the members.

None of the Directors except Mr. Kailash Chandra Bubna are concerned or interested in the said resolution.

Item No. 5.

Mr. Sharat Deorah was appointed as Managing Director of the Company by the Board and by the members for a period of 5 years w.e.f. October 1, 2005 and his remuneration was approved by the members.

The Board at its meeting held on May 31, 2010 has re-appointed him as Managing Director w.e.f. October 1, 2009 for a period of 5 [FIVE] years on the following terms. Mr. Sharat Deorah looks after day to day affairs of the Company and is working for the Company since inception.

Salary in the scale of Rs. 10,000/- to Rs. 50,000/- per month as may be decided by the board from time to time. In addition to salary Mr. Sharat Deorah shall be entitled to benefits and perquisites as per the rules of the Company.

The Board is authorized to alter and vary the terms and conditions of the appointment provided however that the remuneration payable shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time.

AURO LABORATORIES LIMITED

MINIMUM REMUNERATION:

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Section II or Part II of Schedule XIII of the Companies Act, 1956 computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

The Remuneration Committee has also cleared the above remuneration.

The Board recommends the resolution as above for the approval of members.

This may be treated as an abstract of the terms of the appointment pursuant to section 302 of the Companies Act, 1956.

Mr. Sharat Deorah may be deemed to be interested in the resolution as the same is related to his own appointment. Mr. Siddhartha Deorah may be deemed to be interested being related to Mr. Sharat Deorah.

Item No. 6.

Mr. Siddhartha Deorah was appointed as an Executive Director of the Company by the Board and by the members for a period of 5 years w.e.f. August 1, 2005 and his remuneration was approved by the members.

The Board at its meeting held on May 31, 2010 has re-appointed him as an Executive Director w.e.f. October 1, 2009 for a period of 5 [FIVE] years on the following terms. Mr. Siddhartha Deorah looks after Purchase and Sales aspects of the Company and is working for the Company since August 1, 1999 and got experience of about 8 years to his credit.

Salary in the scale of Rs. 10,000/- to Rs. 50,000/- per month as may be decided by the board from time to time. In addition to salary Mr. Siddhartha Deorah shall be entitled to benefits and perquisites as per the rules of the Company.

The Board is authorized to alter and vary the terms and conditions of the appointment provided however that the remuneration payable shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time.

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MINIMUM REMUNERATION:

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Section II or Part II of Schedule XIII of the Companies Act, 1956 computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

The Remuneration Committee has also cleared the above remuneration.

The Board recommends the resolution as above for the approval of members.

This may be treated as an abstract of the terms of the appointment pursuant to section 302 of the Companies Act, 1956.

Mr. Siddhartha Deorah may be deemed to be interested in the resolution as the same is related to his own appointment. Mr. Sharat Deorah may be deemed to be interested being related to Mr. Siddhartha Deorah.

Registered Office:

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
May 31, 2010.

For and on behalf of the Board

For **AURO LABORATORIES LIMITED**

SHARAT DEORAH
Managing Director

AURO LABORATORIES LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting 21st Annual Report together with the Audited accounts for the year ended March 31, 2010.

FINANCIAL RESULTS:	Year ended 31.03.2010 Rs. In Lacs	Year ended 31.03.2009 Rs. In Lacs
Sales & Other Income	1215.81	1088.21
Profit before depreciation & tax	42.14	34.37
Profit after Depreciation	8.13	8.44
Profit / Loss after tax	8.13	7.89
Balance brought forward	-189.26	-197.15
Balance carried forward	-181.13	-189.26

OPERATIONS:

In the current financial year the company has achieved sales of Rs. 12.16 crores which is 12 % 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, 2010.

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:

It is proposed to appoint Mr. Kailash Chandra Bubna as regular Director of the Company. Necessary Resolution is placed in the Notice calling Annual General Meeting.

Mr. Siddhartha Deorah retire by rotation and being eligible offer himself for reappointment.

Mr. Sharat Deorah and Mr. Siddhartha Deorah are proposed to be re-appointed as Managing Director and Executive Director respectively. Necessary resolutions are proposed and put up for members approvals.

During the year Mr. Murari Lal Sharma resigned due to other preoccupations. Your board places its appreciations for the services rendered by him during the tenure of directorship.

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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, 2010.
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, 2011 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.

AURO LABORATORIES LIMITED

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 (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:

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
May 31, 2010.

For and on behalf of the Board

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 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 31.03.2010	Year Ended 31.3.2009
1. ELECTRICITY		
(a) Purchase Unit (in Lacs)	9.40	6.45
Total Amount (Rs. In Lacs)	47.17	34.56
Rate / Unit (Rs.)	5.01	5.35
(b) Own generation (through diesel generator)	NIL	NIL
2. LIGHT DIESEL OIL LDO/FURNACE OIL		
(FOR PRODUCTION)		
Quantity (Ltr. In Lacs)		
LDO	0.11	0.15
FURNACE OIL	3.94	3.03
Total Amount (Rs. In Lacs) LDO	4.20	5.62
FURNACE OIL	93.81	70.78
Average rate per Ltr. (Rs.)		
LDO	36.58	36.91
FURNACE OIL	23.83	23.37
3. CONSUMPTION PER KG. OF PRODUCTION:		
Products (Kg.)	635721	483735
Electricity (Rs.)	7.41	7.14
Diesel/ FO (Rs.)	15.41	15.79

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	
CIF value of Exports	354.08
Foreign exchange outgo	
Travelling Expenses	8.57

Place: MUMBAI

Dated: May 31, 2010

For & on behalf of the Board

SHARAT DEORAH
MANAGING DIRECTOR

ANNUAL REPORT 2009-2010

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:

AURO LABORATORIES LIMITED

BOARD MEETINGS:

The Board of Directors met 7 times during the financial year i.e. on 30/04/2009, 10/06/2009, 14/07/2009, 31/07/2009, 31/10/2009, 10/11/2009 and 30/01/2010.

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 31/3/10		Outside Committee Position Held As on 31/3/10 Mem.Chmn.
				Public	Private	
Mr. Sharat Deorah	CMD	7	YES	--	2	----
Mr. Siddhartha Deorah	WTD	7	YES	--	2	----
* Mr. Muralil Sharma	NED	2	NO	--	1	----
Mr. Goverdhandas Aggarwal	NED	7	NO	2	--	----
** Mr. Kailash Chandra Bubna	NED	5	NO	--	--	----

* Upto 14/07/2009

** W.e.f. 14/07/2009

CMD stands for Managing Director.

WTD stands for Whole time 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 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 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 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.
- Statutory audit firm or the internal audit firm that is associated with the Company.

AURO LABORATORIES LIMITED

- 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.

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 three Directors. 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. All the members have financial and accounting knowledge.

The Committee acts as a link between the Management, the Statutory Auditors and the Board of Directors of the Company. The Committee focus its attention on monitoring the financial reporting system within the company, considering quarterly & Annual Financial Results of the company and submitting its observations to the Board of Directors before its adoption by the Board, review of the internal audit report & internal control system, audit methodology and process, major accounting policies and practice, compliance with accounting standards. Committee also reviews the legal compliance reporting system.

Representative of the statutory auditors is always invited to attend these meetings.

The Committee met five times during the year on 30/04/2009, 10/06/2009, 31/07/2009, 31/10/2009 and 31/01/2010.

Attendance record at the meetings of the Audit Committee of Directors during financial year 2009– 2010.

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

Name of the Members	Status	No. of Meetings Attended
*MR. Kailash Chandra Bubna	CHAIRMAN	3
** MR. Murarilal Sharma	CHAIRMAN	2
MR. Goverdhandas Aggarwal	MEMBER	5
MR. Siddhartha Deorah	MEMBER	5

*w.e.f. 14/07/2009

**upto 14/07/2009

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 August 18, 2009 to attend the shareholder's queries.

SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE:

The Company has constituted a Shareholders' & Investors Grievance 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 dematerialisation etc.

The Committee met five times during the year on 30/04/2009, 10/06/2009, 31/07/2009, 31/10/2009 and 31/01/2010.

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

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

Name of the Members	Status	No. of Meetings Attended
* MR. Kailash Chandra Bubna	CHAIRMAN	3
** MR. Murarilal Sharma	CHAIRMAN	2
MR. Goverdhandas Aggarwal	MEMBER	5
MR. Siddhartha Deorah	MEMBER	5

* w.e.f. 14/07/2009

** upto 14/07/2009

Mr. Seshdhar Dubey is the Compliance Officer.

DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR:

Sr. No.	Nature of Complaints	Received	Disposed	Pending
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1.	Non receipt of Dividend Warrants.	NIL	NIL	NIL
2.	Non receipt of Share Cert. After Transfer & others.	5	5	NIL
	TOTAL	5	5	NIL

AURO LABORATORIES LIMITED

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

The 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 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.

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.

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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
31.03.2007	28.09.2007	11 A.M.	Registered Office
31.03.2008	18.08.2009	11 A.M.	-- As above --
31.03.2009	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.

GENERAL SHAREHOLDERS INFORMATIONS:

ANNUAL GENERAL MEETING	: 21st Annual General Meeting.
DAY & DATE	: September 17, 2010.
TIME	: 11 A.M.
VENUE	: Registered Office.

FINANCIAL CALENDAR:

- * Financial reporting for the quarter ended June 30, 2010 : End of July, 2010.
- * Financial reporting for the quarter ended Sept.30, 2010 : End of Oct., 2010.
- * Financial reporting for the quarter ended Dec. 31, 2010 : End of Jan., 2011
- * Financial reporting for the Year ended March 31, 2011 : Audited by May 31, 2011.

DATE OF BOOK CLOSURE: 14/09/2010 TO 17/09/2010 [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

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COMPLIANCE OFFICER:

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, 2010, 30,02,293 Shares representing 48.17% 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

Month	Company's Share	
	High (Rs.)	Low (Rs.)
April, 2009	3.33	2.24
May, 2009	2.91	1.94
June, 2009	3.34	2.21
July, 2009	3.02	2.15
August, 2009	3.30	2.66
Sept., 2009	3.28	2.62
October, 2009	4.63	2.70
Nov., 2009	6.14	3.82
Dec., 2009	4.90	3.95
January, 2010	4.83	3.81
Feb., 2010	4.20	3.25
March, 2010	5.37	3.09

AURO LABORATORIES LIMITED

SHAREHOLDING PATTERN AS ON MARCH 31, 2010:

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, 2010:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% 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.

POSTAL BALLOT:

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

Registered Office:

K-56, M.I.D.C. Industrial Area,
Tarapur, Boisar,
Thane - 401 506.
May 31, 2010.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

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CEO CERTIFICATION:

The Board of Directors
Auro Laboratories Limited,
Mumbai

Re: Financial Statements for the year 2009-10– 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, 2010 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

May 31, 2010.

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, 2010, 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 : May 31, 2010.

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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 by about 12%.

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 31% 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 60 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. 8.13 lacs as against Rs. 7.89 lacs during the previous year.
- b. The company capitalized Rs.209.86 Lacs which was pending under Capital Work in Progress & capital work-in-progress pending for capitalization stands at Rs.187.44 Lacs.
- c. The Secured Loan as at March 31, 2010 was Rs. 470.70 Lacs as against Rs. 287.24 Lacs as at March 31, 2009.

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:

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
May 31, 2010.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

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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 31st March 2010 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 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 2010.
- 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
FIRM REGN. NO. 113041 W

SUNIL KUMAR KOTHARI
PROPRIETOR
M.NO. 043842
Place: Mumbai
Date: 31st May 2010

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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 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. 111.00 lacs, covered in the register maintained under section 301 of the Companies Act 1956, and the year end balance of loans taken is Rs. 615.30 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 lacs.

AURO LABORATORIES LIMITED

- 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.
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.

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- 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, the Company has applied the term loans for the purpose for which the loans were obtained.
- 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.
- xviii) 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.
- xx) The Company did not raise money through public issue during the year under review.
- xxi) 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
FIRM REGN. NO. 113041 W

SUNIL KUMAR KOTHARI
PROPRIETOR
M. No. 043842

Place: Mumbai
Dated: 31st May 2010

AURO LABORATORIES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

Particulars	SCH.	AS AT 31.03.2010		AS AT 31.03.2009	
SOURCES OF FUNDS					
Shareholder's Funds					
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
Loan Funds					
Secured Loans	" C "	47,069,915		28,724,631	
Unsecured Loans		61,530,000	108,599,915	51,780,000	80,504,631
TOTAL			177,599,915		149,504,631
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	" D "	79,074,091		58,227,656	
Less: Depreciation		26,591,503		23,272,771	
Net Block		52,482,587		34,954,885	
Add : Capital Work in Progress		18,743,728	71,226,315	20,986,435	55,941,320
Investments	" E "		487,982		487,982
Current Assets, Loans & Advances					
Inventories	" F "	59,320,167		50,327,247	
Sundry Debtors		26,508,321		32,194,178	
Cash & Bank Balances	-	7,097,027		929,845	
Loans & Advances		19,720,568		17,081,143	
		112,646,083		100,532,413	
Less:					
Current Liabilities & Provisions	" G "	24,874,412		26,383,693	
Net Current Assets (F - G)			87,771,670		74,148,720
Miscellaneous Expenditure	" H "		18,113,949		18,926,610
TOTAL			177,599,915		149,504,632

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

" R "

(0)

(0)

As per our report of even date.

For KOTHARI JAIN & ASSOCIATES
Chartered Accountants
Firm Registration No. 113041 W

For & on behalf of the Board

SUNILKUMAR KOTHARI
PROPRIETOR
M. NO. 043842
Place : Mumbai
Date : 31.05.2010

SHARAT DEORAH SIDDHARTH DEORAH
Managing Director Director
Place : Mumbai
Date : 31.05.2010

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Profit and Loss Account for the year ended on 31st March, 2010

Particulars	SCH	AS AT 31.03.2010	AS AT 31.03.2009
INCOME			
Sales	" I "	120,796,080	105,039,445
Other Income	" J "	785,485	3,781,924
Increase / (Decrease) in Stocks	" K "	10,319,546	7,522,500
		131,901,112	116,343,869
TOTAL INCOME A			
EXPENDITURE:			
Purchases for Trading		3,742,350	2,072,325
Raw Material consumed	" L "	88,221,745	77,836,149
Manufacturing Exp.	" M "	14,894,099	15,289,509
Expenditure on Employees	" N "	9,532,946	7,568,806
Administrative Expenses	" O "	4,996,411	4,505,569
Selling & distribution Expenses	" P "	2,955,523	2,936,600
Interest Paid	" Q "	3,344,145	2,698,287
Depreciation	" D "	3,401,233	2,593,026
		131,088,451	115,500,271
TOTAL EXPENDITURE B			
Profit / (Loss) Before Taxation (A - B)		812,661	843,598
Provision For Tax			
For Current Tax		-	-
For Fringe Benefit Tax		-	54,740
For Deferred Tax		-	-
		812,661	788,858
Prior year Adjustments		-	-
Prior year Adjustments		-	-
Profit / (Loss) After Taxation		812,661	788,858
Loss Brought Forward from earlier years		(18,926,610)	(19,715,467)
Profit / (loss) Carried to Balance Sheet		(18,113,949)	(18,926,610)

Basic & Diluted Earning Per Shares of Rs.10 each

0.13

0.13

SIGNIFICANT ACCOUNTING
POLICIES AND NOTES ON ACCOUNTS

" R "

As per our report of even date.

For KOTHARI JAIN & ASSOCIATES
Chartered Accountants
Firm Registration No. 113041 W

For & on behalf of the Board.

SUNILKUMAR KOTHARI
PROPRIETOR
M. NO. 043842
Place : Mumbai
Date : 31.05.2010

SHARAT DEORAH
Managing Director
Place : Mumbai
Date : 31.05.2010

SIDDHARTH DEORAH
Director

AURO LABORATORIES LIMITED

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

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
<u>SCHEDULE "A"</u>		
<u>SHARE CAPITAL:</u>		
<u>AUTHORISED:</u>		
70,00,000 (70,00,000) Equity Shares of Rs.10/- each.	70,000,000	70,000,000
<u>ISSUED, SUBSCRIBED AND PAID UP :</u>		
62,32,500 (62,32,500) Equity Shares of Rs.10/- each fully paid up for cash at par	62,325,000	62,325,000
	62,325,000	62,325,000
<u>SCHEDULE "B"</u>		
<u>RESERVES & SURPLUS</u>		
Capital Reserve State Cash Subsidy	1,500,000	1,500,000
Share Premium Account Share Premium Account	5,175,000	5,175,000
	6,675,000	6,675,000
<u>SCHEDULE "C"</u>		
<u>SECURED LOANS:</u>		
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.)	35,806,921	22,144,081
Allahabad bank - Packing Credit	6,075,189	-
Allahabad bank - Term Loan	5,187,805	-
Bills Payable - Allahabad Bank	-	3,045,265
Bills Payable - Indian Overseas Bank	-	3,535,285
	47,069,915	28,724,631
<u>UNSECURED LOANS:</u>		
Auro Impex Pvt.Ltd. (Interest accrued & due Rs. 26,73,710.00, P.Y. Rs.28,19,135.70)	46,100,000	38,350,000
Sharat Deorah	12,180,000	10,180,000
Siddhartha Deorah	3,250,000	3,250,000
	61,530,000	51,780,000

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SCHEDULE "D"
FIXED ASSETS

PARTICULARS	Rate %	AS AT		GROSS BLOCK		AS AT		DEPRECIATION		NET BLOCK	
		01.04.2009	31.03.2010	ADDITIONS	DEDUCTIONS	31.03.2010	UP TO 31.03.2009	FOR THE SALE DURING THE YEAR	Total	AS AT 31.03.10	AS AT 31.03.2009
LEASEHOLD LAND	-	439,701	439,701				87,937	4,628	92,565	347,136	351,764
FACTORY BUILDING	3.34	11,443,196	14,047,707	2,604,511		440,355	3,805,786	440,355	4,245,142	9,801,566	7,637,417
OFFICE AT WORLI	1.63	7,019,447	7,019,447			114,417	743,710	114,417	858,127	6,161,320	6,275,737
PLANT & MACHINERY	5.28	24,719,018	35,888,296	11,319,278	140,000	1,697,902	11,704,769	1,697,902	82,500	13,319,571	22,578,725
PIPE FITTINGS	5.28	5,731,127	7,012,737	1,281,610		347,840	2,697,733	347,840	3,045,573	3,967,164	3,033,394
LABORATORY EQUIPMENTS	5.28	1,759,761	6,325,035	4,565,274		254,053	503,567	254,053	757,620	5,967,415	1,256,195
ELECTRICAL EQUIPMENTS	5.28	2,741,461	3,200,216	458,755		160,942	1,493,009	160,942	1,653,951	1,546,766	1,249,453
TOOLS & EQUIPMENTS	5.28	86,109	161,900	75,791		3,090	29,340	7,222	36,562	125,338	56,768
FIRE FIGHTING EQUIPMENTS	5.33	374,143	58,517	4,630		25,912	22,822	3,090	28,912	32,605	35,995
AIR CONDITIONERS	6.33	1,837,423	3,78,773	4,630		23,879	177,965	23,879	201,844	176,929	196,178
FURNITURE & FIXTURES	16.21	970,999	2,306,588	468,185		138,162	580,420	138,162	716,582	1,590,006	1,257,001
COMPUTERS	8.50	629,853	774,119	203,520		114,648	570,599	114,648	685,147	88,972	56,388
MOTOR CAR	8.50	29,279	629,853			59,038	503,629	59,038	563,465	66,388	126,223
SCOOTER	6.33	450,367	29,279	3,900		2,782	26,544	2,782	28,326	143,007	157,763
MISCELLANEOUS FIXED ASSETS	1.63	337,634	454,287			5,503	282,605	282,605	311,280	43,007	157,763
ROAD A/C			337,634				42,333	5,503	47,837	289,797	297,268
TOTAL		58,227,656	79,074,091	20,988,435	140,000	3,401,233	23,272,770	3,401,233	26,591,503	34,954,866	37,589,526
PREVIOUS YEAR		58,381,956	58,227,656	3,200	157,500	2,593,028	20,792,430	112,685	23,272,771	34,954,866	37,589,526

AURO LABORATORIES LIMITED

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

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "E"		
INVESTMENTS		
(A) QUOTED(Non Trade)		
(i) Current (Fully paid up)		
Aggregate {(Market Value, Current Year Rs. /- (P.Y.Rs. /-)}	-	-
(ii) Long Term (Fully paid up)		
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		
Aggregate {(Market Value, Current Year Rs. 1,04,110.00 PY Rs. 43,819.00)}	484,982	484,982
(B) UNQUOTED : (fully paid up, Trade)		
SHARES		
35 (5) Shares of Worli Ind Properties Ltd.of face value Rs.100/-each of the above 5 share were issue on purchase of assets & included in the value of assets.	3,000	3,000
	3,000	3,000
	487,982	487,982

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

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "F"		
<u>CURRENT ASSETS, LOANS & ADVANCES:</u>		
a) INVENTORIES		
(As taken, valued and certified by directors)		
Raw Material & Components (Includes Rs 429750 goods in transit.)	2,267,472	3,594,098
Work In Process	55,748,409	38,490,219
Finished Goods	925,530	7,724,000
Consumables Stores & spares/Packing material	378,756	518,930
	59,320,167	50,327,247
b) SUNDRY DEBTORS:		
Outstanding:		
More than six months	1,633,019	1,660,742
Others	24,875,301	30,533,436
Doubtful		
	26,508,321	32,194,178
c) CASH & BANK BALANCES:		
Cash on hand	3,559	14,532
Bank Balances		
a) With Scheduled Banks :		
In Current A/c	5,400,706	(368,922)
In Fixed Deposit A/c	1,692,762	1,284,235
	7,097,027	929,845
d) LOANS & ADVANCES:		
(Unsecured, considered good by management)		
Advances recoverable in cash or in kind for value to be received		
i) Others	4,185,155	3,803,605
ii) Considered Doubtful	3,933,684	3,933,684
Deposit with Govt Bodies	946,842	335,455
Deposit with others	95,638	145,638
Others	10,559,249	8,862,762
	19,720,568	17,081,144
	112,646,083	100,532,413
SCHEDULE "G"		
<u>CURRENT LIABILITIES & PROVISIONS:</u>		
<u>CURRENT LIABILITIES:</u>		
Sundry Creditors:		
For Goods	19,292,583	19,404,439
For Expenses	568,765	526,649
For Others	1,144,245	2,813,966
Unpaid Liabilities	3,868,820	3,638,639
	24,874,412	26,383,693
SCHEDULE "H"		
<u>MISCELLANEOUS EXPENDITURE:</u>		
Profit & Loss a/c	18,113,949	18,926,610
	18,113,949	18,926,610

AURO LABORATORIES LIMITED

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

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
<u>SCHEDULE "I"</u>		
SALES: (Net off Returns)		
Local Sales	82,153,874	64,483,708
Export Sales	38,642,206	40,555,737
	120,796,080	105,039,445
Processing Charges	-	-
	120,796,080	105,039,445
<u>SCHEDULE "J"</u>		
<u>OTHER INCOME</u>		
Export Incentive	1,632,405	2,512,458
Interest and Discounting Charges - (TDS Rs.8860/-)	138,307	112,424
Dividend	6,278	678
Exchange rate difference	(1,055,149)	628,705
Profit on sale of investments	-	-
Profit on sale of Machinery	31,389	10,335
Other Receipts	32,255	517,324
	785,485	3,781,924
<u>SCHEDULE "K"</u>		
<u>INCREASE / (DECREASE) IN STOCK</u>		
<u>Closing Stock</u>		
Packing material and stores consumable	378,756	518,930
Finished Goods	925,530	7,724,000
Work In Process	55,748,409	38,490,219
	57,052,695	46,733,149
Less: Opening Stock		
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
	46,733,149	39,210,649
	10,319,546	7,522,500
<u>SCHEDULE " L"</u>		
<u>RAW MATERIAL CONSUMED</u>		
Opening Stock	3,594,098	2,438,827
Add : Purchases	86,895,118	78,991,420
	90,489,217	81,430,247
Less: Closing Stock	2,267,472	3,594,098
	2,267,472	3,594,098
	88,221,745	77,836,149

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

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "M"		
MANUFACTURING EXPENSES		
Clearing & Forwarding Charges -Import	172,837	480,389
Consumable Stores & Spares	1,074,137	1,435,354
Electricity Charges	4,719,691	3,455,943
Excise Duty	6,447,211	7,252,332
Insurance Factory & Transit	136,610	55,501
Laboratory Chemicals	226,830	238,124
Repair & Maintainance	450,014	1,016,567
Transportation Charges	828,005	606,167
Water Charges	571,529	471,612
Factory Expenses	263,382	277,522
Import Duty	3,852	-
	14,894,099	15,289,511
SCHEDULE "N"		
EXPENDITURE ON EMPLOYEES		
Wages & Salaries	4,945,988	3,881,900
Welfare Expenses	127,518	159,133
Provident Fund	157,139	136,244
Others benefits	4,302,301	3,391,529
	9,532,946	7,568,806
SCHEDULE "O"		
ADMINISTRATIVE EXPENSES & OTHER EXPENSES		
Analysis Charges	21,190	47,803
Bank Charges	889,255	1,077,685
Car Expenses	22,896	53,824
Computer Expenses	53,362	52,476
Consultancy Charges	20,000	3,700
Donation	3,353	1,554
Legal and Professional Charges	301,080	172,150
License Fees	48,454	24,088
Listing Fees	15,000	15,000
Long Term Capital Loss	-	-
Miscellaneous Expenses	189,486	209,191
Office Expenses	467,049	542,893
Payment to Auditors	35,000	35,000
Postage and Telegram	81,698	56,836
Printing and Stationery	301,045	327,893
Profession Tax - Co.	2,500	2,500
Profession Tax - Mg. Director	2,500	-
Rent Rates & Taxes	25,061	23,186
Repairs & Maintenance office	51,230	13,173
Scooter Expenses	4,730	8,654
Security Charges	-	-
Share Transfer Expenses	64,152	63,059
Membership & Subscription	9,349	23,951
Sundry Expenses	975,924	418,110
Telephone Expenses	334,213	347,896
Travelling & Conveyance Expenses (Includes Director's travelling Rs.857008.51 (P. Y. 648655.35)	1,077,663	865,728
Vat Expenses Paid 2005 - 2006	-	118,108
Interest on FBT paid (07-08)	220	1,110
	4,996,410	4,505,568
SCHEDULE "P"		
SELLING & DISTRIBUTION EXPENSES		
Export Expenses	2,144,848	2,059,061
Transportation Charges	345,653	532,756
Advertisement & Publicity	12,766	38,300
Commission on Sales	439,469	300,888
Website Expenses	12,787	5,595
Sales Promotion	-	-
	2,955,523	2,936,600
SCHEDULE "Q"		
INTEREST PAID		
Banks	3,344,145	2,698,287
	3,344,145	2,698,287

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 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 TO THE ACCOUNTS**

- 1) Other retirement benefits except Gratuity is accounted on cash basis. Liability for Gratuity as at 31.03.2010 is not ascertained.
- 2) The Inter corporate Deposits of Rs. 17,60,108/- has been classified as doubtful and 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. 3,80,872/- (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) 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

- 10) Sales Tax Assessment has been completed up to the accounting year ended 31.3.2002 and the Company does not foresee any liability for the pending years.

- 11) Income Tax Assessment has been completed up to Assessment Year 2007-08 i.e. Accounting year ended 31.3.2007. The Company does not foresee any liability for the pending years.

- 12) Payment to the Auditors

	<u>Current Year</u>	<u>Previous Year</u>
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/-
	=====	=====

- 13) Earning and outgo in Foreign Currency.

FOB Value of export: Rs. 3,86,42,206/- (Previous Year Rs. 4,05,55,737/-).
 Foreign traveling expenses: Rs. 8,62,240/- (Previous Year Rs. 6,19,742/-).
 Plant & Machinery : Rs. Nil/- (Previous Year Rs. Nil)

- 14) Earnings Per Share

	31.03.2010	31.03.2009
Net Profit/(Loss) After Tax available for Equity Share Holders	8,12,661	7,88,858
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	0.13

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15) 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.

16) 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.

	31-03-2010	31-03-2009
Deferred Tax Assets		
a) Carried Forward Losses	53,33,624	60,82,284
b) Unabsorbed Depreciation	2,15,10,783	2,16,23,199
	2,68,44,407	2,77,05,483
Deferred Tax Liabilities		
c) Fixed Assets	2,19,29,322	1,63,84,141
Deferred Tax Assets/(Liabilities)	49,15,085	1,13,21,342

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 2010.

17. Related Party Disclosure:

Disclosures as required by the Accounting Standard 18 "Related Party Disclosure" are given below:
(Amount in Rs.)

AURO LABORATORIES LIMITED

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 ii) Interest on above loan	77,50,000/- 39,09,242/-	4,61,00,000/-
Mr. Sharat Deorah	Managing Director	Managerial Remuneration	NIL	NIL
		Loan Taken	20,00,000/-	1,21,80,000/-
		Managerial Remuneration	NIL	NIL
Mr. Siddhartha Deorah	Director	Loan Taken	NIL	32,50,000/-
		Loan Taken	NIL	NIL
		Loan Taken	NIL	NIL

18) 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 31.03.2010			YEAR ENDED 31.03.2009		
	UNIT	QTY	AMOUNT	UNIT	QTY	AMOUNT
OPENING 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	13310	300,939
			11,335,734			4,288,577
<u>PURCHASE FOR TRADING</u>						
CHEMICALS / BULK DRUGS DEPB Lic.	kg.	75512	3,742,350	kg.	48012	2,064,000
			3,742,350			2,064,000
<u>PRODUCTION</u>						
BULK DRUGS	kg. **		635721	kg. **		483735
<u>SALES</u>						
BULK DRUGS/CHEMICALS	kg.	609289	115,806,090	kg.	468955	101,747,122
CONVERSION (LABOUR)	kg.			kg.		
			115,806,090			101,747,122
<u>SALES TRADING</u>						
CHEMICALS	kg.	75512	4,964,855	kg.	48012	3,292,272
			4,964,855			3,292,272
<u>CLOSING STOCK</u>						
BULK DRUGS	kg.	1940	925,530	kg.	30650	7,724,000
CHEMICALS	kg.	47580	1,987,671	kg.	76364	3,594,098
FURNANCE OIL	ltr	10,708	279,800	ltr	1,719	17,636
			3,193,001			11,335,734

** Includes NIL kgs on conversion basis for third parties. (Previous year NIL 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 31.03.2010		UNIT	YEAR ENDED 31.03.2009	
		QTY	AMOUNT		QTY	AMOUNT
Acetic Acid	kg.	43083	1,214,822	kg.	40291	1,414,147
4 Chloro 2 Amino	kg.	85045	22,024,283	kg.	64050	18,675,185
Methanol	kg.	204509	2,839,658	kg.	168920	2,793,817
Mix xylene	kg.	11299	543,399	kg.	5660	239,557
Dicyanadiamide	kg.	303261.5	23,917,915	kg.	215240	27,011,864
Dimethylamine HCL	kg.	382000	16,740,942	kg.	313975	15,359,678
Hydrate Lime	kg.	840	5,040	kg.	520	2,860
Potassium Iodate	kg.	-	-	kg.	0	-
Potassium Iodide-IP	kg.	-	-	kg.	944	147,264
Activated Carbon	kg.	10910	1,407,237	kg.	6995.22	764,151
D.H Flowsuper Cell	kg.	2502	80,780	kg.	1670	49,421
Caustic Soda Flakes	kg.	35500	741,531	kg.	27850	790,200
Calcium Chloride	kg.	0	-	kg.	0	-
Caustic Potash Flakes	kg.	0	-	kg.	250	20,499
Formic Acid	kg.	105	8,716	kg.	105	8,716
Other Chemicals	kg.	0	-	kg.	0	-
Hydrochloric Acid	kg.	273300	535,231	kg.	192540	493,389
Iodine Crude	kg.	125	177,999	kg.	350	460,252
Sodium Hydro Sulpate	kg.	2400	171,731	kg.	1600	134,591
Sodium Methoxide	kg.	0	-	kg.	0	-
Metformin IP	kg.	0	-	kg.	0	-
Common Salt	Kg.	0	-	Kg.	17200	42,000
T.G.Urea	kg.	88347	2,036,392	kg.	65500	1,574,071
LDO	Ltr	11800	420,367	Ltr	15238.75	577,805
Furnace Oil	Ltr	395754	8,990,903	Ltr	302900	7,076,850
			81,856,946			77,636,316

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

RAW MATERIAL	%	YEAR ENDED	AMOUNT	%	YEAR ENDED
		31.03.2010			31.03.2009
IMPORTED	13.13		11,409,572	6.83	5,392,349
INDIGINIOUS	86.87		76,460,899	93.17	73,599,071

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

BULK DRUGS	UNIT	YEAR ENDED	UNIT	YEAR ENDED
		31.03.2010		31.03.2009
	MT	1000	MT	1000

D) C.I.F. VALUE OF IMPORTS

RAW MATERIAL	11,409,572	5,392,349
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E) EARNING IN FOREIGN CURRENCY

F.O.B. VALUE OF EXPORTS	35408195	37153612
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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
Firm Registration No. 113041 W

SUNIL KUMAR KOTHARI
Proprietor
M. NO. 043842

Place : Mumbai
Date : 31.05.2010

AURO LABORATORIES LIMITED

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 : 31.03.2010	
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: 1776.00	Total Assets: 1776.00
	SOURCES OF FUNDS	
	Paid up Capital: 623.25	Reserves & Surplus : 66.75
	Secured Loans: 470.69	Unsecured Loans : 615.30
	APPLICATION OF FUNDS	
	Net Fixed Assets: 712.26	Investments: 4.88
	Net Current Assets: 877.71	Miscellaneous Expenditure: 181.13
V.	Performance of the Company	
	Turnover including Other Income	1319.01
	Total Expenditure including Depreciation	1310.88
	Profit / (Loss) Before Tax	8.13
	Profit / (Loss) After Tax	8.13
	Earning Per Share: 0.13	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
		: Chlorpheniramine Meleate
		: 2942
		: Metformin HCL
		: 2942
		: Chlorzoxazone USP

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 ACCOUNTANTS
Firm Registration No. 113041 W

FOR AURO LABORATORIES LIMITED

SUNILKUMAR KOTHARI
PROPRIETOR
M. NO. 043842

SHARAT DEORAH SIDHARTH DEORAH
Managing Director Director

Place : Mumbai

Place : Mumbai

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	YEAR ENDED 31.03.2010 Rupees in Lacs	YEAR ENDED 31.03.2009 Rupees in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	8.13	8.44
<u>Adjustments for :</u>		
Depreciation	34.01	25.99
Depreciation Written back	0.00	(0.06)
Interest Paid	33.44	26.98
Profit on Sale of Fixed Asset	(0.31)	(0.10)
Provision for FBT	0.00	(0.55)
Profit on sale of investment	0.00	0.00
Interest and Discounting Charges Received	(1.38)	(1.12)
	65.76	(1.12)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	73.89	59.58
<u>Adjustments for :</u>		
Trade and Other Receivable	30.46	(152.58)
Inventories	(89.93)	(86.78)
Trade Payables	(15.09)	111.58
	(74.56)	(127.78)
CASH FLOW FROM OPERATING ACTIVITIES	(0.67)	(68.20)
Net Cash Flow from Operating Activities (A)	(0.67)	(68.20)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition of Fixed Assets / Capital WIP	(187.44)	(96.96)
Sale of Fixed Assets	0.89	0.55
Purchase of Investments	0.00	0.00
Sale of Investments	0.00	0.00
Interest and Discounting Charges Received	1.38	1.12
	1.38	1.12
Net Cash Flow from Investing Activities (B)	(185.17)	(95.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing of secured loan	183.45	82.11
Borrowing of unsecured loan	97.50	108.12
Repayment of Long term Borrowings	0.00	0.00
Interest Paid	(33.44)	(26.98)
	247.51	163.25
Net Cash Flow from Financing Activities (C)	247.51	163.25
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	61.67	(0.24)
Opening balance of cash & Cash Equivalents	9.30	9.54
Closing Cash & Cash Equivalents	70.97	9.30

Note: Figures in brackets represent outflows

For & on behalf of the Board

SHARAT DEORAH
Managing Director

SIDDHARTH DEORAH
Director

Place : Mumbai
Date : 31.05.2010

AURO LABORATORIES LIMITED

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 2010. 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
Firm Registration No. 113041 W

SUNILKUMAR KOTHARI
PROPRIETOR
M. NO. 043842
Place : Mumbai
Date : 31.05.2010

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 21st Annual
General Meeting of the Company to be held on Friday the 17th day of September
2010 at 11.00 a.m. and at any adjournment thereof.

Signed on this _____ day of _____ 2010

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 Friday the 17th day of September 2010 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

If Undelivered Please Return to :

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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