

AURO LABORATORIES LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 24th Annual General Meeting of the Members of AURO LABORATORIES LIMITED will be held on 6th August, 2013, 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 Statement of Profit and Loss for the year ended March 31, 2013 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 Sharat Deorah, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint M/s. Kothari Jain & Associates, Chartered Accountants having Firm Registration No. 113041W as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Registered Office:

K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
Dated: 30th May, 2013.

For and on behalf of the Board
For AURO LABORATORIES LIMITED

SHARAT DEORAH
MANAGING DIRECTOR

AURO LABORATORIES LIMITED

BOARD OF DIRECTORS

Sharat Deorah
Siddhartha Deorah
Kailash Chandra Bubna
Goverdandas Aggarwal

Managing Director
Director
Director
Director

AUDIT COMMITTEE

Kailash Chandra Bubna
Goverdandas Aggarwal
Siddhartha Deorah

Chairman
Member
Member

REGISTERED OFFICE & FACTORY

K-56 M.I.D.C. Industrial Area, Tarapur
Boisar, Dist. Thane 401506, Maharashtra

ADMINISTRATIVE OFFICE:

314, 3rd Floor, T. V. Industrial Estate,
S. K. Ahire Marg, Worli, Mumbai 400 030.

AUDITORS

M/s. Kothari Jain & Associates
Chartered Accountants

BANKERS

Allahabad Bank Mumbai

REGISTRAR & SHARE TRANSFER AGENT

M/s. SHAREX DYNAMIC [INDIA] PRIVATE LIMITED
[Unit : AURO LABORATORIES LIMITED]
Unit No. 1, Luthra Industrial Premises, Near Safed Pool,
Andheri Kurla Road, Andheri [East], Mumbai - 400 072
Tel : 022 2851 5644/2851 5606

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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 01/08/2013 to 05/08/2013 (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 BSE 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 Kurla 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.

AURO LABORATORIES LIMITED

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.

11. Important Communication to Members:- (Green Initiative)

The Ministry of Corporate Affairs (MCA) under "Green Initiative in the Corporate Governance" allowed paperless compliances by the companies. MCA had issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the Form and hand over the same along with Attendance Form at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/documents including Annual Report.

LISTING REQUIREMENTS:

As required under Clause 49 [v] of the Listing Agreement, given below are the details of the Director(s) who retire by rotation and are eligible for re-appointment (Resolution at Item Nos. 2):

Name : Mr. Siddhartha Sharat Deorah
Age : 35 [21/09/1978]
Qualifications : MBA

Mr. Siddhartha Deorah is associated with the Company since August 01, 1999, and looks after Purchase and Sales aspects of the Company. He has an experience of over 10 years in the field of drugs and pharmaceuticals.

Other Directorships are as under:

| Sr. No | Name of the Company | Current Designation |
|--------|----------------------------------|---------------------|
| 1 | Auro Impex Pvt Ltd | Director |
| 2 | Auro Realestates Private Limited | Director |
| 3 | Phalguni Enclave Private Limited | Director |

Shareholding in the Company: 3,51,939 as on 31st March 2013.
Other Committee Memberships: Nil

Registered Office:
K-56, M.I.D.C. Industrial Area,
Tarapur,
Boisar,
Thane - 401 506.
Dated: 30th May, 2013.

For and on behalf of the Board
For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting 24th Annual Report together with the Audited accounts for the year ended March 31, 2013.

| FINANCIAL RESULTS: | Year ended 31.03.2013 Rs. In Lacs | Year ended 31.03.2012 Rs. In Lacs |
|--------------------------------------|---|---|
| Total Income | 4434.30 | 2548.88 |
| Profit (Loss) before tax | 76.65 | 26.17 |
| Tax Expense: | | |
| Current tax expense for current year | 0.00 | 0.00 |
| Deferred tax | 0.00 | 0.00 |
| Tax expense for Earlier years | 0.00 | 0.00 |
| Profit (Loss) for the period | 76.64 | 26.17 |

OPERATIONS:

In the current financial year the Company has performed well and achieved a total income of Rs 4434.30 Lacs as against Rs 2548.88 Lacs in the previous year. The production capacity has increased and the product mix has got good demand with our domestic and overseas customers. With new machineries 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:

To make the company financially sound your Directors do not recommend any dividend for the year ended March 31, 2013.

RESEARCH & DEVELOPMENT:

We believe there is no end to innovation. It is not enough to manufacture good products, it is always possible to make it better. And it is always possible to find newer better means to fulfill the needs of our customers. With this in mind, the R&D Department of the Company is manned by a team of dedicated researchers.

The Directors are committed to maintaining a significant level of research and development expenditure in order to expand the Company's range of products.

EMPLOYMENT POLICY:

It is the policy of Auro to create a working environment in which there is no discrimination and all employment decisions are based entirely on merit and the ability of people to perform their intended roles. Auro aims to continue to build a workforce which is recruited from the widest possible talent pool.

AURO LABORATORIES LIMITED

HEALTH, SAFETY AND ENVIRONMENT:

The Company, in order to fulfill its commitment towards health, safety and environment, has taken active steps towards establishment of Safety Management Systems (SMS). For developing effectiveness of Safety Management Systems, training of all employees across the Company is ensured through various training programs. The same is being monitored through internal audit teams and delegation of safety management up to the local level. Further, emergency management plans are being reviewed and updated regularly. Regular site visits ensure the enhancement of safety culture which has also ensured the safe commissioning of the new projects.

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:

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Mr. Siddhartha Sharat Deorah, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

A brief resume of the Director retiring by rotation at the ensuing Annual General Meeting, nature of his expertise in specific functional areas and details regarding the companies in which he holds Directorship, membership/chairmanship of committees of the Board are given in the Corporate Governance Report forming part of this Directors' Report.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. Appropriate policies have been selected and applied consistently and judgments and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013.
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.

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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 the Auditors 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, 2014 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 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.

CORPORATE GOVERNANCE:

The Company is committed to fostering a strong culture of good governance. High standards of integrity and ethical behaviour are expected from everyone in the Company. The Company's distinctive corporate culture promotes high standards of corporate governance. Each operating business, overseen by a divisional management structure, is responsible for its own success and is accountable for its actions.

A Report on Corporate Governance as required under Clause 49 of the Listing Agreement is incorporated as a part of this Directors' Report.

AURO LABORATORIES LIMITED

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 BSE 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 is committed to:

Maintain an organizational culture of Health, Safety & Environmental excellence by conducting its business in a manner that will promote consistent development.

Safe work, resource conservation, waste management and emergency response measures for continual improvement in performance.

Design, construct, operate & maintain its facilities while assuring the best material and service quality and operate in a way that mitigates and minimizes risks and hazards.

Prevention of ill-health, injuries and pollution by adopting best practices, carrying out periodic risk assessments, audits, reviews, inspections and providing awareness to employees and concerned stakeholders.

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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.

Dated: 30th May, 2013.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH

Managing Director

AURO LABORATORIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT:

Additional information as required in terms of the provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 regarding conservation of energy, Technology, Absorption and foreign exchange earnings and outgo is give here under:

CONSERVATION OF ENERGY:

a) Energy Conservation measures taken:

During the year, Company continued to focus on minimizing the energy consumption and the measures taken are summarised below:

a. Due consideration has been given to energy consumption while procuring equipments.

1. As a responsible Corporate Citizen and in adherence to our climate change strategy, the Company is continuously taking effective steps to conserve energy and to reduce methane and other Green Houses Gases (GHG) emissions, wherever feasible.

2. Except the emergency lights, all lights and electrical gadgets are turned off after working hours and on holidays at office premises of the Company to help in minimising the energy consumption.

a. The Company pays highest attention on conservation of energy. A constant watch on 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:

| Particulars | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| 1. ELECTRICITY | | |
| a. Purchase Unit (in Lacs) | 16.39 | 12.41 |
| i. Total Amount (Rs. In Lacs) | 119.87 | 75.75 |
| ii. Rate/Unit (Rs.) | 7.30 | 6.10 |
| b. Own generation | | |
| (through diesel generator) | NIL | NIL |
| II LIGHT DIESEL OIL LDO/FURNACE OIL | | |
| (FOR PRODUCTION) Quantity (Ltr. In Lacs) | | |
| a. LDO | 0.09 | 0.16 |
| b. FURNACE OIL | 6.87 | 5.04 |
| 1. Total Amount (Rs. In Lacs) | | |
| a. LDO | 4.19 | 7.00 |
| b. FURNACE OIL | 274.37 | 194.00 |

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| | |
|--------------------------------------|---------|
| 2. Average rate per Ltr. (Rs.) | |
| a. LDO | 43.75 |
| b. FURNACE OIL | 38.49 |
| 1. CONSUMPTION PER KG. OF PRODUCTION | |
| Products (Kg.) | 1131940 |
| Electricity (Rs.) | 6.70 |
| Diesel / FO (Rs.) | 17.76 |

TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company:
2. Benefits derived as a result of the above R & D:
3. Future plan of action:
4. Expenditure on R & D:

None
Nil
None
Nil

Technology absorption, adaptation and innovation:

- 1 Efforts in brief made towards technology absorption, adaptation and innovation :
- 2 Benefits derived as a result of the above efforts:
- 3 Technology imported during the last five years:

None
None

- a) Technology imported:
- b) Year of import:
- c) Has technology been fully absorbed:
- d) If not fully absorbed, areas where it has not taken place, reasons thereof, and future plans of action:

Nil
Nil
N.A.
N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earnings

CIF Value of export: Rs. 1718.47 Lacs (Previous Year Rs. 1440.17 Lacs).

Foreign exchange outgo

FOB Value of Import Rs. 822.02 Lacs (Previous Year Rs. 688.41 Lacs).
Foreign traveling expenses: Rs. 2.60 Lacs (Previous Year Rs. 1.04 Lacs).
Export Expenses: Rs. 11.70 Lacs (Previous Year Rs. Nil).
Commission on Export: Rs. 5.02 Lacs (Previous year Rs. 14.32 Lacs).
Inspection Fees: Rs. 10.13 Lacs (Previous year Rs. Nil).

Registered Office:

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Boisar.

Thane - 401 506.

Dated: 30th May, 2013.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH
Managing Director

AURO LABORATORIES LIMITED

ANNEXURE - 'B' TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and social expectations. Good Corporate Governance practices stem from the culture and mindset of the organization and at Auro we are committed to meet the aspirations of all our stakeholders. ;

AURO LABORATORIES LIMITED ("the Company") is committed to do business in an efficient, responsible, honest and ethical manner. The core values of the Company's Governance process include independence, integrity, accountability, transparency, responsibility and fairness.

The Company is focused towards its Vision of:

- Inspiring, nurturing and empowering the next generation of professionals.
- Achieving continuous improvements through innovation and state of the art technology.
- Committing to highest standards in health, safety, security and environment.

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval of the Board.

The Company is committed to enhance shareholders value in the fair and transparent manner and has been in the forefront for benchmarking itself with the best business practices globally.

Strong Governance has indeed helped the Company to deliver wealth to its shareholders in the form of uninterrupted dividends.

Roles of various constituents of Corporate Governance in the Company:

- a) Board of Directors (Board):

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of stakeholder value. The Board reviews and approves management's strategic business plan & business objectives and monitors the Company's strategic direction.

- b) Managing Director (MD):

The MD is the Chairman of the Board. His primary role is to provide leadership to the Board for realizing the approved strategic business plan and business objectives. He presides over the meetings of the Board and the Shareholders.

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a) Non-Executive Directors (NED):

The Non-Executive Directors play a vital role in improving the Board effectiveness with their independent judgment on issues of strategy, performance, resources, standards of conduct, etc., besides providing the Board with valuable inputs.

BOARD OF DIRECTORS:

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman and Managing Director are assisted by the Executive and Non-Executive Directors.

The Board has constituted three standing Committees, namely Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee. The Board is authorised to constitute additional functional Committees, from time to time, depending on the business needs.

As on March 31, 2013, the structure of the Board of the Company maintained an optimum mix of Executive, Non Executive and Independent Directors and the same is in conformity with the listing requirements. The Board's current strength is 4 members, who are eminent personalities from various walks of life having rich experience in the field of marketing, finance and administration.

Besides the Chairman, who is an Executive Director, the Board comprises of 1 other Executive Whole-Time Director and 2 Non-Executive, Independent Directors. In case of AURO LABORATORIES LIMITED, 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.

The details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other Directorships and other committee memberships are given below:

I. BOARD MEETINGS:

The Board of Directors met 6 times during the financial year i.e. on 30/05/2012, 31/05/2012, 08/08/2012, 31/10/2012, 03/12/2012 and 31/01/2013.

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:

AURO LABORATORIES LIMITED

| Name of Director | Category | No. of Board Meeting attended | Attendance at last AGM | | No. Of Other Directorships Held As on 31/3/13 | Outside Committee Position Held As on 31/3/13 |
|---------------------------|----------|-------------------------------|------------------------|------|---|---|
| | | | Public | Mem. | | |
| Mr. Sharat Deorah | CMD | 6 | YES | 3 | -- | -- |
| Mr. Siddhartha Deorah | WTD | 6 | YES | 3 | -- | -- |
| Mr. Goverdhandas Aggarwal | NED | 6 | YES | 3 | -- | -- |
| Mr. Kailash Chandra Bubna | NED | 6 | YES | 1 | -- | -- |

CMD stands for Managing Director.

WTD stands for Whole time Director.

NED stands for Non Executive Director.

II. The information required to be placed before the Board among others, includes:

- General notices of interest of Directors.
- Appointment, remuneration and resignation of Directors.
- Formation/Reconstitution of Board Committees.
- Terms of reference of Board Committees.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Declaration of independent Directors at the time of appointment/annually.
- Annual operating plans of businesses, capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Annual Financial results of the Company, Auditors' Report and the Report of the Board of Directors.
- Quarterly Secretarial Audit reports submitted by the Secretarial Auditors.
- Dividend declaration.
- Information on recruitment and remuneration of senior officers just below the Board level.
- Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee.
- Show cause, demand, prosecution notices and penalty notices which are materially important. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front.

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III. Board material distributed in advance

The agenda and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda

IV. Recording Minutes of proceedings at Board and Committee meetings

Minutes of the proceedings of each Board and Committee meeting are recorded in the minute books as per the requirement of the Law. Draft minutes are circulated to all the members of the Board/ Board Committee for their comments. The minutes are entered in the Minutes Book within 30 days from conclusion of the meeting.

V. As mandated by Clause 49, the independent Directors on the Board of the Company:

Do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates that may affect independence of the Director.

- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners of the firm or executives of the Company or were not partners of the firm or executives of the Company during the preceding three years of either.
 - Statutory audit firm or the internal audit firm that is associated with the Company.
 - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, services providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial Shareholders of the Company i.e. do not own two percent or more of the block of voting shares.
- The Board is routinely presented with all information under the above heads whenever applicable and materially significant.

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.

AURO LABORATORIES LIMITED

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 Four times during the year on 30/05/2012, 08/08/2012, 31/10/2012 and 31/01/2013.

Attendance record at the meetings of the Audit Committee of Directors during financial year 2012-2013.

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 | 4 |
| Mr. Goverdhandas Aggarwal | MEMBER | 4 |
| Mr. Siddhartha Deorah | MEMBER | 4 |

All the members have financial and accounting knowledge.

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 11, 2012 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 Four times during the year on 30/05/2012, 08/08/2012, 31/10/2012 and 31/01/2013.

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The composition of the Shareholders' Committee and details of the meetings attended by the Directors during the year 2012-13 are given below:

The names of Members of the Committee and their attendance are as follows:

| Name of the Members | Status | No. of Meetings Attended |
|---------------------------|----------|--------------------------|
| Mr. Kailash Chandra Bubna | CHAIRMAN | 4 |
| Mr. Goverdhandas Aggarwal | MEMBER | 4 |
| Mr. Siddhartha Deorah | MEMBER | 4 |

Mr. Seshdhar Dubey is the Compliance Officer.

DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR:

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

REMUNERATION:

The Company has constituted a 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 carry forward losses Managing Director and Executive Director have decided not to draw salary, perquisites and allowances.

The Company does 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

AURO LABORATORIES LIMITED

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 Insider 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. The 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.

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.

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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 |
|----------------|--------------------|------------|----------------------------------|
| 31.03.2012 | August 11, 2012 | 11.00 A.M. | Registered Office of the Company |
| 31.03.2011 | September 29, 2011 | 11:00 A.M. | Registered Office of the Company |
| 31.03.2010 | September 17, 2010 | 11.00 A.M. | Registered Office of the Company |

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 | : 24 th Annual General Meeting. |
| DAY & DATE | : 6 th August, 2013. |
| TIME | : 11 A. M. |
| VENUE | : Registered Office. |

FINANCIAL CALENDAR:

- * Financial reporting for the quarter ended June 30, 2013 : By 15th August, 2013.
- * Financial reporting for the quarter ended Sept. 30, 2013 : By 15th November, 2013.
- * Financial reporting for the quarter ended Dec. 31, 2013 : By 15th February, 2014
- * Financial reporting for the Year ended March 31, 2014 : Audited by 30th May, 2014.
- * Annual General Meeting for the year ended March 31, 2014 : By 30th September, 2014.

DATE OF BOOK CLOSURE: 01/08/2013 TO 05/08/2013 [Both days inclusive].

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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 requirements of SEBI Circular Nos. CIR/MIRSD/8/2012 dated July 5, 2012 to effect transfer of shares within 15 days, 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 15 days.

TRANSFER UNDER PHYSICAL AND DEMAT MODE:

M/S. SHAREX DYNAMIC (INDIA) PVT. LTD.
Unit : [AURO LABORATORIES LIMITED]
Unit No.1, Luthra Ind. Premises, Antheri Krula Road,
Safed Pool, Antheri (East), MUMBAI - 400 072.
Tel: 022 2851 5606 / 2851 5644

COMPLIANCE OFFICER:

Mr. Seshdhar Dubey, Executive

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:

BSE Limited, Mumbai.

STOCK CODE OF THE COMPANY:

BSE 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.

DEMATERIALIZATION OF SHARES:

As on March 31, 2013 a total of 30,76,493 Equity Shares representing 49.36% of the paid up capital of the Company were held in dematerialized form with NSDL and CDSL.

AURO LABORATORIES LIMITED

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 PRICES DATA & PERFORMANCE IN COMPARISON TO BSE SENSEX: [AS OBTAINED FROM BSE WEBSITE]

| Month | Company's Share | | BSE Sensex | |
|----------------|-----------------|-----------|------------|----------|
| | High (Rs.) | Low (Rs.) | High | Low |
| April, 2012 | 6.36 | 5.35 | 17664.1 | 17010.16 |
| May, 2012 | 5.82 | 5.01 | 17432.33 | 15809.71 |
| June, 2012 | 5.63 | 4.68 | 17448.48 | 15748.98 |
| July, 2012 | 5.36 | 4.67 | 17631.19 | 16598.48 |
| August, 2012 | 7.94 | 4.57 | 17972.54 | 17026.97 |
| Sept., 2012 | 8.85 | 6.76 | 18869.94 | 17250.8 |
| October, 2012 | 8.15 | 6.44 | 19137.29 | 18393.42 |
| November, 2012 | 9.95 | 7.36 | 19372.7 | 18255.69 |
| December, 2012 | 13.58 | 8.56 | 19612.18 | 19149.03 |
| January, 2013 | 13.45 | 9.27 | 20203.66 | 19508.93 |
| February, 2013 | 11.08 | 8.78 | 19966.69 | 18793.97 |
| March, 2013 | 11.7 | 8.55 | 19754.66 | 18568.43 |

SHAREHOLDING PATTERN AS ON MARCH 31, 2013:

| Category | No. Of shares held | % of shareholding |
|--------------------|--------------------|-------------------|
| Promoters | 29,23,521 | 46.90 |
| Bodies Corporate | 1,31,647 | 2.11 |
| Indian Public | 22,58,305 | 36.22 |
| NRI/OCBs | 9,14,762 | 14.67 |
| Cleaning Members | 3,865 | 0.06 |
| Mutual Funds / UTI | 400 | 0.04 |
| Total | 62,32,500 | 100.00 |

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2013:

| No. of Equity Shares held | No. of Shareholders | No. of Shares held | % of Equity Capital |
|---------------------------|---------------------|--------------------|---------------------|
| Upto 500 | 6510 | 989831 | 15.89 |
| 501-1000 | 507 | 445152 | 7.14 |
| 1001-5000 | 313 | 723264 | 11.60 |
| 5001 to 10000 | 23 | 174584 | 2.80 |
| 10001 to 100000 | 27 | 702153 | 11.27 |
| 100001 to above | 13 | 3197516 | 51.30 |
| Total | 7393 | 62,32,500 | 100.00 |

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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.

Dated: 30th May, 2013.

For and on behalf of the Board

For AURO LABORATORIES LIMITED

SHARAT DEORAH

MANAGING DIRECTOR

AURO LABORATORIES LIMITED

CEO CERTIFICATION:

The Board of Directors
Auro Laboratories Limited,
Mumbai

Re: Financial Statements for the year 2012-13— 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, 2013 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

Dated: 30th May, 2013

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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, 2013, 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

{SUNIL KOTHARI}
PROPRIETOR
M. NO. 043842

Place: Mumbai.

Dated: 30th May, 2013.

AURO LABORATORIES LIMITED

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:

During the year under review your Company performed well and managed to increase its total sale by about 79.65%.

The roller coaster ride of Indian economy turned on downward slope in FY 12. Factors like unmanageable inflation, higher cost of commodities, unprecedented depreciation of Indian rupee against US dollar, reined in liquidity and inflated cost of borrowing tested the much talked about strong fundamentals of Indian economy. The lack of policy assertiveness towards economic reforms coupled with rising fiscal deficit aided to the woes. Thanks to the resilience shown by Indian enterprises and demography, the severity of all these challenges could have been arrested to a greater extent.

Risks and concerns:

a. Global economic environment:

The global economic environment though coming out of the worst possible times, is still faced with the crisis in certain European Countries and the uncertainty continues to remain. The Indian consumer durable industry remains stable in terms of the growth but is facing stiff competition on account of entries of new players. We will need to engage more in diversifying our business model and extending our reach. We will need to offer value proposition to the new customers to develop and growth in business further.

b. Pricing Risks

The pricing across our business is under risk due to competition. We have been providing and offering value added services and benefits to the customers to retain them. We are also investing towards brand building and awareness programme across our businesses to ensure adequate product differentiation.

c. Hiring and Retention Risk

We have been working on retaining the best talent in the industry to work with us but it is a constant challenge to retain the good talent. There is imminent short term risk from new entrants and existing domestic players to hire talent from our Company. We have implemented a number of employee initiatives like job rotations etc. to retain and grow talent.

