



26

Twenty Sixth  
Annual Report  
2014 - 15



***Sharon***

*Caring for Relationship*

*Chairperson & Managing Director:*

**Savita Satish Gowda (Ms.)**

*Whole Time Directors:*

**Lalit Misra**

*Non Executive Director:*

**Mohan P. Kala**

*Non-Executive Directors:*

**Madhav Manohar Sapre**

**Nivedita Patil (Dr.)**

**Harish Palecanda**

*Registered Office :*

W-34 & W-34/1, MIDC, Taloja,  
Dist. Raigad, Maharashtra 410 208.

*Corporate Office :*

Plot no. 163, Park Street,  
SVP Nagar, Mhada, Andheri (W),  
Mumbai 400 053.

*Administrative Office :*

C-310/312, BSEL Tech Park,  
Opp. Vashi-Railway Station,  
Navi Mumbai – 400 703.

*website :* [www.sharonbio.com](http://www.sharonbio.com)



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## Financial Highlights

| <i>Particulars</i>          | <i>Accounting periods</i> |           |            |            |                    | <i>₹ in Lacs</i> |
|-----------------------------|---------------------------|-----------|------------|------------|--------------------|------------------|
|                             | 2010 - 11                 | 2011 - 12 | 2012 - 13  | 2013-14    | 2014-15            |                  |
| Turnover                    | 60,604.66                 | 78,506.14 | 105,949.66 | 131,376.82 | <b>83,395.46</b>   |                  |
| Other Income                | 112.18                    | 92.69     | 88.65      | 167.71     | <b>263.21</b>      |                  |
| EBIDTA                      | 7,152.43                  | 9,620.49  | 12,137.54  | 15,873.58  | <b>(3,165.84)</b>  |                  |
| Interest                    | 2,680.81                  | 3,425.97  | 4,305.80   | 5,862.76   | <b>9,364.48</b>    |                  |
| Depreciation & Amortisation | 824.40                    | 886.38    | 1,212.78   | 1,535.44   | <b>1,925.93</b>    |                  |
| PBT                         | 3,647.22                  | 5,308.14  | 6,618.96   | 8,475.39   | <b>(14,456.25)</b> |                  |
| Income Tax                  | 400.00                    | 910.00    | 1,200.00   | 1,301.00   | -                  |                  |
| PAT                         | 3,116.65                  | 4,161.44  | 5,285.90   | 6,961.72   | <b>(22,586.41)</b> |                  |
| EPS                         | 29.52                     | 37.31     | 38.84      | 5.23       | <b>(16.97)</b>     |                  |
| Adjusted EPS                | 2.95                      | 3.73      | 3.88       | 5.23       | <b>(16.97)</b>     |                  |
| Diluted EPS                 | 2.95                      | 3.73      | 3.01       | 3.69       | <b>(11.91)</b>     |                  |

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**Bankers :**

State Bank of India  
Canara Bank  
Axis Bank Limited  
Allahabad Bank  
Punjab National Bank  
Union Bank of India  
Indian Overseas Bank  
Bank of Maharashtra  
Catholic Syrian Bank

**Statutory Auditors :**

Shyam C. Agrawal & Company  
(Chartered Accountants)

**Company Secretaries (in practice) :**

Sweta Patel & Associates

**Secretarial Auditor :**

Kaushal Doshi & Associates

**Company Secretaries :**

C S Viral Vora

**Registrar & Transfer Agent :**

Link Intime India Private Limited



## Letter from Managing Director

Dear Shareholders,

Greetings from all of us at **Sharon** !

I would like to thank you for continuously supporting your Company and the Management during the period which you know has undoubtedly been the most challenging and difficult year so far in our history.

There have been significant environmental changes during the year that impacted global Pharma market and particularly the Indian Pharma industry. Quality and Regulatory concerns have led to greater scrutinies in recent times by Regulatory Bodies and this has required industry to improve their compliances. Your Company continues to have a focused approach which is the key to achieving a sustainable and compliant long term growth. The Successful certification of the expansion area at the Dehradoon Facility by the UK MHRA in February 2015 is just an example on our continued focus on Quality & Regulatory Compliance. Further, the months of July & August were exciting times with the US FDA conducting a surprise audit of both the API Facility in Taloja and also the Formulation Facility in Dehradoon. Although, there has been no conclusion by the US FDA to our responses submitted against the Inspection findings, we believe there will be no serious difficulty in closing out the same with the FDA in due course once we pay the GDUFA Fees which are outstanding.

Owing to the fire accident in June 2014; we had to shut the bigger of the two API Manufacturing facilities. This not only hit the top line of the business but also added severe financial and operational pressures eventually leading to the company having to undergo a financial restructuring during the year. We appreciate and would like to thank the bankers for their support during the restructuring phase.

There have been various factors that made it a difficult year for your Company. However we continue to focus on business development with a differentiation, and are trying to create tangible values for all stake holders. We continue to focus on our Core Competencies and are working towards building a strategic partnership in USA which we all know is the biggest pharma market in the world. We do not expect a magical turn around but are working towards gradually turning around the overall performance of your Company in the time to come.

I would like to express my sincere gratitude to my fellow colleagues on the board, my employees for their sincerity and hard work and thank to entire Sharon team, the Stakeholders, Banks, Creditors and all Associates for all the help and guidance even during the tough times and assure our Stakeholders to deliver the maximum value in future through continued relentless efforts of the Sharon team.

**On Behalf of the Board**

Sd/-

Place: Mumbai  
Date: 29.8.2015

**Savita Satish Gowda (Ms.)**  
(Chairperson & Managing Director)



## Notice

**NOTICE is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of Sharon Bio-Medicine Limited (CIN: L24110MH1989PLC052251) will be held at Plot No. V/10, MIDC, Taloja, Dist. Raigad, Maharashtra 410 208 on 31<sup>st</sup> December, 2015 at 9.30 a.m. to transact the following business:**

### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Financial Statements of the Company including the Balance Sheet as at 30<sup>th</sup> June, 2015 and the statement of the Profit and Loss of the Company for the Financial Year ended 30<sup>th</sup> June, 2015 together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Lalit Misra who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration

To consider and, if thought fit to pass, with or without modification(s) the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the Ordinary Resolution passed by the Members at the 25<sup>th</sup> Annual General Meeting of the Company and the Provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors ) Rules, 2014 and other Rules if any, made thereunder (including any statutory modification (s) or re-enactment (s) thereof for the time being in force), the appointment of M/s Shyam C Agrawal & Co, Chartered Accountants (Firm Registration No. 110243W) as Auditors of the Company to hold office until the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit, be and is hereby ratified.”

### **SPECIAL BUSINESS:**

4. **Re-appointment of Mrs. Savita Gowda as the Managing Director of the Company.**

To consider and, if thought fit to pass, with or without modification(s) the following Resolution as an Ordinary Resolution.

“RESOLVED THAT in pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) thereof and in pursuance to the provisions of Articles of Association of the Company, the consent of the members be and is hereby accorded to the re-appointment of Mrs. Savita Gowda as the Managing Director of the Company for a period of Three Years w.e.f. 11.08.2015 to 10.08.2018 at a remuneration and other terms and conditions as mentioned below:

|                                   |   |
|-----------------------------------|---|
| <b>Salary</b>                     | Rs. 2,75,000/- p.m.   |
| <b>Perquisites and allowances</b> | Leave Travel Concession, Medical Reimbursement, Club Fees, Personal Accident Insurance, Key man insurance, Car with Driver, Telephone at Resi., Mobile, internet etc.   |
| <b>Others</b>                     | <ul style="list-style-type: none"><li>• Contribution to provident fund, superannuation fund or annuity fund to the extent, that these either singly or put together are not taxable under the Income Tax Act, 1961.</li><li>• Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.</li><li>• Leave Encashment at the end of the tenure.</li></ul> |



**Overall remuneration** The aggregate of salary and perquisites in any financial year shall be governed by the provisions of Part II of Schedule V to the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof as may, for the time being, be in force; and

Other terms and conditions of re-appointment of Mrs. Savita Gowda, the Managing Director are as under:

- a. The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- b. In the event of either Managing Director desires to resign or the Company seeks her termination, One month notice or salary in lieu thereof from either side shall be applicable.

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of her tenure, the company has no profits or its profits are inadequate, remuneration by way of salary, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013, whichever is lower, unless otherwise determined by the Board of Directors.”

**5. Re-appointment of Mr. Lalit Misra as the Whole-time Director of the Company.**

To consider and, if thought fit to pass, with or without modification(s) the following Resolution as an Ordinary Resolution.

“RESOLVED THAT in pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) thereof and in pursuance to the provisions of Articles of Association of the Company and the consent of the members be and is hereby accorded to the re-appointment of Mr. Lalit Misra as the Whole-time Director of the Company for a period of Three Years w.e.f. 11<sup>th</sup> Aug, 2015 to 10<sup>th</sup> Aug, 2018 at a remuneration and other terms and conditions as mentioned below:

|                                   |   |
|-----------------------------------|---|
| <b>Salary</b>                     | Rs. 2,75,000/- p.m.   |
| <b>Perquisites and allowances</b> | Leave Travel Concession, Medical Reimbursement, Club Fees, Personal Accident Insurance, Key man insurance, Car with Driver, Telephone at Resi., Mobile, internet etc.   |
| <b>Others</b>                     | <ul style="list-style-type: none"> <li>• Contribution to provident fund, superannuation fund or annuity fund to the extent, that these either singly or put together are not taxable under the Income Tax Act, 1961.</li> <li>• Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.</li> <li>• Leave Encashment at the end of the tenure.</li> </ul> |

**Overall remuneration** The aggregate of salary and perquisites in any financial year shall be governed by the provisions of Part II of Schedule V to the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof as may, for the time being, be in force; and

Other terms and conditions of re-appointment of Mr. Lalit Misra, Whole-time Director are as under:

- a. The Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.



b. In the event of either Whole-time Director desires to resign or the Company seeks his termination, One month notice or salary in lieu thereof from either side shall be applicable.

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of his tenure, the company has no profits or its profits are inadequate, remuneration by way of salary, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013, whichever is lower, unless otherwise determined by the Board of Directors.”

#### 6. Appointment of Cost Auditor

To consider and, if thought fit to pass, with or without modification(s) the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the Provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors ) Rules, 2014 and other Rules if any, made thereunder (including any statutory modification (s) or re-enactment (s) thereof for the time being in force), the appointment of M/s Kasina & Associates, Cost Accountants (Firm Registration No. 104088) as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the Financial Year 2015-16, at remuneration for an amount of Rs. 100,000/- p.a. in addition to out of pocket expenses as approved by the Board of Directors of the Company.”

**On Behalf of the Board**

Sd/-

Place: Mumbai  
Date: 10.11.2015

**Savita Satish Gowda (Ms.)**  
DIN: 00042957  
(Chairperson & Managing Director)

#### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report.

Pursuant to provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the company may appoint single person as proxy who shall not act as proxy for any other person or shareholder. Proxies submitted on behalf of limited companies etc., must be supported by an appropriate resolution / authority, as applicable.

2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified true copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of aforementioned business is attached.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.





5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturday & Sunday, up to and at the Annual General Meeting of the Company.
7. The register of members and the share transfer books of the Company shall remain closed from 25<sup>th</sup> Dec, 2015 to 31<sup>st</sup> Dec, 2015 (both days inclusive).
8. Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.
9. The Company has transferred the unpaid or unclaimed dividends declared upto financial years 2006-2007 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

#### 10. **Voting through electronic means**

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with National Securities Depository Limited (NSDL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
- IV. The Company has appointed CS Vandita Doshi, Practicing Company Secretary as the Scrutinizer for conducting the e-voting process and polling process in a fair and transparent manner.
- V. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 24<sup>th</sup> Dec, 2015.
- VI. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 24<sup>th</sup> Dec, 2015 only shall be entitled to avail the facility of remote e-voting/ Ballot Paper.
- VII. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 24<sup>th</sup> Dec, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [Issuer/RTA](mailto:Issuer/RTA).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

#### VIII. The Remote e-voting facility will be available during the following period:

Commencement of Remote E-voting : On 28<sup>th</sup> Dec, 2015 from 9.00 a.m.

End of Remote E-voting : On 30<sup>th</sup> Dec, 2015 till 5.00 p.m.

The remote E-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by National Securities Depository Limited (NSDL) upon expiry of the aforesaid period.



**IX. The instructions for members for voting electronically are as under:-**

**(A) In case of members receiving e-mail NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :**

- i) Open email and open PDF file viz; **“sharonbio e-voting.pdf”** with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- ii) Launch internet browser by typing the following URL: **https://www.evoting.nsd.com/**
- iii) Click on Shareholder - Login
- iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- vii) Select **“EVEN”** of **“Sharon Bio- Medicine Limited”**.
- viii) Now you are ready for remote e-voting as Cast Vote page opens.
- ix) Cast your vote by selecting appropriate option and click on **“Submit”** and also **“Confirm”** when prompted.
- x) Upon confirmation, the message **“Vote cast successfully”** will be displayed.
- xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the **duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vandita.sanghavi@gmail.com with a copy marked to evoting@nsdl.co.in**

**(B) In case, a Member receives physical copy of the Notice of Annual General Meeting [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :**

- i) Initial password is provided as below/at the bottom of the Attendance Slip for the Annual General Meeting:

| <b>EVEN (Remote e-voting Event Number)</b> | <b>USER ID</b> | <b>PASSWORD/PIN</b> |
|--|----------------|---------------------|
|--|----------------|---------------------|

- ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

X. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of **www.evoting.nsd.com** or call on toll free no.: 1800-222-990.

XI. If you are already registered with NSDL for remote e-voting, then you can use your existing User ID and Password/PIN for casting your vote.

XII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

XIII. A copy of this notice has been placed on the website of the Company and the website of NSDL.



11. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
12. At the ensuing Annual General Meeting, Mr. Lalit Misra (DIN: 00033689) retire by rotation and is being proposed for re-appointment as a Director:

| <i>Name of the Director</i> | <i>Age</i> | <i>Date of Appointment</i> | <i>Educational Qualification</i>   | <i>Directorships in other Cos. (Other than Pvt. Ltd. Co.)</i> | <i>No. of Shares held</i> | <i>Relationship with any Director(s) of the Co.</i>   |
|-----------------------------|------------|----------------------------|--|---|---------------------------|---|
| <b>Mr. Lalit Misra</b>      | 38         | 6/8/1999                   | Post Graduate in Business Administration from Derbyshire Business School, United Kingdom & a Graduate in B.E. (Chemical) | Nesh Pharmatech Pvt. Ltd.                                     | 3236500                   | He is related to the Managing Director of the Company |

**On Behalf of the Board**  
Sd/-

**Savita Satish Gowda (Ms.)**

DIN: 00042957

(Chairperson & Managing Director)

Place: - Mumbai  
Date: 10.11.2015

## **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 4:**

Ms. Savita Gowda, Managing Director, aged 43 years, is a Graduate in B.Sc. (Chemistry). MBA in 1999 from Newport University, California (USA). She has over 22 years experience in manufacturing and marketing of Drug Intermediates & Bulk Drugs. She has played multiple roles during the last 22 years in transforming Sharon from a small 'Me Too' Company to a multi-product and multi-service provider across the Pharma Value Chain. Her expertise in Marketing and Supply Chain Management has ensured that Sharon has a very high customer retention. In the past, she has not only achieved but at times surpassed Targets set forth for her. During the journey of Sharon so far, she has ensured that high levels of business ethics are imbedded into all working at Sharon and ensured that at all times the long term objectives are addressed to during decision making. Her visionary approach and indepth understanding of market dynamics reflects in decisions which led to Sharon's forward integration into Formulations contract manufacturing for regulated markets.

Ms. Savita Gowda was re-appointed as the Managing Director of the Company in the meeting of the Board of Directors held on 08.08.2015 for a period of three year commencing from 11.08.2015 to 10.08.2018 on a monthly salary not exceeding Rs. 2,75,000/- p.m as recommended by the Nomination and Remuneration Committee.

Her terms of appointment is in conformity with Sections 196, 197 of the Companies Act, 2013 read with Schedule V prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) thereof and in pursuance to the provisions of Articles of Association of the Company.

None of the directors other than Ms Savita Gowda and Mr. Lalit Misra are concerned or interested in the resolution.

**Item No. 5:**

Mr. Lalit Misra, Whole Time Director, aged 39 years is a Post Graduate in Business Administration from Derbyshire Business School, United Kingdom & a Graduate in B.E. (Chemical). He has over 12 years experience in Operations, Projects & Business Development. He is responsible for Operations, Business Development and New Projects in the organization. He is among the new breed of young entrepreneurs who believes in innovations & fresh ideas of modeling business for long term sustainability. He has contributed in setting up Shaorn's Taloja Facility, which is highly efficient for multiproduct handling and is of US FDA standards. Transforming Ideas into Strategies thereafter into realities has been his focus in Sharon. He is currently leading the transformation of the Company from being recognized as reliable supplier of Intermediates & API's to being a force to reckon with throughout the Value Chain right through from Development & Manufacturing of Intermediates, API, Formulations and Toxicology. His objectives in the Operations Management include (a) creating system driven processes which reduce risks of Human error, (b) product delivery with high process efficiency coupled along with optimum utilization of resources, (c) Speed on delivery of new products and (d) ensuring high motivation levels in his Team. His belief is that Quality Certifications are purely tools that improve business results and not Marketing Tools.

Mr. Lalit Misra was re-appointed as the Whole-time Director of the Company in the meeting of the Board of Directors held on 08.08.2015 for a period of three year commencing from 11.08.2015 to 10.08.2018 on a monthly salary not exceeding Rs. 2,75,000/- p.m as recommended by the Nomination and Remuneration Committee.

His terms of appointment is in conformity with Sections 196, 197 of the Companies Act, 2013 read with Schedule-V prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) thereof and in pursuant to the provisions of Articles of Association of the Company.

None of the directors other than Mr. Lalit Misra and Ms. Savita Gowda are concerned or interested in the resolution.

**Item No. 6:**

Pursuant to the Provisions of section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors ) Rules, 2014 the Board of Directors on recommendation of Audit committee appointed M/s Kasina & Associates, Cost Accountants (Firm Registration No.104088) as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the Financial Year 2015-16, at remuneration for an amount of Rs. 100,000/- p.a. in addition to out of pocket expenses as approved by the Board of Directors of the Company.

Pursuant to the Provisions of section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration as approved by the Board of Directors payable to M/s Kasina & Associates, Cost Accountants requires to be ratified by the shareholders of the company.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution.

**On Behalf of the Board**

Sd/-

Place: - Mumbai  
Date: 10.11.2015

**Savita Satish Gowda (Ms.)**  
DIN: 00042957  
(Chairperson & Managing Director)



# Director's Report

Dear Owners,

Your Directors have pleasure in presenting their 26th Annual Report on the business and operations of the Company and the Audited Financial Statements for the financial business ending on 30<sup>th</sup> June, 2015.

## 1. FINANCIAL RESULTS

The Company's financial performance for the year under review alongwith previous years figures are given hereunder:

### PERFORMANCE HIGHLIGHTS (STANDALONE)

The Financial Results are as follows :

( ₹ in Lacs )

| Particulars  | 30.06.2015  | 30.06.2014 |
|--|-------------|------------|
| Turnover & Other Income  | 83,658.66   | 131,544.54 |
| Profit (Loss) Before Interest, Depreciation, Extra ordinary items & Tax (EBIDTA) | (31,65.84)  | 15,873.58  |
| Interest   | 9,364.48    | 5,862.76   |
| Depreciation & Amortization Expenses   | 1,925.93    | 1,535.44   |
| Profit Before Tax & Extra-ordinary Item  | (14,456.25) | 8,475.39   |
| Exceptional Items  | 7,663.80    |            |
| Provision for Tax  | -           | 1,301.00   |
| Provision for Deferred Tax Liability   | 151.73      | 212.66     |
| Excess/Short Provision for Income Tax  | 3,14.64     |            |
| Profit (Loss) after Tax ( P.A.T )  | (22,586.41) | 6,961.72   |
| Earnings Per Share ( E.P.S ).  |             |            |
| - Basic  | (16.97)     | 5.23       |
| - Diluted  | (11.91)     | 3.69       |

Note: Previous years figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

## 2. DIVIDEND

The Board of Directors has not recommended any equity dividend for the financial year ended 30<sup>th</sup> June, 2015 due to losses of the Company. However, during the year 2013-14 the Company had declared dividend of 18% to the Share Holders. Accordingly total out go in case of Dividend was Rs 380.05 Lacs during F.Y. 2014 excluding Dividend Distribution Tax of Rs 64.59 Lacs.

## 3. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

The total income from operations has been reduced to Rs. 83,658.66 Lacs during the year 2014-15 in compare to Rs. 1,31,544.53 Lacs during the year 2013-14. Similarly, during the year 2014-15 loss of the Company was Rs. 22,586.41 Lacs whereas during the year 2013-14 the net profit of the Company was Rs. 6,961.72 Lacs. The main reason of loss during the year 2014-15 was due to fire in Taloja plant in June 2014 and subsequent to that there were rejection of goods from the customers due to quality issues.

### Industrial Relations:-

The Employees and Workmen of the entire Company form basis for the infinite success of your company and hence the Directors deeply express their gratitude toward the Dedication, Support, Enthusiasm and Hard work of the Employees.



## Human Resources:-

Human resource is a job which calls not only the dedication but also the harmonious relations to be maintained between lower & middle, middle & top and Human Resource & all managerial and other working levels. Your company strongly believes that people are its most valued resource and their efficiency plays a vital role in success or failure of any organization, let it be profit oriented or non-profit oriented organization. A thorough scrutiny, with minimal working papers, is done before appointing any personal at whatsoever level he may is to be appointed. We firmly believe the same at the time of sacking an employee of any level, considering his work experience and time devoted by him toward our company. Completion of a job assigned and achieving the set of pre determined goals on timely basis are considered to be on top priority. Process of any work mechanical, technical or managerial demands a set of flow of work to be performed. Timely completion of the work can only be achieved if the person is very much aware of those flows which, comes after the experience and time spent by the respective employee. Even the process of the work can be curtailed only if the grip on the respective work is firm, which again calls for time and experience an employee has achieved from his dedication in work. So double thoughts are given before any employee is sacked, because we believe in team work.

Therefore, the HR department has been casted with an additional responsibility to regularly conduct several programs across all working levels which include development programs and formulate employee friendly policies. One of the major dynamics of these initiatives is the identification of the high potential employees and charting out their path to sustain the organizations momentum which further enhances their capabilities to take and perform at new and higher challenges.

## Significant Events During The Financial Year 2014-15:-

### i) **FIRE IN THE PLANT :-**

In June 2014, there was a huge fire in the Taloja plant which has led to huge losses to the Company. The Company has applied for the Insurance Claim of Rs. 3,869.57 Lacs however, till now only Rs 1,000 Lacs have been received from the Insurrance Company. Insurance company has asked for the several document/explanations which Sharon has complied. Sharon is hopeful that before 31<sup>st</sup> December, 2015 full Insurance amount will be released. The released amount of Rs 1000.00 Lacs have been fully adjusted towards loans availed from various Banks.

### ii) **DEBT RESTRUCTURING :-**

During the year, Company's debt was restructured under the JLF Mechanism. The consortium of bankers at its meeting held on March 17, 2015 had approved the Restructuring package of the Company with the cut-off date as September 01, 2014

The Restructured package includes inter alia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of excess drawing power in C.C. and O.D. accounts including devolved letter of credit and standby letter of credit into working capital Term Loan [WCTL] and additional infusion of funds by the promoters, etc.

The company has passed the necessary entries in the books based on the terms of the restructuring package and accounted for the same as on the reporting date. Any difference in the interest/other charges as agreed in the restructuring package shall be adjusted on final determination.

### iii) **FOREIGN CURRENCY CONVERTIBLE BONDS :-**

The company had issued 165 Nos. of Zero Coupon Foreign Currency Convertible Bonds of US\$ 1,00,000 each aggregating to US\$ 16.5 Million on 27, Nov 2007. These Bonds are convertible Bonds at the option of bond holders into equity shares of Rs. 10/- each fully paid at the conversion price of Rs. 315/- per share initially but now conversion price has been reset to Rs. 228.04/- per share, subject to the terms of issue, with a fixed exchange rate of Rs. 39.15 equal to US\$ 1.00 within 5 years and 7 days from the date of issue.

The bondholders have agreed to extend the bonds for the further period of 5 years. Bondholders have agreed to extend the period between one year to five years and interest to be paid between LIBOR + 3.50% - 5% per annum,



as per the ECB guidelines. The bondholders have given their consent as stated above and the company's authorised dealer has submitted the documents to Reserve Bank of India (RBI), accordingly.

The Company is still in process of issuing new Bonds of US\$ 8.046 Million from 30<sup>th</sup> Nov, 2013. However application for this B series bonds have been filed to RBI. These Bonds are convertible Bonds at the option of bond holders into equity share of Rs.2/- each fully paid at the conversion price of Rs. 28.85/- per share, subject to the term of issue within 3 years from the date of issue.

iv) **SHARE CAPITAL :-**

**A. Convertible Warrants :**

The Company has issued 1,61,11,000 convertible warrants of Rs. 2/- each @ premium of Rs. 48/- each during the year. Out of which 67,15,400 warrants were exchanged against 67,15,400 equity shares of Rs. 2/- each @ premium of Rs. 48/- on 30.03.2015. Further 66,51,300 warrants were exchanged against 66,51,300 equity shares of Rs. 2/- each @ premium of Rs. 48/- on 10.06.2015. A total of 27,44,300 warrants are still pending for conversion.

**B. Employees Stock Option Plan :**

During the year under review, your Company has not granted any further options to employees/Directors, under Sharon ESOS 2010. The total number of options Granted as at the end of year are 3,79,953 out of these all 3,79,953 have vested as on 30th June 2015. These figures are based on a face value of Rs.10/- each and prior to issue of bonus shares. The actual number of options will be revised due to corporate action undertaken during the year for issue of shares on sub-division of face value to Rs.2 from Rs.10 and issue of bonus shares in the ratio of 1 for every 1 held.

**Material changes and commitments if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report.**

**United State Food and Drug Inspection (USFDA) :-**

The months of July & August were exciting times with the US FDA conducting a surprise audit of both the API Facility in Taloja and also the Formulation Facility in Dehradun. Although, there has been no conclusion by the US FDA to our responses submitted against the Inspection findings, we believe there will be no serious difficulty in closing out the same with the US FDA in due course once we pay the GDUFA Fees (\$ 768,075.83) which are outstanding.

**4. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separately forming part of this Annual Report

**5. CREDIT RATING**

Credit Analysis & Research Limited (CARE) has assigned 'BB-' from BBB- for the Long Term Bank facilities and 'A 4' from A 3+ for the Short Term banking facilities of our company.

**6. CONSOLIDATED FINANCIAL STATEMENTS**

The company has one Wholly-Owned Subsidiary in UAE in the name of "Yusur International, FZE".

The audited consolidated accounts and cash flow statements, comprising of the company and all its subsidiary companies appear in this annual report together with the auditors' report on the consolidated accounts. The consolidated accounts have been prepared in accordance with the accounting standard prescribed by the Institute of Chartered Accountant of India.

As per clause 32 of the Listing Agreement the consolidated financial statements of the company with its subsidiaries form part of the annual report. The copies of the audited annual accounts of the company's subsidiaries and other related documents can also be sought by any members of the Company or its subsidiaries on making a written request to the Company Secretary in this regard. The annual accounts of the subsidiary companies are also available for inspection by any member at the company's and/or the concerned subsidiaries' registered office.



## **7. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

A report on the performance and Financial Position of the Subsidiary/Joint Venture /Associate Company as per the Companies Act, 2013 is provided in the Consolidated Financial Statement and hence not repeated here for the sake of brevity.

## **8. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134 of the Companies Act, 2013 the Board hereby submit its responsibility Statement :-

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 30th June, 2015 and of the profit and loss of the company for the year ended on that date;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **9. CORPORATE GOVERNANCE**

In Pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate governance, together with a certificate from the Company's auditors confirming compliance of the conditions of Corporate Governance as stipulated under the said clause is set out separately as Annexure forming part of this report.

## **10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 is furnished in "Annexure B" and is attached to this report.

## **11. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has constituted Corporate Social Responsibility Committee and also framed the Corporate Social Responsibility Policy during the year. However being in Loss in the current Financial year and considering the last two years of Profit the impact concluded final was Loss. Hence no CSR activity was carried out.

## **12. RISK MANAGEMENT POLICY**

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

The Company has formulated and adopted risk management policy to prescribe risk assessment, management reporting and disclosure requirements of the company.

## **13. DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR**

At the end of the financial year and the date of the report under review of the Board of Directors, on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members in the general meeting have consented the Re-appointment of Mrs. Savita Gowda as the Managing Director of the Company and Mr. Lalit Misra as the Whole-time Director of the Company.





Mr. Lalit Misra, Director of the Company was appointed as the Chief Financial Officer of the Company in place of Mr. Mohan Kala who resigned as the Chief Financial Officer during the year.

Mr. Vijay Kirpalani, Whole-time Director of the Company and Mr. Asif Rangwala, Independent Director of the Company have stepped down from their Directorship of the Company.

During the year under review CS Archana Andhare was appointed as the Company Secretary and Key Managerial Personnel of the Company. Further on CS Archana Andhare's resignation, CS Viral Vora was appointed as the Company Secretary and Key Managerial Personnel of the Company.

#### **14. DECLARATION OF INDEPENDENT DIRECTORS**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement so as to qualify themselves to be appointed as Independent Directors.

#### **15. AUDITORS AND AUDITORS' REPORT**

##### **Statutory Auditors:**

M/s Shyam C. Agrawal & Co., Chartered Accountants were appointed as Statutory Auditors for a period of three years in the 25th Annual General Meeting held on 17th December, 2014 subject to the ratification by Members at every subsequent Annual General Meeting. The appointment of M/s Shyam C. Agrawal & Co. will be placed before the Members at this Annual general meeting for ratification.

##### **Cost Auditor:**

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Cost Audit records maintained by the Company is required to be audited. Your Directors have, on the recommendation of the audit committee appointed M/s Kasina & Associates to audit the cost accounts of the company for the financial year 2015-16.

M/s Kasina & Associates have confirmed their eligibility to be the cost Auditors and have been appointed to conduct Cost Audit of the Companies' records for the financial year 2015-16

##### **Secretarial Audit:**

Pursuant to the provisions of the section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Kaushal Doshi & Associates to undertake Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith as "Annexure B"

#### **16. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE**

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance report which forms part of this report.

#### **17. WHISTLE BLOWER /VIGIL MECHANISM**

The company has established Whistle blower/ Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviors, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy provides for adequate safeguards against victimization and also direct access to the higher authorities

#### **18. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

20 (Twenty) meetings of the Board of Directors were held during the year, for further details, please refer report of Corporate Governance of this Annual report.

#### **19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.



## 20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### I Conservation of Energy :

( ₹ in Lacs )

| Particulars              | 2014 – 2015 |           |        | 2013 – 2014 |           |        |
|--------------------------|-------------|-----------|--------|-------------|-----------|--------|
|                          | Units       | Avg. Rate | Amount | Units       | Avg. Rate | Amount |
| Power & Fuel Consumption | 1,66,13,994 | 5.50      | 913.77 | 1,61,00,248 | 5.45      | 876.81 |

### ii. Foreign Exchange Transactions :

( ₹ in Lacs )

| Particulars  | 2014-2015 | 2013-2014 |
|--|-----------|-----------|
| A. CIF value of Goods Imported                           | 843.61    | 582.68    |
| B. Value of Goods Exported (FOB and service charges)     | 9802.56   | 108,64.92 |
| C. Marketing, Reimbursement, Travelling & Other Expenses | 344.39    | 163.60    |

### iii. Technology Absorption, Adoption and Innovation :

Shifting from furnace oil to LPG, which is more eco-friendly and economical, for Formulation Plant in Dehradun.

## 21. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is furnished and attached in "Annexure C" of this Report.

## 22. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

## 23. INSURANCE

All the properties of the Company, including the Plants & Machineries and Raw Material, Semi-Finished, Finished Goods in possession of company along with the stocks lying with Job workers, have been adequately insured.

## 24. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 are included in the Corporate Governance report which forms part of this report.

## 25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There is no material impact of orders passed by the Court & Tribunals during the year.

In response to the qualifications in the Auditors report;

- The company has a Litigation still pending in Delhi High Court.
- The company has already transferred the amount to IEPF account on 01/07/2015.
- The company is unable to pay the statutory dues as on date however the same will be cleared in due course of time.

## 26. PARTICULARS OF EMPLOYEES

In terms of the provisions of section 197 of the Companies Act, 2013 read with relevant Rules, none of the employees were in receipt of the remuneration of that year of Rs.60,00,000/- p.a. or more for the year or Rs.5,00,000/- p.m or more.

## 27. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company.

On Behalf of the Board

Sd/-

Savita Satish Gowda (Ms.)

DIN No: 00042957

(Chairperson & Managing Director)

Place: - Mumbai

Date: 29.08.2015



## Annexure to the Directors' report:

### Employee Stock Options Scheme 2010

|      | Particulars  | Grant I   | Grant II  | Grant III | Total  |
|------|--|---|-----------|-----------|--------|
| a)   | Options granted (Grant 1 was in the year 2009-10, Grant 2 & 3 in year 2010-11 and Nil in current year)                                   | 231103  | 39600     | 109250    | 379953 |
| b)   | Pricing Formula  | Upto 40% discount to market price   |           |           |        |
| c)   | Options vested (upto 30th June, 2015)  | 231103  | 39600     | 109250    | 379953 |
| d)   | Options exercised  | Nil   | Nil       | Nil       |        |
| e)   | Total number of shares arising as a result of exercise of options  | Nil   | Nil       | Nil       |        |
| f)   | Options lapsed (upto 30th June, 2015)  | 97239   | 24350     | 53550     | 175139 |
| g)   | Variation of terms options during year ended 30th June, 2015   | Nil   | Nil       | Nil       |        |
| h)   | Money realized by exercise of options  | Nil   | Nil       | Nil       |        |
| l)   | Total number of options in force (as at 30th June, 2015)   | 133864  | 15250     | 55700     | 204814 |
| j)   | Employee wise details of options granted during 2014-15  |   |           |           |        |
| 1    | Senior Management personnel  | Nil   | Nil       | Nil       |        |
| 2    | Employees to whom more than 5% options granted during the year   | Nil   | Nil       | Nil       |        |
| 3    | Employees to whom options more than 1% of issued capital granted during year   | Nil   | Nil       | Nil       |        |
| k)   | Diluted EPS, pursuant to issuance of shares on exercise of options   |   |           |           |        |
| l) 1 | Method of calculation of employee compensation cost  | Calculation is based on intrinsic value method. Intrinsic value is Nil. All Options granted at market price   |           |           |        |
| 2    | Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options | Employee compensation cost would have been higher by Rs.1,71,206/- had the Company used fair value method for accounting the options issued under ESOS                      |           |           |        |
| 3    | Impact of this difference on Profits and on EPS of the Company   | Profits would have been lower by Rs 1,71,206/- and EPS would have been lower by Rs.0.01, had the Company used fair value method of accounting the options issued under ESOS |           |           |        |
| m) 1 | Weighted average exercise price  | Rs. 82.65   | Rs. 171   | Rs. 171   |        |
| 2    | Weighted average fair value of options based on Black Scholes methodology  | Rs. 53.67   | Rs. 80.19 | Rs. 78.33 |        |
| n)   | Significant assumptions used to estimate fair value of options including weighted average  |   |           |           |        |
| 1    | Risk free interest rate  | 7%  | 8%        | 8%        |        |
| 2    | Expected life  | Average life taken as 1 year from date of grant   |           |           |        |
| 3    | Expected volatility  | 75%   | 41%       | 41%       |        |
| 4    | Expected dividends   | Not separately included, factored in volatility working   |           |           |        |
| 5    | Closing market price of share on a date prior to date of grant   | Rs 82.65  | Rs. 171   | Rs. 171   |        |

Note: The number of options and exercise price, fair price and closing prices at the time of grant have been shown on the basis of face value of Rs.10 per share (pre-bonus and sub-division). In actual number of options and exercise price will be modified due to the corporate action of sub-division of face value and bonus shares.

₹ to be reworked based on exact PAT figure for FY 2014



## **Annexure -B**

# **Form No. MR-3 Secretarial Audit Report**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**For the financial year ended 30<sup>th</sup> June, 2015**

To,  
The Members of  
M/s **SHARON BIO-MEDICINE LIMITED,**  
CIN-L24110MH1989PLC052251

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Sharon Bio-Medicine Limited (hereinafter called the company) Secretarial Audit as required under Companies Act was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon:

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 30<sup>th</sup> June, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sharon Bio-Medicine Limited ("the Company") for the financial year ended on 30<sup>th</sup> June, 2015 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings.
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act dealing with the company.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;(Not Applicable during the audit period)and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the audit period)
- vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major



heads/groups of Acts, laws and Regulations as applicable to the Company are listed below:

- a. Factories Act, 1948;
- b. Drugs & Cosmetics Act, 1940;
- c. Dangerous Drugs Act, 1940;
- d. The Essential Commodities Act;
- e. All Environmental related Acts & Rules;
- f. The Poisons Act;
- g. The Drugs and Magical Remedies (Objectionable Advertisements) Act;
- h. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified hence not applicable to the Company during the audit period).
- (ii) The Listing Agreement entered into by the Company with BSE Limited. and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above subject to following observations: -

1. The Company has not filed Form 5 INV with Registrar of Companies. However Company has transferred Investor education and Protection Fund amount to the Respective Bank.
2. During the year under review the Company has not spent any amount towards Corporate Social Responsibility.
3. The company has Overseas subsidiary, However The Company has not filed annual compliance of Reserve Bank of India and Overseas Direct Investment during the year.
4. The Company has not filed cost audit report during the year.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as required under Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

While Majority decision is carried through, the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The company had conducted a postal ballot during the year for the following items:

- a. Issue of warrants convertible into equity shares on Preferential basis to Promoter Group

We further report that during the audit period the company has co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of our audit

Place: Mumbai  
Date: 29<sup>th</sup>Aug, 2015

Sd/-  
**Kaushal Doshi & Associates**  
Practising Company Secretary  
A.C.S. No. 32178 C.P. No. 13143



## Annexure -C

# Form No. MGT-9

Extract of Annual Return as on the Financial Year ended on Financial Year ended 30<sup>th</sup> June, 2015.

[Pursuant to section92(3) of the Companies Act-2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS :

|      |   |   |
|------|---|---|
| i.   | CIN   | L24110MH1989PLC052251   |
| ii.  | Registration Date   | 19 <sup>th</sup> JUNE, 1989   |
| iii. | Name of the Company   | SHARON BIO-MEDICINE LIMITED   |
| iv.  | Category/Sub-Category of the Company                                      | Company Limited By Shares/Indian Non-government Company   |
| v.   | Address of the Registered office and contact details                      | Plot No. W-34, W-34/1 MIDC, Taloja, Dist. Raigad, Maharashtra 410208 Email: finance@sharonbio.com investor_complaints@sharonbio.com Ph: 022-26323192/93/94 Fax no. 022-26323140                         |
| vi.  | Whether listed company  | Yes   |
|      | Details of Stock Exchanges, where the shares are listed                   |   |
| 1.   | Bombay Stock Exchange Ltd (BSE)   | 532908  |
| 2.   | National Stock Exchange of India Ltd(NSE)                                 | SHARONBIO   |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Pvt. Ltd<br>C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (west), Mumbai – 400 078. E-mail: mt.helpdesk@linkintime.co.in<br>Tel No.: 022 - 25963838 Fax No.: 022 - 25946969 |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|---|----------------------------------|------------------------------------|
| 1.     | -   | -                                | -                                  |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr.No. | Name And Address of the Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|--------|---------------------------------|---------|--------------------------------|-----------------|--------------------|
| 1.     | YUSUR INTERNATIONAL FZE         | -       | Subsidiary                     | 100%            | N.A                |



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding

| Category of Share Holders                              | No. of Shares held at the beginning of the year |          |                 |                | No. of Shares held at the end of the year |          |                 |                | % Change during year |
|--|---|----------|-----------------|----------------|---|----------|-----------------|----------------|----------------------|
|  | Demat   | Physical | Total           | % Total Shares | Demat                                     | Physical | Total           | % Total Shares |                      |
| <b>A. Promoter</b>                                     |   |          |                 |                |   |          |                 |                |                      |
| <b>1) Indian</b>                                       |   |          |                 |                |   |          |                 |                |                      |
| a) Individual/ HUF                                     | 34938730  | -        | 34938730        | 33.10          | 32603498                                  | -        | 32603498        | 27.41          | -5.69                |
| b) Central Govt  | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| c) State Govt(s)                                       | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| d) Bodies Corp   | 28613250  | -        | 28613250        | 27.10          | 40264550                                  | -        | 40264550        | 33.85          | 6.75                 |
| e) Banks/FI  | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| f) Any Other   | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| <b>Sub-total(A)(1):-</b>                               | <b>63551980</b>                                 | <b>-</b> | <b>63551980</b> | <b>60.20</b>   | <b>72868048</b>                           | <b>-</b> | <b>72868048</b> | <b>61.27</b>   | <b>1.07</b>          |
| <b>2) Foreign</b>                                      |   |          |                 |                |   |          |                 |                |                      |
| g) NRIs-Individuals                                    | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| h) Other-Individuals                                   | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| i) Bodies Corp.  | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| j) Banks / FI  | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| k) Any Other   | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| <b>Sub-total(A)(2):-</b>                               | <b>-</b>  | <b>-</b> | <b>-</b>        | <b>-</b>       | <b>-</b>                                  | <b>-</b> | <b>-</b>        | <b>-</b>       | <b>-</b>             |
| <b>Total shareholding of promoter (A)= A(1) + A(2)</b> | <b>63551980</b>                                 | <b>-</b> | <b>63551980</b> | <b>60.20</b>   | <b>72868048</b>                           | <b>-</b> | <b>72868048</b> | <b>61.27</b>   | <b>1.07</b>          |
| <b>B. Public Shareholding</b>                          |   |          |                 |                |   |          |                 |                |                      |
| <b>1) Institutions</b>                                 |   |          |                 |                |   |          |                 |                |                      |
| a) Mutual Funds  | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| b) Banks / FI  | -   | -        | -               | -              | 6130962                                   | -        | 6130962         | 5.15           | 5.15                 |
| c) Central Govt  | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| d) State Govt(s)                                       | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| e) Venture Capital Funds                               | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| f) Insurance Cos.                                      | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| g) FIs   | 4762  | -        | 4762            | -              | -   | -        | -               | -              | -                    |
| h) Foreign Venture Capital Funds                       | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| Others (specify)                                       | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| <b>Sub-total(B)(1)</b>                                 | <b>4762</b>                                     | <b>-</b> | <b>4762</b>     | <b>-</b>       | <b>6130962</b>                            | <b>-</b> | <b>6130962</b>  | <b>5.15</b>    | <b>5.15</b>          |
| <b>2) Non Institutions</b>                             |   |          |                 |                |   |          |                 |                |                      |
| a) Bodies Corp.  | -   | -        | -               | -              | -   | -        | -               | -              | -                    |
| i) Indian  | 29723733  | -        | 29723733        | 28.16          | 5275477                                   | -        | 5275477         | 4.44           | -23.72               |
| ii) Overseas   | -   | -        | -               | -              | -   | -        | -               | -              | -                    |



|  |                  |                |                  |              |                  |                |                  |              |              |
|--|------------------|----------------|------------------|--------------|------------------|----------------|------------------|--------------|--------------|
| b) Individuals   |                  |                |                  |              |                  |                |                  |              |              |
| i) Individual shareholders holding nominal share capital upto `1 lakh          | 4944448          | 742040         | 5686488          | 5.39         | 24853819         | 695090         | 25548909         | 21.48        | 16.09        |
| ii) Individual shareholders holding nominal share capital in excess of `1 lakh | 3502400          | -              | 3502400          | 3.32         | 5043534          | -              | 5043534          | 4.24         | 0.92         |
| c) Others(Specify)   | -                | -              | -                | -            | -                | -              | -                | -            | -            |
| Clearing Members   | 1477676          | -              | 1477676          | 1.40         | 1689058          | -              | 1689058          | 1.42         | 0.02         |
| NRI  | 121811           | -              | 121811           | 0.12         | 871712           | -              | 871712           | 0.73         | 0.61         |
| Foreign Company  | -                | 1500000        | 1500000          | 1.42         | -                | 1500000        | 1500000          | 1.26         | -0.16        |
| Trust  | 150              | -              | 150              | -            | 8000             | -              | 8000             | 0.01         | 0.01         |
| <b>Sub-total(B)(2)</b>   | <b>39770218</b>  | <b>2242040</b> | <b>42012258</b>  | <b>39.80</b> | <b>37741600</b>  | <b>2195090</b> | <b>39936690</b>  | <b>33.58</b> | <b>-6.22</b> |
| Total Public Shareholding (B)= (B)(1)+ (B)(2)                                  | 39774980         | 2242040        | 42017020         | 39.80        | 43872562         | 2195090        | 46067652         | 38.73        | -1.07        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                         | -                | -              | -                | -            | -                | -              | -                | -            | -            |
| <b>Grand Total (A+B+C)</b>   | <b>103326960</b> | <b>2242040</b> | <b>105569000</b> | <b>100</b>   | <b>103373910</b> | <b>2195090</b> | <b>118935700</b> | <b>100</b>   |              |

## ii. Shareholding of Promoters

| Sr. No. | Shareholder's Name                              | Shareholding at the beginning of the year |                                  |   | Shareholding at the end of the year |                                  |   | % Change dur. year |
|---------|---|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--------------------|
|         |   | No. of Shares                             | % of Total Shares of the Company | % of Total Shares Pledged/ encumbered to total shares | No. of Shares                       | % of Total Shares of the Company | % of Total Shares Pledged/ encumbered to total shares |                    |
| 1.      | Mohan P. Kala                                   | 18237300                                  | 17.28                            | 4.74  | 19406200                            | 16.32                            | 3.89  | 0.96               |
| 2.      | Revon Consultancy & Management Services P. Ltd. | 11219960                                  | 10.63                            | -   | 12219960                            | 10.27                            | -   | 0.36               |
| 3.      | Ramco Properties Pvt. Ltd.                      | 9150910                                   | 8.67                             | -   | 13275710                            | 11.16                            | -   | 2.49               |
| 4.      | Bagulvani General Trading P L.                  | 8242380                                   | 7.81                             | -   | 10510280                            | 8.84                             | -   | 1.03               |
| 5.      | Savita Satish Gowda                             | 6862830                                   | 6.50                             | -   | 7172830                             | 6.03                             | -   | 0.47               |
| 6.      | Asha Mohan Kala                                 | 6138600                                   | 5.81                             | -   | 2087968                             | 1.76                             | -   | 4.05               |
| 7.      | Lalit Misra                                     | 3000000                                   | 2.84                             | -   | 3236500                             | 2.72                             | -   | 0.12               |
| 8.      | Basanti Misra                                   | 500000                                    | 0.47                             | -   | 500000                              | 0.42                             | -   | -                  |
| 9.      | Preeti Misra                                    | 100000                                    | 0.09                             | -   | 100000                              | 0.08                             | -   | -                  |
| 10.     | Shambhu Misra                                   | 100000                                    | 0.09                             | -   | 100000                              | 0.08                             | -   | -                  |
|         | <b>Total</b>                                    | <b>63551980</b>                           | <b>60.20</b>                     | <b>4.74</b>   | <b>68609448</b>                     | <b>57.68</b>                     |   |                    |





iii. Change in Promoters' Shareholding(please specify ,if there is no change

| Shareholder's Name                                       | Shareholding at the beginning of the year |                          | Cumulative Shareholding during the year |                          |
|--|---|--------------------------|---|--------------------------|
|  | No. of Shares                             | % of Total Shares of Co. | No. of Shares                           | % of Total Shares of Co. |
| Bagulvani General Trading Pvt. Ltd                       |   |                          |   |                          |
| At the beginning of the year                             | 8,242,380                                 | 7.81                     | 8,242,380                               | 7.81                     |
| Increase/Decrease  | 2,267,900                                 |                          | 2,267,900                               |                          |
| At the end of the year                                   | 10,510,280                                | 8.84                     | 10,510,280                              | 8.84                     |
| Lalit Misra  |   |                          |   |                          |
| At the beginning of the year                             | 3,000,000                                 | 2.84                     | 3,000,000                               | 2.84                     |
| Increase/Decrease  | 236,500                                   |                          | 236,500                                 |                          |
| At the end of the year                                   | 3,236,500                                 | 2.72                     | 3,236,500                               | 2.72                     |
| Mohan P. Kala  |   |                          |   |                          |
| At the beginning of the year                             | 18,237,300                                | 17.28                    | 18,237,300                              | 17.28                    |
| Increase/Decrease  | 1,168,900                                 |                          | 1,168,900                               |                          |
| At the end of the year                                   | 19,406,200                                | 16.32                    | 19,406,200                              | 16.32                    |
| Ramco Properties Pvt. Ltd.                               |   |                          |   |                          |
| At the beginning of the year                             | 9,150,910                                 | 8.67                     | 9,150,910                               | 8.67                     |
| Increase/Decrease  | 4,124,800                                 |                          | 4,124,800                               |                          |
| At the end of the year                                   | 13,275,710                                | 11.16                    | 13,275,710                              | 11.16                    |
| Revon Consultancy & Management Services Pvt. Ltd.        |   |                          |   |                          |
| At the beginning of the year                             | 11,219,960                                | 10.63                    | 11,219,960                              | 10.63                    |
| Increase/Decrease  | 1,000,000                                 |                          | 1,000,000                               |                          |
| At the end of the year                                   | 12,219,960                                | 10.27                    | 12,219,960                              | 10.27                    |
| Savita Satish Gowda                                      |   |                          |   |                          |
| At the beginning of the year                             | 6,862,830                                 | 6.50                     | 6,862,830                               | 6.50                     |
| Increase/Decrease  | 310,000                                   |                          | 310,000                                 |                          |
| At the end of the year                                   | 7,172,830                                 | 6.03                     | 7,172,830                               | 6.03                     |
| Venus Global Management & Consultancy Services Pvt. Ltd. |   |                          |   |                          |
| At the beginning of the year                             | -   | -                        | -                                       | -                        |
| Increase/Decrease  | 4,258,600                                 |                          | 4,258,600                               |                          |
| At the end of the year                                   | 4,258,600                                 | 3.58                     | 4,258,600                               | 3.58                     |
| Asha Mohan Kala  |   |                          |   |                          |
| At the beginning of the year                             | 6,138,600                                 | 5.81                     | 6,138,600                               | 5.81                     |
| Increase/Decrease  | (4,050,632)                               |                          | (4,050,632)                             |                          |
| At the end of the year                                   | 2,087,968                                 | 1.76                     | 2,087,968                               | 1.76                     |



**iv. Shareholding Pattern of top ten Shareholders  
(other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sr. No. |                   | Shareholding at the beginning of the year(April 1, 2014) |                          | Cumulative Shareholding at the end of the year (March 31, 2015) |                          |
|---------|-------------------|--|--------------------------|---|--------------------------|
|         |                   | No. of Shares  | % of Total Shares of Co. | No. of Shares   | % of Total Shares of Co. |
| 1.      | Bharat Mehta      | 4,78,010   | 0.45                     | 0   | 0                        |
| 2.      | Kumud Dharaiya    | 4,41,330   | 0.42                     | 0   | 0                        |
| 3.      | Indira Darshini   | 3,81,000   | 0.36                     | 91,383  | 0.08                     |
| 4.      | Surendra Pai      | 3,36,947   | 0.32                     | 2,16,474  | 0.19                     |
| 5.      | Lalita Mehta      | 3,16,630   | 0.30                     | 0   | 0                        |
| 6.      | Alka Gangwal      | 3,16,040   | 0.30                     | 0   | 0                        |
| 7.      | Nikhil Dharaiya   | 2,15,480   | 0.28                     | 2,16,474  | 0.19                     |
| 8.      | Divya Shah        | 2,74,000   | 0.26                     | 2,74,000  | 0.19                     |
| 9.      | Hussain Saherwala | 1,46,988   | 0.14                     | 0   | 0                        |
| 10.     | Rakesh Agrawal    | 96,000   | 0.09                     | 0   | 0                        |

**v. Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | Director's / Key Managerial Personnel Name | Shareholding at the beginning of the year |                          | Cumulative Shareholding during the year |                          |
|---------|--|---|--------------------------|---|--------------------------|
|         |  | No. of Shares                             | % of Total Shares of Co. | No. of Shares                           | % of Total Shares of Co. |
| 1.      | Savita Satish Gowda                        |   |                          |   |                          |
|         | At the beginning of the year               | 6,862,830                                 | 6.50                     | 6,862,830                               | 6.50                     |
|         | Increase/Decrease                          | 310,000                                   |                          | 310,000                                 |                          |
|         | At the end of the year                     | 7,172,830                                 | 6.03                     | 7,172,830                               | 6.03                     |
| 2.      | Lalit Misra                                |   |                          |   |                          |
|         | At the beginning of the year               | 3,000,000                                 | 2.84                     | 3,000,000                               | 2.84                     |
|         | Increase/Decrease                          | 236,500                                   |                          | 236,500                                 |                          |
|         | At the end of the year                     | 3,236,500                                 | 2.72                     | 3,236,500                               | 2.72                     |
| 3.      | Mohan P. Kala                              |   |                          |   |                          |
|         | At the beginning of the year               | 18,237,300                                | 17.28                    | 18,237,300                              | 17.28                    |
|         | Increase/Decrease                          | 1,168,900                                 |                          | 1,168,900                               |                          |
|         | At the end of the year                     | 19,406,200                                | 16.32                    | 19,406,200                              | 16.32                    |



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

|   | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits    | Total          |
|---|-------------------------------------|--------------------|-------------|----------------|
| Indebtedness at the beginning of the financial year |                                     |                    |             |                |
| i) Principal Amount                                 | 5,58,59,05,545                      | 1,66,79,30,886     | 2,52,16,578 | 7,27,90,53,009 |
| ii) Interest due but not paid                       | -                                   | -                  | -           | -              |
| iii) Interest accrued but not                       | -                                   | -                  | -           | -              |
| Total(i+ii+iii)                                     | 5,58,59,05,545                      | 1,66,79,30,886     | 2,52,16,578 | 7,27,90,53,009 |
| Change in Indebtedness during the financial year    |                                     |                    |             |                |
| - Addition  | 1,84,90,58,753                      | 42,96,30,577       | 5,12,87,603 | 2,32,99,76,932 |
| - Reduction   | 1,32,16,80,081                      | -                  | -           | 1,32,16,80,082 |
| Net Change  | 52,73,78,671                        | 42,96,30,577       | 5,12,87,603 | 1,00,82,96,851 |
| Indebtedness at the end of the financial year       |                                     |                    |             |                |
| i) Principal Amount                                 | 6,11,32,84,215                      | 2,09,75,61,463     | 7,65,04,181 | 8,28,73,49,859 |
| ii) Interest due but not paid                       | -                                   | -                  | -           | -              |
| iii) Interest accrued but not due                   | -                                   | -                  | -           | -              |
| Total (i+ii+iii)                                    | 6,11,32,84,215                      | 2,09,75,61,463     | 7,65,04,181 | 8,28,73,49,859 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sr. | Particulars of Remuneration   | Name of Directors |                 |                     | Total Amount |
|-----|---|-------------------|-----------------|---------------------|--------------|
| 1.  | Gross salary  | Ms. Savita Gowda  | Mr. Lalit Misra | Mr. Vijay Kirpalani |              |
|     | a) Salary as per provisions contained in section 17(1) of the Income-tax Act 1961 | ₹ 33,00,000       | ₹ 33,00,000     | ₹ 10,08,000         | ₹ 76,08,000  |
|     | b) Value of perquisites u/s 17(2) Income-tax Act, 1961                            | -                 | -               | -                   | -            |
|     | c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961            | -                 | -               | -                   | -            |
| 2.  | Stock Option  | -                 | -               | -                   | -            |
| 3.  | Sweat Equity  | -                 | -               | -                   | -            |
| 4.  | Commission<br>- as% of profit<br>- others, specify...                             | -                 | -               | -                   | -            |
| 5.  | Others, please specify  | -                 | -               | -                   | -            |
| 6.  | Total(A)  | ₹ 33,00,000       | ₹ 33,00,000     | ₹ 10,08,000         | ₹ 76,08,000  |
|     | Overall Ceiling as per the Act  | -                 | -               | -                   | -            |



**B. Remuneration to other directors:**

| Sr. | Particulars of Remuneration   | Name of Directors | Total Amount |
|-----|---|-------------------|--------------|
|     | Independent Directors<br>· Fee for attending board committee meetings<br>· Commission<br>· Others, please specify         | -                 | -            |
|     | Total(1)  | -                 | -            |
|     | Other Non-Executive Directors<br>· Fee for attending board committee meetings<br>· Commission<br>· Others, please specify | -                 | -            |
|     | Total(2)  | -                 | -            |
|     | Total(B)=(1+2)  | -                 | -            |
|     | Total Managerial Remuneration   | -                 | -            |
|     | Overall Ceiling as per the Act  | -                 | -            |

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

| Sr. | Particulars of Remuneration   | Key Managerial Personnel |    |     |       |
|-----|---|--------------------------|----|-----|-------|
|     |   | CEO                      | CS | CFO | Total |
| 1.  | Gross Salary<br>a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | -                        | -  | -   | -     |
| 2.  | Stock Option  | -                        | -  | -   | -     |
| 3.  | Sweat Equity  | -                        | -  | -   | -     |
| 4.  | Commission<br>- as % of profit<br>- others, specify...  | -                        | -  | -   | -     |
| 5.  | Others, please specify  | -                        | -  | -   | -     |
| 6.  | Total   | -                        | -  | -   | -     |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

| Type  | Section of the Companies Act | Brief Description | Details of Penalty/Punishment / Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made if any (give details) |
|---|------------------------------|-------------------|--|----------------------------|-----------------------------------|
| <b>A. Company</b><br>Penalty<br>Punishment<br>Compounding                   |                              |                   | -  |                            |                                   |
| <b>B. Directors</b><br>Penalty<br>Punishment<br>Compounding                 |                              |                   | -  |                            |                                   |
| <b>C. Other Officers in Default</b><br>Penalty<br>Punishment<br>Compounding |                              |                   | -  |                            |                                   |

Place: Mumbai  
Date: 29.08.2015

**Savita Satish Gowda (Ms.)**  
Chairperson & Managing Director  
DIN: 00042957



# Corporate Governance

(Pursuant to clause 49 of the Listing Agreement)

## 1. Company's philosophy on code of Governance :

The Company's philosophy on corporate Governance is to attain highest level of transparency, accountability and integrity. This objective extends not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with best practices for governance. Corporate Governance at Sharon means being responsive to aspirations of all the stakeholders, customers, suppliers, lenders, employees, the shareholders and the expectations of the society. The Board of Directors supports the broad principle of Corporate Governance and lay strong emphasis on its trusteeship role to align and direct the action of the organization to achieve its avowed objective of transparency, accountability and integrity. Given below is a report on Corporate Governance at Sharon

## 2. Board of Directors :

### • Composition of the Board

The Board is well structured with an adequate blend of Executive and Non Executive Directors. All the Directors are experts in their respective fields. The Board consists of Six (6) Directors of which Three (3) are Executive Directors, Three (3) are Independent & Non-Executive Directors. The Chairperson of the Company is an Executive-Promoter Director.

Details, as on date of the composition of the Board and changes therein since the last Annual Report, category of the Directors and their attendance at the Board Meetings and the last Annual General Meeting, number of their Directorship in other companies incorporated in India (excluding alternate directorships & directorship in Pvt. Ltd. Companies) &, Chairmanship/Membership of specified committees are given below:

All the Directors have made their requisite disclosures regarding Committee positions held by them in other companies as per Clause 49(I) (C) (iii).

| Name of Director               | Category of Directorship | No. of Board Mtgs Attended | Attendance at the last AGM | Directorship in other Companies Incorporated in India | No. of specified Committees in other Cos. in which Chairman /Members |        | No. of Equity Shares held |
|--------------------------------|--------------------------|----------------------------|----------------------------|---|--|--------|---------------------------|
|                                |                          |                            |                            |   | Chairman   | Member |                           |
| <b>Ms. Savita Satish Gowda</b> | Chairman, M.D            | 20                         | P                          | Nil   | Nil  | Nil    | 71,72,830                 |
| <b>Mr. Lalit Misra</b>         | E. D.                    | 20                         | P                          | Nil   | Nil  | Nil    | 32,36,500                 |
| <b>Mr. Vijay Kirpalani*</b>    | E. D.                    | 15                         | P                          | Nil   | Nil  | Nil    | Nil                       |
| <b>Mr. Mohan P. Kala</b>       | N. E. D.                 | 20                         | P                          | Nil   | Nil  | Nil    | 19,406,200                |
| <b>Dr. Nivedita Patil</b>      | I & N. E. D.             | 20                         | A                          | Nil   | Nil  | Nil    | Nil                       |
| <b>Mr. Harish Palecanda</b>    | I & N. E. D.             | 10                         | A                          | Nil   | Nil  | Nil    | Nil                       |
| <b>Mr. Madhav Sapre</b>        | I & N. E. D.             | 9                          | A                          | Nil   | Nil  | Nil    | Nil                       |
| <b>Mr. Asif Rangwala*</b>      | I & N. E. D.             | 5                          | A                          | Nil   | Nil  | Nil    | Nil                       |

# I – Independent Director, N.E.D. -Non-Executive Director, M.D. -Managing Director

\* Mr. Vijay Kirpalani and Mr. Asif Rangwala have resigned during the year

The Company Secretary of the Company was the secretary to the Board.



• **Number of Board Meetings held during the year along with the dates of Meetings :**

During the year 2014-15, (Twenty) 20 Board Meetings were held as follows:-

| July 14 to Sept.14 | Oct. 14 to Dec.14 | Jan. 15 to March 15 | April 15 to June 15 |
|--------------------|-------------------|---------------------|---------------------|
| 02.07.2014         | 10.10.2014        | 02.02.2015          | 14.05.2015          |
| 15.07.2014         | 20.10.2014        | 14.02.2015          | 23.05.2015          |
| 16.07.2014         | 13.11.2014        | 17.03.2015          | 10.06.2015          |
| 17.07.2014         | 21.11.2014        | 24.03.2015          |                     |
| 25.08.2014         | 29.12.2014        | 30.03.2015          |                     |
| 28.08.2014         |                   |                     |                     |
| 27.09.2014         |                   |                     |                     |

• **Information placed before the Board of Directors :**

To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board as per the Agenda Papers in advance of the Board Meetings.

In addition to matters statutorily required to be placed before the Board of Directors for its approval, all major decisions regarding resource mobilisation, capital expenditure, etc., are considered by the Board. Following informations are regularly put up before the Board for its consideration and approval:

- Strategic plan and direction of the Company;
- Annual Business Plan & Sales Budget;
- Quarterly financial Results of the Company;
- Minutes of the meetings of Management Committee, Audit Committee, Shareholders and Investors Grievance Committee and Special Committee of the Board;
- Matters related to significant environmental issues, accidents, if any, etc.;
- Material information from Government bodies, which may have implications on the business of the Company, if any;
- Information on material transactions, which are not in the ordinary course of business;
- Disclosure of material transactions with potential conflict of interest, if any; and
- Compliance with various listing and statutory requirements.

**Code of Conduct :**

The Company has adopted the Sharon Bio-Medicine Limited Code of conduct for all the Directors and senior management personnel of the Company. During the year, the Board has approved the Code of Conduct and the same is posted on the Company's website. The Company is in compliance with all the requirement of Clause 49. In addition the company has engaged experienced consultants to advice for strict compliance of the Clause 49 and other provisions.

Further, all the Board Members and senior management personnel (as per clause 49) have affirmed compliance with code of conduct. A declaration to this effect was duly signed by the CEO forms part of this report.

**3. Audit Committee :**

As per clause 49 of the Listing Agreement entered into with the Stock Exchanges and as per provisions of Section-177 of the Companies Act, 2013. The Present composition of the Audit Committee is as follows:

| Name                       | Designation | Category                             |
|----------------------------|-------------|--------------------------------------|
| <b>Dr. Nivedita Patil</b>  | Chairperson | Independent & Non-Executive Director |
| <b>Mr. Asif Rangwala *</b> | Member      | Independent & Non-Executive Director |
| <b>Mr. Mohan P. Kala</b>   | Member      | Non-Executive Director               |
| <b>Mr. Madhav Sapre</b>    | Member      | Independent & Non-Executive Director |

\* Mr. Asif Rangwala has resigned from the office of the Director of the Company effective from 24.03.2015. Consequently, the Audit Committee was re-constituted. The Company Secretary of the Company was the secretary to the Audit Committee.



**Ms. Savita Gowda**, Managing Director and Chief Executive Officer (CEO) is permanent invitees to the Audit Committee Meetings. The Statutory Auditors are also invited to attend the Audit Committee Meetings, as and when required.

The powers and role of the Audit Committee are as per Guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges and the Section 292A of the Companies Act, 1956. The salient features of powers and role of the Audit Committee are:

The Audit Committee is vested with the necessary powers, as defined in the Charter such as

- To investigate any activity of the Company;
- To seek and obtain any information and explanation;
- To obtain outside legal or professional advice and if necessary, secure their attendance at the meetings.
- To achieve its objectives.

The terms of reference of Audit Committee are briefly described as follows

- Meeting once in every quarter to review performance of the company along with the financial results of the Company.
- Appointment of statutory auditors, their fees and their payment of any other services is recommended by the committee.
- Reviews with the management, statutory auditors and internal audit system, the adequacy and the compliances of internal control systems.
- Discussions with statutory auditors before the audit commence, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in payment to the depositors, shareholders and creditors.
- Review the financial statements.

#### **Meetings and the attendance during the year :**

4 (Four) meetings of the Audit Committee were held during the year. The attendance of each Member of the Committee is given below :

| <i>Name of Director</i>                     | <i>No. of Meeting Held</i> | <i>No. of Meeting Attended</i> |
|---|----------------------------|--------------------------------|
| <b>Dr. Nivedita Patil</b>                   | 4                          | 4                              |
| <b>Mr. Mohan P. Kala</b>                    | 4                          | 4                              |
| <b>Mr. Asif Rangwala*</b>                   | 4                          | 3                              |
| <b>Mr. Madhav Sapre (w.e.f. 24.03.2015)</b> | 4                          | 1                              |

\* Mr. Asif Rangwala has resigned from the office of the Director of the Company effective from 24.03.2015.

Consequently, the Audit Committee was re-constituted.

The Company Secretary of the Company was the secretary to the Audit Committee.

The Minutes of the Audit Committee Meetings were noted by the Board of Directors at the Board Meetings.

#### **4. Shareholders/Investors' Grievance Committee/ Stakeholders Relationship Committee :**

As per the existing clause 49 of the Listing Agreements entered into with the Stock Exchanges and the Provisions of Companies Act, 2013, the present composition of the Shareholders/Investors' Grievance Committee/Stakeholders Relationship Committee is as follows:

| <i>Name</i>               | <i>Designation</i> | <i>Category</i>                       |
|---------------------------|--------------------|---------------------------------------|
| <b>Dr. Nivedita Patil</b> | Chairman           | Independent & Non-Executive Director  |
| <b>Mr. Asif Rangwala*</b> | Member             | Independent & Non-Executive Director. |
| <b>Mr. Lalit Misra</b>    | Member             | Executive Director.                   |
| <b>Mr. Madhav Sapre</b>   | Member             | Independent & Non-Executive Director. |

\* Mr. Asif Rangwala has resigned from the office of the Director of the Company effective from 24.03.2015. Consequently, the Shareholders/Investors' Grievance Committee/Stakeholders Relationship Committee was re-constituted.

The Company Secretary of the Company was the secretary to the Shareholders/Investors' Grievance Committee/Stakeholders Relationship Committee.



### **Role of Shareholders/Investors' Grievance Committee :**

- a). Review the existing "Investor Redressal System" and suggest measures for improvement.
- b). The Investors' Grievance Committee meets to review and to take note of the Compliance Report submitted to the Stock Exchanges and Grievances of the shareholders and several meetings were held.
- c). To look into redressing of Shareholders and Investors Complaints regarding transfer of shares, non receipt of annual Reports etc.

During the year 2014-15, Eighteen (18) complaints were received by the Company. No complaint was pending to be resolved at the end of the financial year.

All shares received for transfers were registered and dispatched within 15 days of receipt, wherever documents were correct and valid in all respects.

### **5. Corporate Social Responsibility Committee**

As per the provision of Companies Act 2013, the present composition of the Corporate Social Responsibility Committee is as follows:

| <i>Name</i>               | <i>Designation</i> | <i>Category</i>                       |
|---------------------------|--------------------|---------------------------------------|
| <b>Dr. Nivedita Patil</b> | Chairperson        | Independent & Non-Executive Director  |
| <b>Mr. Lalit Misra</b>    | Member             | Executive Director.                   |
| <b>Mr. Madhav Sapre</b>   | Member             | Independent & Non-Executive Director. |

### **Role of Corporate Social Responsibility Committee:**

1. The committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of Corporate Social Responsibility policy.
2. To recommend the amount of expenditure to be incurred on CSR activities

### **6. Remuneration Policy**

The Board of Directors are authorised to decide the remuneration of the Executive Directors. The remuneration structure comprises of Salary & Perquisites. Salary is paid to Executive Directors within the salary grade approved by the Members.

The Details of remuneration paid to Executive Directors during the Financial Year 2014-15 are as under.

| <i>Executive Directors</i>                       | <i>Salary (Rs.)</i> | <i>Perquisite (Rs.)</i> | <i>Total (Rs.)</i> |
|--|---------------------|-------------------------|--------------------|
| <b>Ms. Savita Satish Gowda, M. D</b>             | 33,00,000           | 0.00                    | 33,00,000          |
| <b>Mr. Lalit Misra, Whole Time Director.</b>     | 33,00,000           | 0.00                    | 33,00,000          |
| <b>Mr. Vijay Kirpalani, Whole Time Director.</b> | 10,08,000           | 0.00                    | 10,08,000          |

### **7. Annual General Meetings:**

Details of General Meeting

| <i>Financial Year</i> | <i>AGM</i> | <i>Venue/ Location</i>  | <i>Date and Time</i>    | <i>Special Resolution Passed</i> |
|-----------------------|------------|---|-------------------------|----------------------------------|
| 2011-2012             | AGM        | Plot No. W-34, W-34/1 MIDC, Taloja, Dist. Raigad, Maharashtra 410 208 | 29.12.2012 at 9.00 a.m. | 0                                |
| 2012-2013             | AGM        | Plot No. V-10, MIDC, Taloja, Dist. Raigad, Maharashtra 410 208        | 9.12.2013 at 9.00 a.m.  | 0                                |
| 2013-2014             | AGM        | Plot No. V-10, MIDC, Taloja, Dist. Raigad, Maharashtra 410 208        | 17.12.2014 at 9.30 a.m. | 3                                |

The company has passed One (1) special resolutions through Postal Ballot.





## 8. Disclosure :

There were no transactions of material nature between the Company and its Directors or Senior Management and their relatives or Promoters that may have potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which Directors are interested, have been placed before the Board regularly.

During the last three years, there has been no instance of non-compliance by the Company on any matter related to capital market. Hence, there were no strictures or penalties imposed either by SEBI or by the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.

## 9. Implementation of Code of Conduct for Insider Trading :

The Company has adopted Code of Conduct as per the Sharon Bio-Medicine Limited has adopted Code of Conduct for Insider Trading and is based on the SEBI framework and is stringent than the statutory code being enforced by the SEBI. Sharon Bio-Medicine Limited follows strict guidelines in respect of insiders' stock trading and related disclosures. Periodic disclosures have been obtained from all the Directors and 'designated employees'. Under the aforesaid code, all Directors and Designated Employees are required to conduct all their dealing in securities of the Company only in valid trading window after obtaining pre clearance from the Company as per the pre dealing procedure described in the Code.

## 10. Secretarial Audit for reconciliation of Capital :

As stipulated by SEBI, a Compliance officer carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total Listed and paid up capital is in agreement with the aggregate of the total number of Shares in dematerialised form (held by NSDL and CDSL) and total number of Shares in physical form.

## 11. CEO/CFO Certification :

The Managing Director (CEO) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the year ended 30th June, 2015, which is annexed hereto. Statements and the cash flow statement for the year ended 30th June, 2015 is enclosed separately at the end of the report.

## 12. Means of Communication with Shareholders :

|  |   |
|--|---|
| Quarterly Results  | The quarterly results of the Company are published in accordance with the requirements of the Listing Agreement of the Stock Exchanges. |
| News papers in which results are normally published                                  | The Free Press Journal or Economic Times ( English)<br>Navshakti or Maharashtra Times (Marathi)   |
| Web site   | www.sharonbio.com   |
| e-mail:  | investor_complaints@sharonbio.com   |
| Registered office :-   | Plot No.W-34, W-34/1 MIDC, Taloja,<br>Dist. Raigad, Maharashtra 410 208   |
| Corporate Office :-  | Plot No. 163, Park Street, Smt. Jankidevi Public School Road,<br>S.V. P. Nagar, Andheri (w), Mumbai – 400053                            |
| Tel:-  | 022-26323192 /93 /94  |
| Fax :-   | 022- 26323140   |
| Whether Management Discussions and Analysis report is a part of Annual report or not | Yes   |

## 13. General Shareholders' Information :

|                                     |   |
|-------------------------------------|---|
| Twenty Sixth Annual General Meeting | 31st December, 2015   |
| Date & Time :                       | at 9.30 a.m.  |
| Venue :                             | Plot No. V/10, MIDC, Taloja, Dist. Raigad, Maharashtra 410 208. |



### Financial Calendars (Tentative)

|  |   |
|--|---|
| Financial reporting for the quarter ended 30 <sup>th</sup> September, 2015 :   | 2 <sup>nd</sup> week of November, 2015.   |
| Financial reporting for the quarter ended 31 <sup>st</sup> December, 2015 :  | 2 <sup>nd</sup> week of February, 2016.   |
| Financial reporting for the quarter ending 31 <sup>st</sup> March, 2016 :  | 2 <sup>nd</sup> week of May, 2016.  |
| Financial reporting for the quarter ending 30 <sup>th</sup> June, 2016 :   | Last week of August, 2016.  |
| Book Closure Date :  | 25 <sup>th</sup> December, 2015 to 31 <sup>st</sup> December, 2015 (Both days inclusive)  |
| Registered Office :  | Plot No.W-34, W-34/1 MIDC, Taloja, Dist. Raigad, Maharashtra 410 208.   |
| Share Transfers in physical form and other communication in that regard including share certificates, dividends and change of address etc. may be addressed to : | Link Intime India Limited,<br>Registrar & Share Transfer Agent,<br>C-13, Pannalal Silk Mills Compound,<br>L. B. S. Marg, Bhandup (W), Mumbai-400078.<br>Tel No.: 022 - 25963838 Fax No.: 022 – 25946969 |
| Listing on Stock Exchange at :   | 1. Bombay Stock Exchange Limited ( BSE ). Scrip Code No:-532908<br>2. National Stock Exchange of India Limited ( NSE ). Scrip ID: SHARONBIO<br>Listing Fees have been paid for Financial Year 2015-16.  |
| Company Identification No. :   | L24110MH1989PLC052251   |
| Dated of Incorporation :   | 19.06.1989  |
| NSDL & CDSL-ISIN :   | <b>INE028B01011</b>   |

### Monthwise Stock Market Data (BSE & NSE) relating to equity shares of the company for the period 1-7-2014 to 30-6-2015

| Month                                    | BSE   |       |              | NSE          |       |         |
|--|-------|-------|--------------|--------------|-------|---------|
|  | High  | Low   | Average      | High         | Low   | Average |
| July, 2014                               | 80.00 | 47.25 | 63.63        | 79.90        | 47.25 | 63.58   |
| August, 2014                             | 83.30 | 68.90 | 76.10        | 83.40        | 68.60 | 76.00   |
| September, 2014                          | 90.20 | 67.00 | 78.60        | 90.35        | 62.50 | 76.43   |
| October, 2014                            | 81.50 | 61.50 | 71.50        | 81.65        | 61.05 | 71.35   |
| November, 2014                           | 72.00 | 55.10 | 63.55        | 72.00        | 55.05 | 63.53   |
| December, 2014                           | 59.95 | 23.85 | 41.90        | 57.45        | 23.80 | 40.63   |
| January, 2015                            | 40.90 | 25.30 | 33.10        | 41.35        | 25.30 | 33.33   |
| February, 2015                           | 27.25 | 15.40 | 21.33        | 27.50        | 15.60 | 21.55   |
| March, 2015                              | 26.65 | 17.25 | 21.95        | 26.45        | 17.20 | 21.83   |
| April, 2015                              | 25.65 | 17.80 | 21.73        | 25.35        | 17.60 | 21.48   |
| May, 2015                                | 19.30 | 15.95 | 17.73        | 19.50        | 15.85 | 17.68   |
| June, 2015                               | 16.35 | 12.50 | 14.68        | 17.00        | 12.50 | 14.75   |
| Average price per shares upto June, 2015 |       |       | <b>43.81</b> | <b>43.51</b> |       |         |

(Source –www.bseindia.com and www.nseindia.com)



### Distribution of Shareholding as on June 30, 2015

| No. of Shares held |           | No. of Shareholders | % of Total Shareholders | No. of Shares       | % of Total Shares |
|--------------------|-----------|---------------------|-------------------------|---------------------|-------------------|
| 1                  | 500       | 13,356              | 59.81                   | 28,93,254           | 2.58              |
| 501                | 1000      | 3,733               | 16.72                   | 32,40,658           | 2.89              |
| 1001               | 2000      | 2,283               | 10.22                   | 37,38,603           | 3.33              |
| 2001               | 3000      | 1,030               | 4.61                    | 27,71,247           | 2.47              |
| 3001               | 4000      | 412                 | 1.85                    | 15,05,709           | 1.34              |
| 4001               | 5000      | 394                 | 1.76                    | 18,91,460           | 1.68              |
| 5001               | 10000     | 633                 | 2.83                    | 47,33,848           | 4.22              |
| 10001              | and above | 488                 | 2.19                    | 10,48,76,321        | 81.50             |
| <b>Total</b>       |           | <b>22,329</b>       | <b>100.00</b>           | <b>11,89,35,700</b> | <b>100.00</b>     |

|  |                     |
|--|---------------------|
| Physical   | 21,95,090           |
| Electronic mode  | 10,33,73,910        |
| Difference of 13366700 equity shares<br>6715400 equity are issued but yet to be credited and listed<br>6651300 equity are issued but yet to be credited and listed | 1,33,66,700         |
| <b>Total</b>   | <b>11,89,35,700</b> |

### Categories of Shareholders as on June 30, 2015

| Sr. No. | Category   | No. of Folios | Total Shares held   | % to the Share Capital |
|---------|--|---------------|---------------------|------------------------|
| (A).    | Shareholding of Promoter and Promoter Group                                      |               |                     |                        |
|         | Individuals/ Hindu Undivided Family  | 7             | 3,26,03,498         | 27.41                  |
|         | Bodies Corporate   | 4             | 4,02,64,550         | 33.85                  |
|         | <b>Total Shareholding of Promoter &amp; Promoter Group</b>                       | <b>11</b>     | <b>7,28,68,048</b>  | <b>61.27</b>           |
| (B)     | Public Shareholding  |               |                     |                        |
| 1.      | Institutional  |               |                     |                        |
|         | Financial Institutions / Banks   | 2             | 61,30,962           | 5.15                   |
| 2.      | Non-Institutions   |               |                     |                        |
|         | Bodies Corporate   | 400           | 52,75,477           | 4.44                   |
|         | Individuals  | 21,421        | 3,05,92,443         | 25.72                  |
|         | Trusts   | 1             | 8,000               | 0.01                   |
|         | Non residents Indian (repat & Non Repat)   | 282           | 8,71,712            | 0.73                   |
|         | Foreign Companies  | 1             | 15,00,000           | 1.26                   |
|         | Clearing Member  | 210           | 16,89,058           | 1.42                   |
|         | <b>Total Public Shareholding</b>   | <b>22,317</b> | <b>4,60,67,652</b>  | <b>38.73</b>           |
| (C)     | Shares held by Custodians and against which Depository Receipts have been issued |               |                     |                        |
|         | Promoter and Promoter Group  | 0             | 0                   | 0                      |
|         | Public   | 0             | 0                   | 0.00                   |
|         | <b>Grand Total (A) + (B) + (C)</b>   | <b>22,328</b> | <b>11,89,35,700</b> | <b>100.00</b>          |



|  |  |
|--|--|
| Details of Equity Shares Under lock-in       | NIL  |
| Dematerialization of shares                  | As on June 30, 2015 a total of 10,33,73,910 equity shares constituting 86.91% is dematerialized and balance 1.85% shares are in physical mode<br>Difference of 1,33,66,700 equity shares<br>1. 67,15,400 equity are issued but yet to be credited and listed<br>2. 66,51,300 equity are issued but yet to be credited & listed |
| Plant Plant Location                         | 1. Plot No.W-34, W-34/1 MIDC, Taloja, Dist. Raigad, Maharashtra 410 208.<br>2. Khasara No.1027/1028/1030 & 1037, Central Hope Town, Sillaqui, Dist. Dehradun, Uttaranchal 248 011.<br>3. Plot No.V/10, MIDC, Taloja, Dist. Raigad, Maharashtra 410 208.<br>4. Plot No.L/6, MIDC, Taloja, Dist. Raigad, Maharashtra 410 208.    |
| Investors' correspondence to be addressed to | Link Intime India Private Limited<br>Registrar & Share Transfer Agent<br>C-13, Pannalal Silk Mills Compound<br>L. B. S. Marg, Bhandup (W) Mumbai-400078  |
| Telephone                                    | 022-25963838   |
| Fax  | 022-25946969   |

### **DECLARATION**

I, **Savita Satish Gowda**, Managing Director & CEO of M/s Sharon Bio-Medicine Limited hereby declare that all the members of the Board of Directors and the Senior management personnel have affirmed compliances with the Code of conduct for the year ended 30<sup>th</sup> June, 2015.

**By and on Behalf of the Board**

**Sd/-**

**Savita Satish Gowda (Ms.)**

DIN: 00042957

Managing Director & CEO

Place :- Mumbai

Date:- 29.08.2015



## CEO / CFO CERTIFICATION

We, **Ms. Savita Gowda**, Chairman & Managing Director (M.D.) and **Mr. Lalit Misra** (Director & CFO) of Sharon Bio-Medicine Ltd. both certify that :

- (a) We have reviewed financial statements and the cash flow statement for the year ended 30.6.2015 and that 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 our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee :
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) 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.

**By & on Behalf of the Board**

Sd/-

**Savita Satish Gowda (Ms.)**

DIN: 00042957

(Managing Director & CEO)

**By & on Behalf of the Board**

Sd/-

**Lalit Misra**

DIN: 00033689

(Director & CFO)

Place :- Mumbai

Date:- 29.08.2015

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### **Certificate from Statutory Auditor regarding compliance of conditions of Corporate Governance**

To,

The Members of **Sharon Bio-Medicine Limited**

We have examined the compliance of the conditions of Corporate Governance by Sharon Bio- Medicine Limited for the year ended 30th June, 2015, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an Audit nor an expression of the 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned 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.

Place: Mumbai

Date: 29.08.2015

For **Shyam C. Agrawal & Co.** (Chartered Accountants)

Firm registration No. 110243W

Sd/-

**Shyam C. Agrawal** Proprietor

Membership no. 031774



## Management Discussion & Analysis

### 1) FINANCIAL REVIEW :

| <i>Particulars</i>  | 30/06/2015 Standalone | 30/06/2014 Standalone |
|---|-----------------------|-----------------------|
| Turnover & Other Income   | 83,658.66             | 131,544.53            |
| <b>Profit (Loss) Before Interest, Depreciation, Extra ordinary items &amp; Tax (EBIDTA)</b> | <b>(3,165.84)</b>     | 15,873.58             |
| Interest  | 9,364.48              | 5,862.76              |
| Depreciation & Amortization Expenses  | 1,925.93              | 1,535.44              |
| Profit Before Tax & Extra-ordinary Item   | (14,456.25)           | 8,475.39              |
| Exceptional Items   | 7,663.80              | -                     |
| Provision for Tax   | -                     | 1,301.00              |
| Provision for Deferred Tax Liability  | 151.73                | 212.66                |
| Excess/Short Provision for Income Tax   | 314.64                | -                     |
| <b>Profit after Tax</b>   | <b>(22,586.41)</b>    | 6,961.72              |
| Earnings Per Share  |                       |                       |
| -Basic  | (16.97)               | 5.23                  |
| -Diluted  | (11.91)               | 3.69                  |

During the financial year 2015 Sharon has lost big business due to fire in the plant. After the fire incidence, Sharon gave its products for manufacturing outside its factory however, there were many quality issues which has led to rejection of sales during 2014-15 and there after due to bad quality issues the standalone sales has come down from Rs. 131,544.53 Lacs to 83,658.66 Lacs during the year 2014-15 in comparison to 2013-14. Further, during the year 2013-14 profit of the company was Rs. 6,961.72 Lacs after tax however during the year 2014-15 Sharon has incurred loss of Rs. 22,586.41 Lacs. The management of Sharon does not see any improvement in sales and Profits till December 2015 from the Business operations.

### 2) CONSOLIDATED FINANCIAL PERFORMANCE :

| <i>Particulars</i>  | 30/06/2015 Consolidated | 30/06/2014 Consolidated |
|---|-------------------------|-------------------------|
| Turnover & Other Income   | 84,109.69               | 132,672.62              |
| <b>Profit (Loss) Before Interest, Depreciation, Extra ordinary items &amp; Tax (EBIDTA)</b> | <b>(3,170.44)</b>       | 15,944.35               |
| Interest  | 9,364.53                | 5,863.00                |
| Depreciation & Amortization Expenses  | 1,925.93                | 1,535.44                |
| Profit Before Tax & Extra-ordinary Item   | (14,460.90)             | 8,545.91                |
| Exceptional Items   | 8,462.95                | -                       |
| Provision for Tax   | -                       | 1,301.00                |
| Provision for Deferred Tax Liability  | 151.73                  | 212.66                  |
| Excess/Short Provision for Income Tax   | 314.64                  | -                       |
| <b>Profit after Tax</b>   | <b>(23,390.21)</b>      | 70,32.25                |
| Earnings Per Share  |                         |                         |
| -Basic  | (17.53)                 | 5.27                    |
| -Diluted  | (12.37)                 | 3.72                    |

As stated in Standalone financial Performance of the company, Financial Performance during 2014-15 has been the worst due to natural calamities which was beyond management control. Since management of the company was fully focused on the Indian activities, management could not concentrate on the activity with its subsidiary and led to reduction in sales in Dubai.



During the F.Y. year 2015 the total Turnover was Rs.84,109.69 Lacs in comparison to Rs.13,672.62 Lacs during the year 2013-14. Further, during the year 2013-14 consolidated profit was Rs.7,032.25 Lacs whereas during the year 2014-15 the total consolidated losses were Rs. 23,390.21 Lacs in 2014-15. We do not expect any progress in Dubai subsidiary operations.

**3) PROFIT BEFORE INTEREST, DEPRICIATION AND TAX (EBIDTA) :-**

During the year 2014-15 EBIDTA of the company was Rs. 3,170.44 Lacs which was loss to the company. However, during the F.Y.2013-14 Sharon was having positive EBIDTA of Rs.15,944.35 Lacs. The reason for loss during the year 2014-15 has been elaborated in Standalone Financial Performance.

**4) FINANCE COST :**

Finance cost to Company for the year 2014-15 have increased to Rs.9,364.53 Lacs in correspondence to Rs.5,863 Lacs during the year 2013-14. Since the over all loan amount has increased therefore, the interest amount has also increased

**5) DEPRECIATION :**

Depreciation for the FY 2015 was Rs.1,925.93 Lacs where in corresponding last year it was Rs.1,535.44 Lacs. During the year the capital assets which have been under the work in progress have been capitalised.

**6) TAXATION :**

Since during the FY 2015 there was loss, no provision of tax has been made however, in earlier years Sharon has short provision of Tax therefore during the FY 2015 Rs. 314.64 Lacs has been debited to profit loss account.

**7) DIVIDEND:**

Since there was huge loss in the company during 2014-15, no dividend has been declared by the company. Sharon has been paying continuous dividend in the last 8 years. Last year Sharon has paid dividend of Rs. 0.36 per share. The Total outgo in the form of Dividend was Rs.380.05 Lacs apart from Dividend Distribution Tax of Rs.64.59 Lacs.

**8) DEBT RESTRUCTURING:**

During the year, Company's debt was restructured under the JLF Mechanism. The consortium of bankers at its meeting held on March 17, 2015 had approved the Restructuring package of the Company with the cut-off date as September 01, 2014

The Restructured package includes inter alia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of excess drawing power in C.C. and O.D. accounts including devolved letter of credit and standby letter of credit into working capital Term Loan [WCTL] and additional infusion of funds by the promoters, etc.

The company has passed the necessary entries in the books based on the terms of the restructuring package and accounted for the same as on the reporting date. Any difference in the interest/other charges as agreed in the restructuring package shall be adjusted on final determination.

**9) FCCB:**

The company had issued 165 Nos. of Zero Coupon Foreign Currency Convertible Bonds of US \$ 1,00,000 each aggregating to US\$ 16.5 Million on 27 Nov., 2007. These Bonds are convertible Bonds at the option of bond holders into equity shares of Rs. 10/- each fully paid at the conversion price of Rs. 315/- per share initially but now conversion price has been reset to Rs.228.04 per share, subject to the terms of issue, with a fixed exchange rate of Rs. 39.15 equal to US\$ 1.00 within 5 years and 7 days from the date of issue.

The bondholders have agreed to extend the bonds for the further period of 5 years. Bondholders have agreed to extend the period between one year to five years and interest to be paid between LIBOR + 3.50% - 5% per annum, as per the ECB guidelines. The bondholders have given their consent as stated above and the company authorize dealer has submitted the documents to Reserve Bank of India (RBI), accordingly.

The Company is still in process of issue of new Bonds of US\$ 8.046 Million from 30, November 2013. However application for this B series bonds have been filed to RBI. These Bonds are convertible Bonds at the option of bond holders into equity share of Rs.2/- each fully paid at the conversion price of Rs.28.85 per share, subject to the term of issue within 3 years from the date of issue.



**10) INSURANCE CLAIM :**

Sharon has claimed Rs. 3,869.57 Lacs as insurance claim from New India Assurance Company Limited for the loss due to fire in its factory during FY 2013-14. During the FY 2014-15 New India Assurance Company Limited has paid Rs. 1,000 Lacs to Sharon.

**11) US FDA:**

The months of July & August were exciting times with the US FDA conducting a surprise audit of both the API Facility in Taloja and also the Formulation Facility in Dehradun. Although, there has been no conclusion by the US FDA to our responses submitted against the Inspection findings, we believe there will be no serious difficulty in closing out the same with the US FDA in due course once we pay the GDUFA Fees (\$ 768,075.83) which are outstanding.

**12) DISCLAIMER:**

Statements in this “Management Discussion and Analysis” describing the Company's objectives, projections, estimates, plans or predictions or industry conditions or events may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include Global and Indian demand, supply conditions, finished goods prices, feedstock availability and prices, and competitors' pricing in the Company's principal market, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour unrest or other difficulties. The Company assumes no responsibility to publicly update, amend, modify or revise any forward looking statements, on the basis of any subsequent development, new, information or future events or otherwise except as required by applicable law.

**13) MISSION AND BUSINESS STRATEGY :**

**a.) Our Vision:**

We aim at earning the reputation of being a reliable manufacturer and a force to reckon with the area of production of Chemical Intermediates, Bulk Actives and Pharmaceutical Formulations. We aim at being considered a benchmark when it comes to production efficiency & excellence across the globe. We see ourselves in the future as contributing to the success of our customers

**b.) Our Mission:**

While aligning all short and long-term strategies with our 'Vision' we shall, put our best foot forward in our R&D efforts to develop important generic alternatives for new drugs.

Create an operations environment that balances key objectives, quality and costs with a resultant outcome that gives us the competitive advantage.

Delivering superior customer service and shareholder value.

“Dedicate ourselves to the pursuit of providing a respectful and rewarding work environment for our employees.





# Independent Auditors Report

To,  
The Members of  
M/s **SHARON BIO-MEDICINE LIMITED**,

## Report on the Financial Statements

We have audited the accompanying financial statements of **SHARON BIO-MEDICINE LTD.** ("the Company"), which comprise the Balance Sheet as at June 30, 2015, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We have conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

## Auditor's Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid



financial statements give the information required by the Act 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 June 30, 2015 and
- b. In the case of Statement of Profit & Loss, of the loss for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014.
  - e. On the basis of written representations received from the directors as on June 30, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i. The Company has pending litigations on its financial position in its financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
    - iii. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Shyam C. Agrawal & Co.** Chartered Accountants  
Firm Registration No.110243W

Sd/-

**Shyam C. Agrawal**

Proprietor

Membership No. 031774

Place : MUMBAI

Date : 29/08/2015



## **Annexure to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the company on the financial statements for the year ended 30<sup>th</sup> June, 2015, we report that:

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- 2) In respect of company's inventories:
  - a) As explained to us the stock of shares and securities have been physically verified by the management at reasonable intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
- 3) (a) As per information furnished, the Company has not granted interest free unsecured loans, to wholly owned subsidiary company during the year. The Maximum amount outstanding during the year was Rs. 8.39 Lacs and the yearend balance of such loan was Rs. 8.39 Lacs.
- (b) In our opinion, other terms and conditions on which loans have been granted to wholly owned subsidiary company are not, prime facie, prejudicial to the interest of the company.
- (c) In the case of loans granted to wholly owned subsidiary company, where stipulation have been made, the borrower has not been regular in repaying the principal amounts as stipulated.
- (d) There is no overdue amount of more than Rupees One Lacs in respect of loan granted to parties covered in the register maintained under section 189 of the companies Act, 2013
- (e) As per information furnished, the Company has taken Interest Free unsecured loan from parties covered under section 189 of the companies Act, 2013 during the year. The Maximum amount outstanding during the year was Rs. 4508.31 Lacs and the yearend balance of such loan was Rs. 4,131.62 Lacs.
- (f) In our opinion, other terms and conditions on which loans have been taken from parties covered in the register maintained under section 189 of the companies Act, 2013 , prime facie, are not prejudicial to the interest of the company.
- (g) The Company has been regular in repaying the principal amount as stipulated, wherever stipulation exists.
- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories, fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- 5) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and the rules made there under.
- 6) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section (1) of section 148 of the Companies Act, 2013 in relation to products manufactured, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
- 7) a. According to the information and explanations given to us and based on the records of the company examined by us undisputed statutory dues including provident fund, employee's state insurance, sales-tax, wealth tax, service



tax, custom duty, excise duty, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. However in case of Statutory dues including income tax & dividend distribution tax of Rs. 242.01 Lacs have remained outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

- b. According to information and explanation given to us and based on the records of the company examined by us there are no dues of income tax which have not been deposited on account of any disputes.
  - c. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 8) The company has incurred Cash Losses of Rs. 20,660.48 lacs during the financial year covered by our audit or in the immediately preceding financial year.
  - 9) According to the records of the company examined by us and as per the information and explanations given to us, the company has availed Rs.1526.00 Lacs loans from banks and has not issued any debentures during the year.
  - 10) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year
  - 11) In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year.
  - 12) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have we been informed of any such instance by the Management.
  - 13) The company has issued 1,61,11,000 Convertible warrants of Rs. 2/- each at a premium of Rs.48/- each during the year in two stages. i.e. 67,15,400 convertible warrants issued on 30/03/2015 & 66,51,300 convertible warrants issued on 10/06/2015. Out of warrants issued at second stage 27,44,300 convertible warrants of Rs. 2/- each is still pending for allotment.
  - 14) During the year, Company's debt was restructured under the JLF Mechanism. The consortium of bankers at its meeting held on March 17, 2015 had approved the Restructuring package of the Company with the cut-off date as September 01, 2014  

The Restructured package includes inter alia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of excess drawing power in C.C. and O.D. accounts including devolved letter of credit and standby letter of credit into working capital Term Loan [WCTL] and additional infusion of funds by the promoters, etc.

The company has passed the necessary entries in the books based on the terms of the restructuring package and accounted for the same as on the reporting date. Any difference in the interest/other charges as agreed in the restructuring package shall be adjusted on final determination.
  - 15) There was fire occurred in one of the Plant of the company during the previous year which results into a Loss of Stock & Fixed Assets. Insurance claim has been filed by the company for Rs. 3,869.57 Lacs out of which Rs.10,00.00 Lacs has been received & balance is still receivable.
  - 16) 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.

Place : MUMBAI  
Date : 29/08/2015

For **SHYAM C. AGRAWAL & CO.**  
Chartered Accountants  
Firm Registration No. 110243W  
Sd/-  
**Shyam C. Agrawal**  
Proprietor  
Membership No.031774



## Balance Sheet as at 30<sup>th</sup> June 2015

|            | Particulars                        | Note No. | 30/06/2015<br>₹ in Lacs | 30/06/2014<br>₹ in Lacs |
|------------|------------------------------------|----------|-------------------------|-------------------------|
| <b>I</b>   | <b>EQUITY AND LIABILITIES</b>      |          |                         |                         |
| (1)        | <b>Shareholders fund</b>           |          |                         |                         |
|            | (a) Share Capital                  | 1        | 2,378.71                | 2,111.38                |
|            | Convertible Warrants               |          | 1,372.15                | 8,055.50                |
|            | (b) Reserves and Surplus           | 2        | 8,056.98                | 24,227.38               |
|            |                                    |          | <b>11,807.85</b>        | <b>34,394.26</b>        |
| (2)        | <b>Non Current Liabilities</b>     |          |                         |                         |
|            | (a) Long term borrowings           | 3        | 51,924.22               | 29,141.93               |
|            | (b) Deferred Tax Liabilities (Net) |          | 1,196.72                | 1,045.00                |
|            | (c) Long Term Provisions           | 4        | 40.30                   | 52.94                   |
|            |                                    |          | <b>53,161.24</b>        | <b>30,239.87</b>        |
| (3)        | <b>Current Liabilities</b>         |          |                         |                         |
|            | (a) Short term borrowings          | 5        | 30,184.23               | 43,396.44               |
|            | (b) Trade Payables                 | 6        | 5,459.92                | 6,116.72                |
|            | (c) Other Current Liabilities      | 7        | 537.16                  | 269.87                  |
|            | (d) Short term provision           | 8        | -                       | 1,745.64                |
|            |                                    |          | <b>36,181.31</b>        | <b>51,528.66</b>        |
|            | <b>Total</b>                       |          | <b>101,150.40</b>       | <b>116,162.79</b>       |
| <b>II.</b> | <b>ASSETS</b>                      |          |                         |                         |
| (1)        | <b>Non Current Assets</b>          |          |                         |                         |
|            | (a) <b>Fixed Assets</b>            |          |                         |                         |
|            | (i) Tangible Assets                | 9        | 33,210.45               | 32,501.90               |
|            | (ii) Capital Work-in-progress      | 10       | -                       | 1,492.77                |
|            | (b) Non Current Investments        | 11       | 103.55                  | 123.24                  |
|            | Long Term Loans & Advances         | 12       | -                       | -                       |
|            | Other Non Current Assets           | 13       | 952.43                  | 810.33                  |
|            |                                    |          | <b>34,266.42</b>        | <b>34,928.23</b>        |
| (2)        | <b>Current Assets</b>              |          |                         |                         |
|            | (a) Inventories                    | 14       | 30,142.34               | 32,245.02               |
|            | (b) Trade receivables              | 15       | 31,501.83               | 41,431.08               |
|            | (c) Cash and Cash equivalents      | 16       | 1,598.60                | 1,227.33                |
|            | (d) Short term Loans and Advances  | 17       | 3,641.20                | 6,331.12                |
|            |                                    |          | <b>66,883.97</b>        | <b>81,234.55</b>        |
|            | <b>Total</b>                       |          | <b>101,150.40</b>       | <b>116,162.79</b>       |

### Significant Accounting Policies

All Notes to Accounts from Note No. "1 to 25" form part of the Financial Statement

As per our Report of Even Date

For **SHYAM C. AGRAWAL & CO.**

Chartered Accountants

Firm Registration No. 110243W

Sd/-

**Shyam C. Agrawal** Proprietor

Membership No. 31774

Place: MUMBAI

Dated: 29<sup>th</sup> August, 2015

**A**

For **SHARON BIO-MEDICINE LTD.**

For and on behalf of the board

Managing Director

**Savita Satish Gowda**

Sd/-

Director & CFO

**Lalit Misra**

Sd/-

Company Secretary

**Viral Vora**

Sd/-



## Profit and Loss Statement for the year ended 30<sup>th</sup> June 2015

| Particulars  | Note No. | 30/06/2015<br>₹ in Lacs | 30/06/2014<br>₹ in Lacs |
|--|----------|-------------------------|-------------------------|
| <b>I. Revenue</b>  |          |                         |                         |
| Revenue from operations                                  | 18       | 83,395.46               | 131,376.83              |
| <b>II. Other Income</b>                                  | 19       | 263.21                  | 167.71                  |
| <b>III. Total Revenue (I + II)</b>                       |          | <b>83,658.66</b>        | <b>131,544.54</b>       |
| <b>IV. Expenses</b>                                      |          |                         |                         |
| Purchase of Raw Material & Traded Goods                  | 20       | 78,747.06               | 117,496.19              |
| Changes in inventories                                   | 21       | 2,102.68                | (6,221.38)              |
| Employee benefit expense                                 | 22       | 1,982.87                | 1,887.39                |
| Finance costs  | 23       | 9,364.48                | 5,862.76                |
| Depreciation and amortisation expense                    | 9        | 1,925.93                | 1,535.44                |
| Other expenses   | 24       | 3,991.89                | 2,508.76                |
| <b>Total Expenses</b>                                    |          | <b>98,114.91</b>        | <b>123,069.15</b>       |
| <b>V. Profit/(Loss) before Exceptional Items and Tax</b> |          | (14,456.25)             | 8,475.39                |
| <b>VI. Exceptional Items</b>                             | 25       | 7,663.80                | -                       |
| <b>VII. Profit/(Loss) before Tax (V-VI)</b>              |          | <b>(22,120.05)</b>      | <b>8,475.39</b>         |
| <b>VIII. Tax Expenses:</b>                               |          |                         |                         |
| (1) Current Tax  |          | -                       | 1,301.00                |
| (2) MAT Credit   |          | -                       | -                       |
| (3) Deferred Tax   |          | 151.73                  | 212.66                  |
| (4) Excess / Short Provision for Income Tax              |          | 314.64                  | -                       |
| <b>IX. Profit/ (Loss) for the Year</b>                   |          | <b>(22,586.41)</b>      | <b>6,961.72</b>         |
| <b>X. Earnings per share:</b>                            |          |                         |                         |
| (1) Basic (Rs)   |          | <b>(16.97)</b>          | <b>5.23</b>             |
| (2) Diluted (Rs)   |          | <b>(11.91)</b>          | <b>3.69</b>             |

### Significant Accounting Policies

All Notes to Accounts from Note No. "1 to 25" form part of the Financial Statement

As per our Report of Even Date

For **SHYAM C. AGRAWAL & CO.**

Chartered Accountants

Firm Registration No. 110243W

Sd/-

**Shyam C. Agrawal**

Proprietor

Membership No. 31774

Place: MUMBAI

Dated: 29<sup>th</sup> August, 2015

### A

For **SHARON BIO-MEDICINE LTD.**

For and on behalf of the board

Managing Director      **Savita Satish Gowda**      Sd/-

Director & CFO      **Lalit Misra**      Sd/-

Company Secretary      **Viral Vora**      Sd/-



## Cash Flow Statement for the year ending 30<sup>th</sup> June 2015

|   | 30/06/2015<br>₹ in Lacs | 30/06/2014<br>₹ in Lacs |
|---|-------------------------|-------------------------|
| <b>A. Cash flow from operating activities</b>                 |                         |                         |
| Profit before tax   | (14,456.25)             | 8,475.39                |
| Depreciation  | 1,872.78                | 1,526.16                |
| Interest income   | (62.85)                 | (167.71)                |
| Income Tax  | (314.64)                | (1,301.00)              |
| Interest expense  | 9,364.48                | 5,862.76                |
| Exceptional Item  | (7,663.80)              | -                       |
| <b>Operating profit before working capital changes</b>        | <b>11,260.29</b>        | <b>14,395.59</b>        |
| (Increase)/Decrease in Inventory                              | 2,102.68                | (6,221.38)              |
| (Increase)/Decrease in Debtors                                | 9,929.25                | (5,921.19)              |
| Increase in creditors   | (656.80)                | 132.60                  |
| Increase in provisions  | (1,491.00)              | 401.87                  |
| Decrease/(Increase) in loans & advances                       | 2,547.83                | (3,872.19)              |
| Interest Paid   | (9,364.48)              | (5,862.76)              |
| <b>Net cash generated from operation</b>                      | <b>3,067.49</b>         | <b>(21,343.04)</b>      |
| <b>B. Cash flow from investing activities</b>                 |                         |                         |
| Purchase of fixed assets                                      | (1,088.56)              | (3,180.68)              |
| Receipt of interest   | 62.85                   | 167.71                  |
| Decrease/(Increase) in Investments                            | 19.69                   | 275.00                  |
| <b>Net cash used in investing activities</b>                  | <b>(1,006.02)</b>       | <b>(2,737.96)</b>       |
| <b>C. Cash flow from financing activities</b>                 |                         |                         |
| Proceeds from loans - Secured                                 | 5,273.79                | 11,722.53               |
| Proceeds from loans - Unsecured                               | 4,296.31                | (3,572.98)              |
| Increase Preferential Dividend Warrants                       | (6,683.35)              | 2,580.50                |
| Proposed Dividend   | -                       | (380.05)                |
| Tax on Distributed Profit                                     | -                       | (64.59)                 |
| Increase in Share Capital                                     | 267.33                  | -                       |
| Increase in Share Premium                                     | 6,416.02                | -                       |
| <b>Net cash (used in)/generated from financing activities</b> | <b>9,570.09</b>         | <b>10,285.41</b>        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>371.27</b>           | <b>599.99</b>           |
| Cash and cash equivalents at the beginning of the year        | 1,227.33                | 627.34                  |
| Cash and cash equivalents at the end of the year              | <b>1,598.60</b>         | <b>1,227.33</b>         |
| Cash & Bank Balances (as per schedule: 16)                    | <b>1,598.60</b>         | <b>1,227.33</b>         |
| Less : Deposits with maturity more than 3 months              | 689.19                  | 184.52                  |
| Cash & Cash Equivalents for Cash Flow Statement               | 909.41                  | 1,042.81                |

As per our Report of Even Date  
For **SHYAM C. AGRAWAL & CO.**  
Chartered Accountants  
Firm Registration No. 110243W  
Sd/-

**Shyam C. Agrawal**  
Proprietor  
Membership No. 31774  
Place: MUMBAI  
Dated: 29<sup>th</sup> Aug, 2015

For **SHARON BIO-MEDICINE LTD.**  
For and on behalf of the board

|                   |                            |      |
|-------------------|----------------------------|------|
| Managing Director | <b>Savita Satish Gowda</b> | Sd/- |
| Director & CFO    | <b>Lalit Misra</b>         | Sd/- |
| Company Secretary | <b>Viral Vora</b>          | Sd/- |



**Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>   | <b>30/06/2015</b>        | 30/06/2014              |
|--|--------------------------|-------------------------|
| <b>1. SHARE CAPITAL</b>  |                          |                         |
| <b>Authorised</b>  |                          |                         |
| 17,50,00,000 Equity Share of Rs.2/- each<br>(Previous year: 2,02,50,000 Equity Share of Rs.2/- each) | <b>3,500.00</b>          | 3,500.00                |
| <b>Issues, Subscribed and Fully Paid up</b>  |                          |                         |
| 11,89,35,700 (Previous Year 10,55,69,000) Equity Shares<br>of Rs.2/- Each fully paid up.             | 2,111.38                 | 2,111.38                |
| Shares Issued during the Year<br>(133,66,700 Shares of Rs.2/- issued during year)                    | 267.33                   | -                       |
| <b>Total</b>   | <b><u>2,378.71</u></b>   | <b><u>2,111.38</u></b>  |
| <b>2. RESERVES AND SURPLUS</b>   |                          |                         |
| <b><u>Share Premium Account</u></b>  |                          |                         |
| Balance as per Last Balance Sheet  | 1,522.50                 | 1,522.50                |
| Add : Addition on account of conversion of Share Warrants  | 6,416.02                 | -                       |
| Closing Balance  | <b><u>7,938.52</u></b>   | <b><u>1,522.50</u></b>  |
| <b><u>Reinstatement of Fixed Asset Reserve</u></b>   |                          |                         |
| Balance as per Last Balance Sheet  | 903.94                   | 903.94                  |
| Add : Transfer from Statement of Profit & Loss   | -                        | -                       |
| Closing Balance  | <b><u>903.94</u></b>     | <b><u>903.94</u></b>    |
| <b><u>Revaluation Reserves</u></b>   |                          |                         |
| Balance as per Last Balance Sheet  | 36.25                    | 36.25                   |
| (Less) : Reversal on account of sale of asset  | -                        | -                       |
| Closing Balance  | <b><u>36.25</u></b>      | <b><u>36.25</u></b>     |
| <b><u>General Reserve</u></b>  |                          |                         |
| Balance as per Last Balance Sheet  | 3,123.19                 | 3,178.88                |
| Add : Transfer from Statement of Profit & Loss   | -                        | 1,000.00                |
| (Less) : Reversal on account of issue of Bonus Shares  | -                        | 1,055.69                |
| Closing Balance  | <b><u>3,123.19</u></b>   | <b><u>3,123.19</u></b>  |
| <b><u>Statement of Profit &amp; Loss</u></b>   |                          |                         |
| Balance as per Last Balance Sheet  | 18,641.50                | 13,124.41               |
| Add : Surplus / (Loss) as per Statement of Profit & Loss   | (22,586.41)              | 6,961.72                |
| Closing Balance  | <b><u>(3,944.91)</u></b> | <b><u>20,086.14</u></b> |
| <b><u>Less : Appropriations</u></b>  |                          |                         |
| General Reserve  | -                        | 1,000.00                |
| Proposed Dividend  | -                        | 380.05                  |
| Tax on Dividend  | -                        | 64.59                   |
|  | -                        | 1,444.64                |
|  | <b><u>(3,944.91)</u></b> | <b><u>18,641.50</u></b> |
| <b>Total</b>   | <b><u>8,056.98</u></b>   | <b><u>24,227.38</u></b> |





**Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>   | <b>30/06/2015</b>       | 30/06/2014              |
|--|-------------------------|-------------------------|
| <b>3. Long term Borrowings</b>   |                         |                         |
| <b>Secured</b>   |                         |                         |
| Term Loans From Banks<br>(Term Loans are secured by First charge on<br>Fixed Assets & Second charge on Current Assets.)                            | 30,946.36               | 12,455.78               |
| Term Loans from Others - Vehicle Loans   | 2.24                    | 6.84                    |
| <b>Unsecured</b>   |                         |                         |
| Loans & Advance from Related Parties   | 4,131.62                | 1,381.40                |
| Other Loans & Advances - FCCB  | 16,844.00               | 15,297.91               |
| <b>Total</b>   | <b><u>51,924.22</u></b> | <b><u>29,141.93</u></b> |
| <b>4. Long term Provisions</b>   |                         |                         |
| Provision for Employee benefits  | 40.30                   | 52.94                   |
|  | <b><u>40.30</u></b>     | <b><u>52.94</u></b>     |
| <b>5. Short term Borrowings</b>  |                         |                         |
| <b>Secured</b>   |                         |                         |
| Working Capital Facilities from Banks<br>(Working Capital Loans are secured by First charge on<br>Current Assets & Second charge on Fixed Assets.) | 30,184.23               | 43,396.44               |
|  | <b><u>30,184.23</u></b> | <b><u>43,396.44</u></b> |
| <b>6. Trade Payables</b>   |                         |                         |
| Creditors for Goods & Expenses   | 5,459.92                | 6,116.72                |
|  | <b><u>5,459.92</u></b>  | <b><u>6,116.72</u></b>  |
| <b>7. Other Current Liabilities</b>  |                         |                         |
| Unpaid Dividends   | 1.43                    | 1.43                    |
| <b>Other Payables</b>  |                         |                         |
| Statutory Liabilities  | 172.25                  | 71.16                   |
| Outstanding Expenses   | 363.48                  | 197.29                  |
|  | <b><u>537.16</u></b>    | <b><u>269.87</u></b>    |
| <b>8. Short term Provisions</b>  |                         |                         |
| <b>Provision for Others</b>  |                         |                         |
| Provision for Tax  | -                       | 1,301.00                |
| Provision for Proposed Dividend  | -                       | 380.05                  |
| Provision for Dividend Tax   | -                       | 64.59                   |
|  | <b><u>-</u></b>         | <b><u>1,745.64</u></b>  |



**Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| Particulars | 30/06/2015 | 30/06/2014 |
|-------------|------------|------------|
|-------------|------------|------------|

**9. Fixed Assets under Non Current Assets**

| Fixed Assets                 | Gross Block                 |                           |                |                     | Accumulated Depreciation |                    |                |                           | Net Block         |                     |
|------------------------------|-----------------------------|---------------------------|----------------|---------------------|--------------------------|--------------------|----------------|---------------------------|-------------------|---------------------|
|                              | Balance as on<br>01.07.2014 | Additions/<br>Adjustments | Deletion       | As on<br>30.06.2015 | As on<br>1.7.2014        | During the<br>Year | Deletion       | Accumulated<br>30.06.2015 | As on<br>1.7.2014 | As on<br>30.06.2015 |
| <b>Tangible Assets</b>       |                             |                           |                |                     |                          |                    |                |                           |                   |                     |
| Land                         | 1,203.35                    | -                         | -              | 1,203.35            | -                        | -                  | -              | -                         | 1,203.35          | 1,203.35            |
| Building                     | 7,103.01                    | 299.21                    | -              | 7,402.23            | 766.54                   | 244.30             | -              | 1,010.84                  | 6,336.48          | 6,391.39            |
| Office premises              | 2,992.01                    | 309.36                    | -              | 3,301.36            | -                        | 52.59              | -              | 52.59                     | 2,992.01          | 3,248.77            |
| Plant & machinery            | 22,775.31                   | 1,772.98                  | -              | 24,548.29           | 3,879.84                 | 1,154.87           | -              | 5,034.70                  | 18,895.48         | 19,513.59           |
| Lab equipments               | 1,784.73                    | 31.05                     | -              | 1,815.78            | 256.41                   | 179.65             | -              | 436.06                    | 1,528.32          | 1,379.72            |
| Electrical fittings          | 1,140.56                    | 163.86                    | -              | 1,304.42            | 238.32                   | 127.81             | -              | 366.13                    | 902.25            | 938.29              |
| Office equipment             | 201.39                      | 47.78                     | -              | 249.17              | 42.55                    | 45.81              | -              | 88.37                     | 158.84            | 160.80              |
| Motor car                    | 249.31                      | 2.91                      | (51.93)        | 200.29              | 108.02                   | 31.50              | (43.87)        | 95.64                     | 141.30            | 104.65              |
| Furniture & fixture          | 402.45                      | -                         | -              | 402.45              | 127.44                   | 40.24              | -              | 167.68                    | 275.01            | 234.77              |
| Computer                     | 235.12                      | 6.11                      | -              | 241.23              | 166.24                   | 39.87              | -              | 206.10                    | 68.88             | 35.13               |
| <b>Total-Tangible Assets</b> | <b>38,087.24</b>            | <b>2,633.26</b>           | <b>(51.93)</b> | <b>40,668.57</b>    | <b>5,585.34</b>          | <b>1,916.65</b>    | <b>(43.87)</b> | <b>7,458.12</b>           | <b>32,501.90</b>  | <b>33,210.45</b>    |
| Previous year                | 31,787.41                   | 7,428.28                  | 1,128.44       | 38,087.24           | 4,632.88                 | 1,526.16           | 573.69         | 5,585.34                  | 32,501.90         | 27,154.53           |

|   |                  |                  |
|---|------------------|------------------|
| <b>10. Capital Work in progress</b>     | -                | <u>1,492.77</u>  |
| <b>11. Non Current Investments</b>      |                  |                  |
| <b>Investment in Equity Instruments</b> |                  |                  |
| <b>Domestic Subsidiaries</b>            | -                | -                |
| <b>Investment of Gratuity Fund</b>      | 33.26            | 52.94            |
| <b>Overseas Subsidiary</b>              |                  |                  |
| Yusur International FZE                 | 64.55            | 64.55            |
| Sharon GMBH                             | 5.74             | 5.74             |
|   | <u>103.55</u>    | <u>123.24</u>    |
| <b>12. Long term Loans and Advances</b> |                  |                  |
| <b>Unsecured, Considered Good</b>       |                  |                  |
| Advances recoverable in cash            | -                | -                |
| <b>13. Other Non Current Assets</b>     |                  |                  |
| Income Tax - Tax deducted at source     | 231.83           | 201.36           |
| VAT Receivable                          | 701.95           | 607.34           |
| Staff Advances                          | 2.08             | 1.64             |
| Prepaid Expenses                        | 16.57            | -                |
|   | <u>952.43</u>    | <u>810.33</u>    |
| <b>14. Inventories</b>                  |                  |                  |
| Raw Material                            | 11,246.37        | 10,615.03        |
| Work in Process                         | 9,628.01         | 9,006.16         |
| Finished Goods                          | 8,619.31         | 11,705.33        |
| Consumables, Stores & Tools             | 648.65           | 918.51           |
|   | <u>30,142.34</u> | <u>32,245.02</u> |



**Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>                                       | <b>30/06/2015</b> | 30/06/2014        |
|--|-------------------|-------------------|
| <b>15. Trade Receivables</b>                             |                   |                   |
| (Unsecured, Considered Good)                             |                   |                   |
| Outstanding for more than six months                     | 4,942.28          | 2,105.80          |
| Outstanding for more than six months Considered Doubtful | 10,924.83         | -                 |
|  | <u>15,867.11</u>  | <u>2,105.80</u>   |
| Outstanding for Less than six months                     | 15,634.72         | 39,325.28         |
|  | <u>31,501.83</u>  | <u>41,431.08</u>  |
| <b>16. Cash and Bank Balances</b>                        |                   |                   |
| <b>Cash and Cash Equivalents</b>                         |                   |                   |
| Balances with Banks                                      | 903.36            | 1,015.24          |
| Cash on hand   | 6.05              | 27.57             |
|  | <u>904.41</u>     | <u>1,042.81</u>   |
| <b>Other Bank Balances</b>                               |                   |                   |
| Fixed Deposit / Margin Money                             | 689.19            | 184.52            |
|  | <u>1,598.60</u>   | <u>1,227.33</u>   |
| <b>17. Short Term Loans and Advances</b>                 |                   |                   |
| Advances recoverable in cash or kind                     | 3,565.35          | 6,263.48          |
| Security Deposits  | 75.85             | 67.64             |
|  | <u>3,641.20</u>   | <u>6,331.12</u>   |
| <b>18. Revenue from operations</b>                       |                   |                   |
| Exports (Including Deemed Exports)                       | 10,537.87         | 9,413.07          |
| Local  | 71,991.59         | 119,021.38        |
| Insurance Claim Against Stock                            | -                 | 2,215.66          |
| Direct Income  | 866.00            | 726.72            |
|  | <u>83,395.46</u>  | <u>131,376.83</u> |
| <b>19. Other Income</b>                                  |                   |                   |
| Commission Received                                      | 59.25             | 79.29             |
| Profit on Sale of Fixed Assets                           | 3.89              | -                 |
| Interest & Other Income                                  | 200.07            | 88.42             |
|  | <u>263.21</u>     | <u>167.71</u>     |
| <b>20. Purchase of Raw Material &amp; Traded Goods</b>   | 78,747.06         | 117,496.19        |
| Other Expenses   | -                 | -                 |
|  | <u>78,747.06</u>  | <u>117,496.19</u> |
| <b>21. Changes in Inventory</b>                          |                   |                   |
| Opening Stock  | 32,245.02         | 26,023.64         |
| Less: Closing Inventories                                | 30,142.34         | 32,245.02         |
| Net (Increase) / Decrease in Inventory                   | <u>2,102.68</u>   | <u>(6,221.38)</u> |



**Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>                     | <b>30/06/2015</b>      | 30/06/2014             |
|--|------------------------|------------------------|
| <b>22. Employee benefit expense</b>    |                        |                        |
| Payment to and Provision for Employees |                        |                        |
| Salary, Bonus & Allowances             | 1,824.95               | 1,762.11               |
| Contribution To P.F.& Other Funds      | 63.74                  | 45.72                  |
| Staff Welfare                          | 90.51                  | 76.48                  |
| Gratuity                               | 3.67                   | 3.09                   |
|  | <u><b>1,982.87</b></u> | <u><b>1,887.39</b></u> |
| <b>23. Finance costs</b>               |                        |                        |
| Bank Interest (Net)                    | 7,551.31               | 5,851.80               |
| Exchange Difference (Net)              | 1,789.34               | -                      |
| Other Finance Expenses                 | 23.82                  | 10.96                  |
|  | <u><b>9,364.48</b></u> | <u><b>5,862.76</b></u> |
| <b>24. Other expenses</b>              |                        |                        |
| Power & Fuel Expenses                  | 913.77                 | 876.81                 |
| Repairs Maintenance                    | 362.19                 | 247.39                 |
| Factory Expenses                       | 828.19                 | 117.67                 |
| Research & Development                 | 204.63                 | 248.55                 |
| Audit Fees                             | 8.65                   | 5.00                   |
| Telephone Expenses                     | 14.70                  | 16.71                  |
| General Expenses                       | 56.37                  | 49.98                  |
| Printing & Stationery                  | 40.02                  | 61.19                  |
| Traveling Expenses                     | 113.32                 | 156.20                 |
| Rent, Rates & Taxes                    | 209.42                 | 60.50                  |
| Legal & Professional Charges           | 343.97                 | 150.98                 |
| Product Registration Expenses          | 80.51                  | 7.40                   |
| Cost of Sales                          | 152.83                 | -                      |
| Car Expenses                           | 35.86                  | 33.35                  |
| Advertisement Expenses                 | 7.25                   | 7.36                   |
| Conveyance                             | 54.83                  | 47.47                  |
| Stock Exchange Listing Fees            | 5.53                   | 3.88                   |
| Insurance                              | 113.08                 | 20.50                  |
| Directors Remuneration                 | 76.08                  | 61.82                  |
| Brokerage & Commission                 | 270.93                 | 225.55                 |
| Postage & Telegram Charges             | 13.21                  | 12.36                  |
| Business Promotions Expenses           | 60.14                  | 55.94                  |
| Exhibition Expenses                    | 26.40                  | 42.15                  |
|  | <u><b>3,991.89</b></u> | <u><b>2,508.76</b></u> |
| <b>25. Exceptional Item</b>            |                        |                        |
| Loss on Sale of Fixed Assets           | 0.45                   | -                      |
| Debtors Written Off                    | 7,663.35               | -                      |
|  | <u><b>7,663.80</b></u> | <u><b>-</b></u>        |



## Annexure - A

### Significant Accounting Policies

#### 1. **Basis for Preparation of Financial Statements :**

The financial statements of the company have been prepared in accordance with generally accepted accounting Principles in India (Indian GAAP) to comply with accounting standards notified under section 211 (3C) of the companies act, 1956 (which continues to be applicable in respect of section 133 of new companies act, 2013 in term of general circular 15/2013 dated September, 13, 2013 of the ministry of corporate affairs) and the relevant provisions of Companies Act, 1956 and 2013 Act, as applicable. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting

#### 2. **Revenue Recognition :**

Sales of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods. Exports sales are recognized on the basis of Shipping/Airway Bills. Sales stated are excluding sales tax and net of returns.

#### 3. **Use of Estimates :**

The presentation of financial statement in conformity with the generally accepted principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

#### 4. **Fixed Assets :**

- Tangible Fixed Assets are stated at their historical cost, adjusted by revaluation of certain land & building less provision for impairment losses, if any, depreciation, amortization and adjustments on account of foreign exchange fluctuations in respect of changes in rupee liability of foreign currency loans used for acquisition of fixed assets.
- Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of intangible asset comprises its purchase price including import duties and other taxes, other attributable direct expenses making the asset ready for its intended use.
- Borrowing cost eligible for Capitalization, incurred in respect of acquisition/construction of a qualifying assets, till the asset is substantially ready for use, are capitalized as part of the cost of that assets.
- Pre operative, Trial run and incidental expenses relating to the projects are carried forward to be capitalized and apportioned to various assets on commissioning of the Project.

#### 5. **Depreciation :**

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

|                   |             |                      |          |
|-------------------|-------------|----------------------|----------|
| Buildings         | 22-25 years | Electrical Fittings  | 10 years |
| Plant & Machinery | 20 years    | Computer Equipment   | 6 years  |
| Office Equipment  | 5 years     | Furniture & Fixtures | 10 years |
| Lab Equipment     | 10 years    | Vehicles             | 8 years  |

#### 6. **Inventories :**

Items of inventories are valued on the basis given below:



**Raw Materials and Packing Materials:** at Cost net of CENVAT/VAT computed on first-in - first out method. Bulk Drugs produced for captive consumption are valued at cost.

**Work in process and Finished Goods:** at Cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in- process and the same or realizable value, whichever is lower in case of finish goods except physician samples which are valued at cost as computed above.

**Stores and Spares:** Stores and spares parts are valued at purchase cost.

7. **Foreign currency transaction :**

Foreign currency assets and liabilities are translated at exchange rate prevailing on the last working day of accounting year. Gain or loss on the restatement of foreign currency transaction or on cancellation of forward contract, if any, is reflected in the Profit and Loss account except gain or loss relating to acquisition of fixed assets which is adjusted to the carrying cost of fixed assets.

Transaction in Foreign Currency is recorded in the Books of Account in Indian Rupee at the rate of exchange prevailing on the date of transaction.

8. **Investments :**

Long Term Investments are Valued at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management,.

9. **Miscellaneous Expenditure :**

Preliminary Expenses & Public Issue Expenses are amortized in five equal yearly Installments

10. **Borrowing Cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of times to get ready for it's intend use. All other borrowing costs are charged to revenue.

11. **Earning per Share :**

The Company reports basic and diluted earning per share in accordance with Accounting Standard 20 on Earnings per Share. Basic earning per share is computed by dividing the net profit or Loss for the period by the weighted average number of Equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity shares during the period as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

12. **Taxation :**

**Current Tax:** Current Tax is calculated as per the provisions of the Income Tax Act, 1961

**Deferred Tax:** Deferred tax is recognized on timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are subject to the consideration of prudence are recognized and carried forward only to the extent that there is reasonably certainly that sufficient taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end, based on the tax rates and law enacted or substantially enacted on balance sheet date.

13. **Provisions and Contingent Liabilities :**

Provisions are recognized for present obligations, of uncertain timing or amount, arising as a result of past event where reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. Where it is not probable that an outflow of resources embodying economic benefit will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of resources embodying economic benefit is remote.



Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are so also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

#### 14. **Employee Benefits :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

##### i. **Long Term Employee Benefits**

- Retirement Benefits in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss account for the year/period when the contributions are due.
- Gratuity being a defined benefit obligation is invested with Gratuity Fund.
- Leave Encashment is recognized on the basis of payment basis at the end of the year.

##### ii. **Employees Stock Option Scheme**

The company has granted options to selected Employees including Directors under Sharon ESOS 2010. This options have been granted at Market Prevailing Rate at the time of Grant.

Employee Stock Options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed by Guidance Note on 'Accounting for Employee Share-based payments' issued by ICAI read with SEBI (Share Based Employee Benefits) Regulations, 2014 issued by SEBI. The excess of market value, if any, of the stock options as on the date of grant over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding, which is shown under Reserves and Surplus.

#### 15. **CENVAT and Service Tax Credit :**

CENVAT and Service Tax credit utilized during the year is accounted in excise duty and unutilized CENVAT/Service Tax balance at the year end is considered as advance excise duty.

### **NOTES TO ACCOUNTS :**

1. The company had issued 165 Nos. of Zero Coupon Foreign Currency Convertible Bonds of US\$ 1, 00,000 each aggregating to US\$ 16.5 Million on 27, November 2007. These Bonds are convertible Bonds at the option of bond holders into equity shares of Rs. 10/- each fully paid at the conversion price of Rs. 315/- per share initially but now conversion price has been reset to Rs. 228.04/- per share, subject to the terms of issue, with a fixed exchange rate of Rs. 39.15 equal to US\$ 1.00 within 5 years and 7 days from the date of issue.

The bondholders have agreed to extend the bonds for the further period of 5 years. Bondholders have agreed to extend the period between one year to five years and interest to be paid between LIBOR + 3.50% - 5% per annum, as per the ECB guidelines. The bondholders have given their consent as stated above and the company authorize dealer has submitted the documents to Reserve Bank of India (RBI), accordingly.

The Company is still in process of issue of new Bonds of US\$ 8.046 Million from 30, November 2013. However application for this B series bonds have been filed to RBI. These Bonds are convertible Bonds at the option of bond holders into equity share of Rs.2/- each fully paid at the conversion price of Rs.28.85/- per share, subject to the term of issue within 3 years from the date of issue.

2. In the absence of information as regards to the status/classification of the relevant enterprises into Micro, Small and Medium Enterprises, information as required under Notification No. G.S.R. 719(E) dated 16.11.2007 issued by the Department of the Company Affairs in respect of the total amount payable and amount of interest thereon paid during the year and payable at the end of the year to the Sundry Creditors could not be disclosed.



3. Contingent Liabilities not provided for :

(₹ in Lacs)

| <i>Particulars</i>  | <b>2014 - 2015</b> | 2013 - 2014 |
|---|--------------------|-------------|
| a) Letter of Credit against goods<br>(Margin Money with bank ₹..... Lacs) | -                  | 100.62      |
| b) Bank Guarantee for MPCB  | 1.00               | 15.10       |

4. The Previous Year figures have been regrouped / rearranged, wherever necessary to make them comparable with the current years' figures.

5. Sundry Debtors, Sundry Creditors, Loans & advances are subject to confirmation and reconciliation.

6. In the opinion of the Board the current assets, loans and advances are approximately of the value stated if realized in ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

7. **Installed Capacity & Its Utilisation :**

| <i>Class of Goods</i>                          | <i>Installed Capacity</i>             | <i>Utilisation</i> |
|--|---------------------------------------|--------------------|
| Active Pharma Ingredients<br>and Intermediates | 90,000 Liters of Reactors<br>Capacity | 85% (Approx)       |
| Formulation                                    | 5 bn Tablets & Capsules<br>per annum  | 68% (Approx.)      |

The licensed & installed capacities are as certified by the Management and have not been verified by the Auditors as this is a technical matter.

8. **Directors Remuneration paid :**

| <i>Name of the Directors</i>                        | <i>Salary(Rs.)</i>           | <i>Perquisite(Rs.)</i> | <i>Total(Rs.)</i>            |
|---|------------------------------|------------------------|------------------------------|
| <b>Ms. Savita Satish Gowda</b><br>Managing Director | 33,00,000/-<br>(27,50,000/-) | NIL<br>(NIL)           | 33,00,000/-<br>(27,50,000/)  |
| <b>Mr. Lalit Misra</b><br>Whole Time Director       | 33,00,000/-<br>(27,50,000/)  | NIL<br>(NIL)           | 33,00,000/-<br>(27,50,000/)  |
| <b>Mr. Vijay Kirpalani</b><br>Whole Time Director   | 10,08,000/-<br>(13,44,000/-) | NIL<br>(NIL)           | 10,08,000/-<br>(13,44,000/-) |

Figure in bracket ( ) pertains to previous year.

9. The Company has a Single Segment namely Pharmaceuticals/Chemicals. Therefore the company does not fall under different business segments as defined by AS- 17 "Segmental Reporting" issued by ICAI.

10. **Related party disclosure :**

As per Accounting Standards (AS-18) on related party disclosures issued by the Institute of Chartered Accountants of India, detailed disclosure is as follows :

i) **Details of Related Parties :**

1) Key Management Personnel

**Ms. Savita Satish Gowda** (Managing Director)

**Mr. Lalit Misra** (Whole Time Director)

**Mr. Mohan P. Kala** (Director)





- 2) Related Parties of Key Management Personnel **Mrs. Asha M. Kala**
- 3) Companies over which Key Management Personnel and their relatives have interest **M/s. Ramco Properties Pvt. Ltd.**  
**M/s. Revon Finance & Investments Pvt. Ltd.**  
**M/s. Bagulwani General Trading Pvt. Ltd.**  
**M/s. Venus Global Management & Consultancy Services Pvt. Ltd.**
- 4) Subsidiary Company **M/s. Yusur International FZE, UAE**

**11. Earnings Per Share**

(₹ in Lacs)

| Particulars                                       | 2014-2015    | 2013-2014    |
|---|--------------|--------------|
| Profit/(Loss) Attributable to Equity Shareholders | (22,586.41)  | 5,517.09     |
| Weighted average no. of Equity Share              | 11,89,35,700 | 10,55,69,000 |
| Diluted average no. of Equity Share               | 11,89,35,700 | 17,00,70,450 |
| Nominal value of Equity Share Rs.                 | 2/-          | 2/-          |
| Earning Per Share (EPS) - Basic (Rs.)             | (16.97)      | 5.23         |
| Earning Per Share (EPS) - Diluted (Rs.)           | (11.91)      | 3.69         |

**12. Deferred Tax Liability :**

Deferred Tax Liability relating to earlier years is ₹ 104,499,703/- and liability for current year is ₹ 151,72,523/-.

**13. Foreign Exchange Transactions**

(₹ in Lacs)

| Particulars  | 2014-2015 | 2013-2014 |
|--|-----------|-----------|
| A. CIF value of goods imported                           | 843.61    | 582.68    |
| B. Value of Goods Exported (FOB and service charges)     | 9,802.56  | 10,864.92 |
| C. Marketing, Reimbursement, Travelling & Other Expenses | 344.39    | 163.60    |

**14. Auditors Remuneration:**

(₹ in Lacs)

| Particulars    | 2014-2015   | 2013-2014   |
|----------------|-------------|-------------|
| Audit Fee      | 3.50        | 3.50        |
| Tax Audit Fees | 1.00        | 1.00        |
| Other Matters  | 4.15        | 0.50        |
| <b>Total</b>   | <b>8.65</b> | <b>5.00</b> |

**As per attached Report of even date**For **Shyam C. Agrawal & Co.**

Chartered Accountants

Firms Registration No. 110243W

Sd/-

**Shyam C. Agrawal**

(Proprietor)

Membership No. 031774

Place : Mumbai

Date: 29.08.2015

**For and on behalf of the board****Savita Satish Gowda (Ms.)** (Managing Director)

Sd/-

**Lalit Misra** (Director & CFO)

Sd/-

**Viral Vora** (Company Secretary)

Sd/-



## Additional Information in Pursuant to Part IV of the Shchedule VI to the Companies ACT, 1956

### Balance Sheet Abstracted and Company's General Business Profile:

#### 1. Registration Details :

- a) Registration No. : L24110MH1989PLCO52251  
b) State Code : 11  
c) Balance sheet Date : 30.06.2015

#### 2. Capital raised during the year (Rupees in Thousand) :

- a) Public Issue : Nil  
b) Right Issue : Nil  
c) Bonus Issue : Nil  
d) Private Placement : Nil  
e) Others : 26,733.40

#### 3. Position of Mobilization and Development of Funds (Rupees in Thousands) :

- a) Total Liabilites : 10,115,039.64  
b) Total Assets : 10,115,039.64  
c) Sources of Fund :  
- Paid Up Captial : 237,871.40 - Reserves & Surplus : 805,698.11  
- Secured Loans : 6,113,284.22 - Unsecured Loans : 2,097,561.46  
- Deferred Tax liability : 119,672.23 - Other Liabilities : 603,737.22  
- Convertible Share Warrants : 137,215.00  
d) Application of Founds:  
- Net Fixed Assets : 3,321,045.05 - Investments : 10,354.82  
- Net Current Assets : 3,070,266.42 - Misc. Expenditure : Nil  
- Accumulated Losses : Nil - Captial WIP : Nil

#### 4. Performance of the Company (Rupees in Thousand) :

- a) Turnover (Sales) : 8,365,866.33 b) Total Expenditure : 9,811,491.42  
c) Profit/(Loss) Before Tax : (2,212,004.99) d) Profit/(Loss) After Tax : (2,258,641.29)  
e) Earning per Share : (16.97) f) Dividend Per Share : Nil

#### 5. Generic Names of three Principal Products of the Company :

| Sr. No. | Product Description           | Item Code No.(ITC) |
|---------|-------------------------------|--------------------|
| 1.      | Timetazidine di Hydrochloride | 29214190           |
| 2.      | Ketoconzole                   | 29221900           |
| 3.      | Pentaprazole                  | 29299000           |



**YUSUR INTERNATIONAL FZE, UAE,**  
a 100% subsidiary Company.

**Directors Report**

To,  
The Members,  
**Yusur International FZE**

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended June 30, 2015.

**Financial results :**

Your Company is a wholly owned subsidiary of Sharon Bio-Medicine Limited. The business activity of the company is trading and marketing of pharmaceutical and other items. During the year under report your Company achieved a net total income of Rs.451.02 Lacs (previous year Rs.1,128.08 Lacs). The operations for the financial year have resulted in Net Loss of Rs.803.80 lacs (previous year Net Profit of Rs.70.52 Lacs).

**Dividend :**

No dividend is proposed by the Directors.

**Director's responsibility statement :**

Your Directors confirm :

- a) that in the preparation of annual accounts, the applicable accounting standards have been followed.
- b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the year ended 30<sup>th</sup> June, 2015 and the Loss of the Company for the year.
- c) that the Directors had taken proper and sufficient care 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.
- d) that the Directors have prepared annual accounts on a going concern basis.

**Particulars of Employees :**

During the year under report, the company had no employee who was in receipt of remuneration of more than Rs 24,00,000/- per annum or more than Rs 2,00,000/- per month or any part thereof.

The relationship between the company and its employees remained cordial throughout the year.

**Auditors :**

M/s Kala Deepak & Company, Chartered Accountants retire at the ensuing Annual General Meeting and have offered themselves for re-appointment.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :**

During the year under review, the Company has not carried out any manufacturing activities. Therefore, information required pursuant to Section 217(1)(e) of the Companies Act, 1956 are not applicable.

**For and on behalf of the Board**

**Mohan. P. Kala (C.A)**

Sd/-

Manager



## Auditors Report to the Members of Yusur International, FZE, UAE

1. We have audited the attached Balance Sheet of M/s Yusur International FZE, UAE as at 30<sup>th</sup> June, 2015 and the Profit and Loss Account of the Company along with Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of master auditing, Chartered International Accountant, UAE and have carried out such further checks as 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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Since the company is a not foreign company as defined in Section 591 of the Companies Act, 1956, 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, does not apply and hence the matters specified therein are not reported upon.
4. Further to our comments above, we report that :
  - i. We have obtained all the information and explanations, 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 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 dealt with by this report are in agreement with the books of accounts.
  - iv. These accounts are prepared to comply with the requirements of the Companies Act, 1956 relating to the subsidiary and holding company disclosure requirements.
  - v. In our opinion, the Balance sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - vi. Since the appointment of directors to this company are not governed by the provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1) (g) of the Companies Act, 1956 does not apply to this company.
  - vii. In our opinion and to the best of our information and according to the explanation given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act 1956 in the manner so require and give a true and fair view :
    - (a) in the case of Balance sheet, of the State of Affairs of the Company as on 30<sup>th</sup> June, 2015,
    - (b) in the case of Profit and Loss Account of the Loss for the year ended on that date and,
    - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For **Kala Deepak & Co.**  
Chartered Accountants  
Firms Registration No. 129226W

Sd/-

**C.A Deepak Kala**

Proprietor

Membership No.128328

Place : Mumbai  
Date : 29/08/2015

**YUSUR INTERNATIONAL FZE Balance Sheet as at 30<sup>th</sup> June 2015**

|     | <i>Particulars</i>                          | <i>Note No.</i> | <b>30/06/2015</b><br>₹ in Lacs | 30/06/2014<br>₹ in Lacs |
|-----|---|-----------------|--------------------------------|-------------------------|
| I.  | <b>SOURCES OF FUNDS:</b>                    |                 |                                |                         |
|     | <b>Share Holder's Funds</b>                 |                 |                                |                         |
|     | Capital                                     | A               | 64.55                          | 64.55                   |
|     | Reserves & Surplus                          | B               | 37.31                          | 836.31                  |
|     | <b>Loan Funds</b>                           |                 |                                |                         |
|     | Unsecured Loans                             | C               | 8.39                           | 8.39                    |
|     | <b>TOTAL</b>                                |                 | <b>110.26</b>                  | <b>909.26</b>           |
| II. | <b>APPLICATION OF FUNDS:</b>                |                 |                                |                         |
|     | <b>Current Assets, Loans &amp; Advances</b> |                 |                                |                         |
|     | Sundry Debtors                              | D               | 119.94                         | 829.95                  |
|     | Cash & Bank Balance                         | E               | 0.13                           | 6.97                    |
|     | Loans & Advances                            | F               | 0.85                           | 91.37                   |
|     |   |                 | 120.92                         | 928.30                  |
|     | <b>Less : Current Liabilities</b>           | G               | 10.66                          | 19.04                   |
|     | Net Current Assets                          |                 | <b>110.26</b>                  | <b>909.26</b>           |
|     | <b>TOTAL</b>                                |                 | <b>110.26</b>                  | <b>909.26</b>           |

Significant Accounting Policies and Notes to Accounts

I

**Kala Deepak & Company**

Chartered Accountants

**Firm Registration No. 129226W**

Sd/-

**CA Deepak Kala**

Proprietor

M. No. 128328

Place : MUMBAI

Date : 29/08/2015

For Yusur International FZE

Sd/-

**Mohan. P. Kala (C.A)**

Manager

**YUSUR INTERNATIONAL FZE Profit and Loss Statement for the year ended 30<sup>th</sup> June 2015**

₹ in Lacs

|      | <i>Particulars</i>                                 | <i>Note No.</i> | <b>30/06/2015</b>      | 30/06/2014          |
|------|--|-----------------|------------------------|---------------------|
| I.   | <b>INCOME</b>                                      |                 |                        |                     |
|      | Sales  |                 | 450.00                 | 1,102.46            |
|      | Consulting Income                                  |                 | 1.02                   | 25.63               |
|      |  |                 | <u>451.02</u>          | <u>1,128.08</u>     |
| II.  | <b>Expenses</b>                                    |                 |                        |                     |
|      | Purchases  |                 | 447.80                 | 1,020.78            |
|      | Administrative and Other Expenses                  | H               | 7.87                   | 36.78               |
|      |  |                 | <u>455.67</u>          | <u>1,057.56</u>     |
| III. | <b>Net Profit/(Loss) for the Period</b>            |                 | <b>(4.65)</b>          | <b>70.52</b>        |
|      | Exceptional Item                                   |                 | 799.15                 | -                   |
|      | <b>Profit/(Loss) Before Tax</b>                    |                 | <u><b>(803.80)</b></u> | <u><b>70.52</b></u> |
|      | Transferred to Statutory Reserve                   |                 | -                      | 24.56               |
|      | Transfer to Profit & Loss Account                  |                 | (803.80)               | 45.96               |
|      |  |                 | <u><b>(803.80)</b></u> | <u><b>70.52</b></u> |
|      | Basic & Diluted earning per Share in Rs.           |                 | (160.76)               | 14.10               |
|      | Weighted No. of Equity Shares of AED 100000/- each |                 | 5.00                   | 5.00                |

**Significant Accounting Policies and Notes to Accounts****Kala Deepak & Company**

Chartered Accountants

**Firm Registration No. 129226W**

Sd/-

**CA Deepak Kala**

Proprietor

M. No. 128328

Place : MUMBAI

Date : 29/08/2015

**I****For Yusur International FZE**

Sd/-

**Mohan. P. Kala (C.A)**

Manager

**YUSUR INTERNATIONAL FZE Cash Flow statement for the year ending 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>  | <b>30/06/2015</b> | <b>30/06/2014</b> |
|---|-------------------|-------------------|
| <b>A. Cash flow from Operating Activities</b>             |                   |                   |
| Net Profit Before Tax                                     | <b>(803.80)</b>   | 70.52             |
| Adjustments for:  |                   |                   |
| Depreciation  | -                 | -                 |
| Provision for Tax   | -                 | -                 |
| Miscellaneous expenses w/off                              | -                 | -                 |
| Interest paid   | -                 | -                 |
| Interest/Other Income Received                            | -                 | -                 |
| Loss on Sale of Assets                                    | -                 | -                 |
| <b>Operating Cash Flow before Working Capital changes</b> | <b>(803.80)</b>   | 70.52             |
| Adjustments for:  |                   |                   |
| Changes in Trade & Other Receivables                      | 90.52             | (70.52)           |
| Change in Debtors   | 710.02            | 12.06             |
| Change in Inventories                                     | -                 | -                 |
| Change in Trade Payables & Other Current Liabilities      | (8.38)            | (1.42)            |
| Cash Generated from Operation                             | -                 | -                 |
| Interest paid   | -                 | -                 |
| <b>Net Cash Flow from Operating Activities (A)</b>        | <b>(11.64)</b>    | 10.65             |
| <b>B. Cash Flow from Investing Activities:</b>            |                   |                   |
| Increase in Fixed Assets & Capital Work in Progress       | -                 | -                 |
| Increase in Share Investments                             | -                 | -                 |
| Sale of Assets  | -                 | -                 |
| Interest / Other Income Received                          | -                 | -                 |
| <b>Net Cash from Investing Activities (B)</b>             | <b>-</b>          | <b>-</b>          |
| <b>C. Cash Flow from Financing Activities:</b>            |                   |                   |
| Advance Received against Share Application Money          | -                 | -                 |
| Increase in Share Capital                                 | -                 | -                 |
| Increase in Capital Translation Reserve                   | <b>4.80</b>       | (8.16)            |
| Proposed Dividend   | -                 | -                 |
| Tax on Distributed Profit                                 | -                 | -                 |
| Proceeds of Bank Loans & Other Financial Institution      | -                 | -                 |
| Decrease in Unsecured Loans                               | -                 | -                 |
| Increase in Miscellaneous Exp.                            | -                 | -                 |
| <b>Net Cash flow from Financing Activities ( C)</b>       | <b>4.80</b>       | (8.16)            |
| <b>Net Cash Flow during the year (A+B+C)</b>              | <b>(6.84)</b>     | 2.49              |
| <b>Opening Cash &amp; Cash equivalents</b>                | 6.97              | 4.48              |
| <b>Cash &amp; Cash equivalent at 30/6/2015</b>            | <b>0.13</b>       | 6.97              |

NOTES:- Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard -3 issued by The Institute of Chartered Accountant of India

**Kala Deepak & Company** Chartered Accountants  
Firm Registration No. 129226W

Sd/-  
**CA Deepak Kala**  
Proprietor  
M. No. 128328

Place : MUMBAI  
Date : 29/8/2015

For **Yusur International FZE**

Sd/-  
**Mohan. P. Kala (C.A)**  
Manager



**Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>   | <b>30/06/2015</b>    | <b>30/06/2014</b> |
|--|----------------------|-------------------|
| <b>Schedule - "A"</b>  |                      |                   |
| <b>Share capital</b>   |                      |                   |
| <b>Authorised capital</b>  |                      |                   |
| 5(P.Y.5) Equity Shares of AED 1,00,000/- each                    | 64.55                | 64.55             |
| <b>Total</b>   | <u><b>64.55</b></u>  | <u>64.55</u>      |
| <b>Issued, Subscribed &amp; Paidup capital</b>                   |                      |                   |
| 5 (P.Y. 5) Equity Shares of AED 1,00,000/- each fully paid up.   | 64.55                | 64.55             |
| <b>Total</b>   | <u><b>64.55</b></u>  | <u>64.55</u>      |
| <b>Schedule - "B"</b>  |                      |                   |
| <b>Reserve &amp; Surplus</b>                                     |                      |                   |
| Statutory Reserve  | 136.37               | 136.37            |
| Profit & Loss Account  | (102.83)             | 700.97            |
| Capital Translation Reserve                                      | 3.77                 | (1.03)            |
| <b>Total</b>   | <u><b>37.31</b></u>  | <u>836.31</u>     |
| <b>Schedule - "C"</b>  |                      |                   |
| <b>Unsecured Loans</b>   |                      |                   |
| From Holding Company   |                      |                   |
| - Sharon Bio-Medicine Ltd.                                       | 8.39                 | 8.39              |
| <b>Total</b>   | <u><b>8.39</b></u>   | <u>8.39</u>       |
| <b>Schedule - "D"</b>  |                      |                   |
| <b>Current Assets</b>  |                      |                   |
| Sundry Debtors   | 119.94               | 839.24            |
| <b>Total</b>   | <u><b>119.94</b></u> | <u>839.24</u>     |
| <b>Schedule - "E"</b>  |                      |                   |
| <b>Cash &amp; Bank Balance</b>                                   |                      |                   |
| Cash in Hand   | 0.13                 | 4.42              |
| Cash at Bank   | -                    | 2.55              |
| <b>Total</b>   | <u><b>0.13</b></u>   | <u>6.97</u>       |
| <b>Schedule - "F"</b>  |                      |                   |
| <b>Loans &amp; Advances</b>                                      |                      |                   |
| (Unsecured, Considered Good)                                     |                      |                   |
| Advances Recoverable in Cash or Kind or for value to be received | 0.85                 | 85.88             |
| Deposits   | -                    | 5.49              |
| <b>Total</b>   | <u><b>0.85</b></u>   | <u>91.37</u>      |
| <b>Schedule - "G"</b>  |                      |                   |
| <b>Current Liabilities</b>                                       |                      |                   |
| Sundry Creditors   | 10.66                | 19.04             |
| <b>Total</b>   | <u><b>10.66</b></u>  | <u>19.04</u>      |
| <b>Schedule - "H"</b>  |                      |                   |
| <b>Administrative and Other Expenses</b>                         |                      |                   |
| Salaries   | 3.11                 | 28.55             |
| Legal & license related expenses                                 | 2.40                 | 2.46              |
| Audit Fees   | 0.70                 | 0.71              |
| Bank service charges   | 0.05                 | 0.25              |
| Other General Expenses   | 0.11                 | 0.24              |
| Rent   | 1.50                 | 4.59              |
| <b>Total</b>   | <u><b>7.87</b></u>   | <u>36.78</u>      |





## Schedule - " I "

### Significant Accounting Policies and Notes Forming part of the accounts for the year ended June 30, 2015.

#### I) Accounting Policies :

- a) **The Financial Statements:** The Financial Statements are prepared under the historical cost convention on accrual basis. The financial statements confirm to the requirements of Schedule VI to the Companies Act, 1956.
- b) **Conversion into Indian Rupees:** The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised The Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India, which is mandatory w.e.f. 01.04.2004). The resultant Foreign Exchange Fluctuation reserve is shown separately under shareholders funds or under Profit and Loss account on the asset side.

The Assets and Liabilities are translated at closing rate except share capital and Unsecured Loan, which is translated at the rate as on transaction date. The income and expenditure are translated at a rate nearing the average rate during the year.

- c) **Revenue Recognition:** Revenue of Consulting Income has been accounted on accrual basis.

II) The Company is 100% subsidiary of **Sharon Bio-Medicine Limited**. The Accounts have been prepared and audited in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the provisions of Indian Companies Act,1956

III) For the purpose of conversion of the local currency (N) into Indian Currency (INR), the exchange rate applied is as per para 1(b) of the accounting policies.

IV) As per Accounting Standards (AS-18) on related party disclosures issued by the Institute of Chartered Accountants of India,

#### Details of Related Parties :

- 1) Key Management Personnel **Mr. Mohan P. Kala (C. A) (Manager)**  
2) Holding Company **M/s Sharon Bio-Medicine Limited**

#### i) Transaction with related parties: (₹ in Lacs)

| Sr. No. | Nature of transactions  | Holding Company |         | Key Management Personnel |         |
|---------|-------------------------|-----------------|---------|--------------------------|---------|
|         |                         | 2014-15         | 2013-14 | 2014-15                  | 2013-14 |
| 1.      | Unsecured Loan Received | Nil             | Nil     | Nil                      | Nil     |

#### ii) Balance at the year end of related parties (₹ in Lacs)

| Sr. No. | Nature of transactions  | Holding Company |         | Key Management Personnel |         |
|---------|-------------------------|-----------------|---------|--------------------------|---------|
|         |                         | 2014-15         | 2013-14 | 2014-15                  | 2013-14 |
| 1.      | Unsecured Loan Received | 8.39            | 8.39    | Nil                      | Nil     |

For **Kala Deepak & Co.**  
Chartered Accountants  
Firms Registration No. 129226W

Sd/-  
**CA Deepak Kala**  
Proprietor  
Membership No. 128328  
Place: Mumbai  
Date : 29/08/2015

For **Yusur International FZE**

Sd/-  
**Mohan P. Kala (C. A)**  
Manager



## **Auditors Report on Consolidated Financial Statement**

To,  
The Board of Directors, **Sharon Bio-Medicine Limited**

### **Report on the Consolidated Financial Statements :**

We have audited the attached Consolidated financial statements of Sharon Bio-Medicine Limited (the company) and its subsidiary (the company and its subsidiary, constitute a Group) which comprise the consolidated balance sheet as at 30th June, 2015, and also the consolidated statement of profit and loss account and consolidated cash flow statement for the year then ended and the summary of the significant accounting policies and other explanatory statements and information.

### **Management's responsibility for the consolidated financial statements :**

The Management of the company is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance of the company and consolidated cash flow statement of the group in accordance with the Accounting Standards and accounting principles generally accepted in India. This responsibility includes the design, the implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of the accounting estimates made by management as well as evaluating the overall consolidated financial presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Auditor's Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i. in the case of consolidated Balance Sheet, of the state of affairs of the company as at 30th June, 2015;
- ii. in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date;
- iii. in the case of the consolidated Cash Flow Statement, of the cash flow for the year ended on that date;

We did not audit the financial statement/ financial information of Yusur International FZE included in the consolidated financial statements, which constitute total assets of Rs. 110.26 Lacs as at June 30, 2015, Total revenue of Rs. 451.02 Lacs, Net Loss of Rs. 803.80 Lacs, net cash outflow amounting to Rs. 6.84 Lacs as for the year ended June 30, 2015. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

We Report that the consolidated financial statement have been prepared by the Group's Management in accordance with the requirements of Accounting Standard issued by the Institute of Chartered Accountants of India viz. Accounting Standard 21 ' Consolidated Financial Statements' and on the basis of the separate financial statements of Sharon Bio-Medicine Limited and its subsidiary included in the consolidated financial statement.

Place : Mumbai.  
Date : 29/08/2015

For **Shyam C. Agrawal & Co.**  
Chartered Accountants  
Firm Registration No.110243W

Sd/-  
**Shyam C. Agrawal** Proprietor  
Membership No. 031774



## Consolidated Balance Sheet as at 30<sup>th</sup> June 2015

|            | Particulars                        | Note No. | 30/06/2015<br>₹ in Lacs | 30/06/2014<br>₹ in Lacs |
|------------|------------------------------------|----------|-------------------------|-------------------------|
| <b>I</b>   | <b>EQUITY AND LIABILITIES</b>      |          |                         |                         |
| (1)        | Shareholders fund                  |          |                         |                         |
|            | (a) Share Capital                  | 1        | 2,378.71                | 2,111.38                |
|            | Convertible Warrants               |          | 1,372.15                | 8,055.50                |
|            | (b) Reserves and Surplus           | 2        | 8,094.29                | 25,063.69               |
|            |                                    |          | <b>11,845.16</b>        | <b>35,230.57</b>        |
| (2)        | <b>Non Current Liabilities</b>     |          |                         |                         |
|            | (a) Long term borrowings           | 3        | 51,924.22               | 29,141.93               |
|            | (b) Deferred Tax Liabilities (Net) |          | 1,196.72                | 1,045.00                |
|            | (c) Long Term Provisions           | 4        | 40.30                   | 52.94                   |
|            |                                    |          | <b>53,161.24</b>        | <b>30,239.87</b>        |
| (3)        | <b>Current Liabilities</b>         |          |                         |                         |
|            | (a) Short term borrowings          | 5        | 30,184.23               | 43,396.44               |
|            | (b) Trade Payables                 | 6        | 5,470.57                | 6,137.19                |
|            | (c) Other Current Liabilities      | 7        | 537.16                  | 197.29                  |
|            | (d) Short term provision           | 8        | -                       | 1,745.64                |
|            |                                    |          | <b>36,191.97</b>        | <b>51,476.55</b>        |
|            | <b>Total</b>                       |          | <b>101,198.37</b>       | <b>116,946.99</b>       |
| <b>II.</b> | <b>ASSETS</b>                      |          |                         |                         |
| (1)        | <b>Non Current Assets</b>          |          |                         |                         |
|            | (a) Fixed Assets                   |          |                         |                         |
|            | (i) Tangible Assets                | 9        | 33,210.45               | 32,501.903              |
|            | (ii) Capital Work-in-progress      | 10       | -                       | 1,492.77                |
|            | (b) (i) Current Investments        | 11       | 39.00                   | 58.69                   |
|            | (ii) Long Term Loans & Advances    | 12       | -                       | -                       |
|            | (iii) Other Non Current Assets     | 13       | 952.43                  | -                       |
|            |                                    |          | <b>34,201.87</b>        | <b>34,053.35</b>        |
| (2)        | <b>Current Assets</b>              |          |                         |                         |
|            | (a) Inventories                    | 14       | 30,142.34               | 32,245.02               |
|            | (b) Trade receivables              | 15       | 31,621.77               | 42,261.04               |
|            | (c) Cash and Cash equivalents      | 16       | 1,590.33                | 1,234.30                |
|            | (d) Short term Loans and Advances  | 17       | 3,642.05                | 7,153.28                |
|            | <b>Total</b>                       |          | <b>66,996.49</b>        | <b>82,893.64</b>        |
|            |                                    |          | <b>101,198.37</b>       | <b>116,946.99</b>       |

### Significant Accounting Policies

All Notes to Accounts from Note No. "1 to 25" form part of the Financial Statement

As per our Report of Even Date

For **SHYAM C. AGRAWAL & CO.**

Chartered Accountants

Firm Registration No. 110243W

Sd/-

**Shyam C. Agrawal**

Proprietor

Membership No. 31774

Place: MUMBAI

Dated: 29<sup>th</sup> August, 2015

**A**

For **SHARON BIO-MEDICINE LTD.**

For and on behalf of the board

Managing Director **Savita Satish Gowda (Ms.)** Sd/-

Director & CFO **Lalit Misra** Sd/-

Company Secretary **Viral Vora** Sd/-



## Consolidated Profit and Loss Statement for the year ended 30<sup>th</sup> June 2015

₹ in Lacs

|       | Particulars   | Note No. | 30/06/2015         | 30/06/2014        |
|-------|---|----------|--------------------|-------------------|
| I     | <b>Revenue</b>  |          |                    |                   |
|       | Revenue from operations                               | 18       | 83,846.48          | 132,479.28        |
| II    | Other Income  | 19       | 263.21             | 193.34            |
| III   | <b>Total Revenue (I + II)</b>                         |          | <b>84,109.69</b>   | <b>132,672.62</b> |
| IV.   | Expenses  |          |                    |                   |
|       | Purchase of Raw Material & Traded Goods               | 20       | 79,194.87          | 118,516.97        |
|       | Changes in inventories                                | 21       | 2,102.68           | 6,221.38          |
|       | Employee benefit expense                              | 22       | 1,985.98           | 1,915.94          |
|       | Finance costs   | 23       | 9,364.53           | 5,863.00          |
|       | Depreciation and Amortisation expense                 | 9        | 1,925.93           | 1,535.44          |
|       | Other expenses  | 24       | 3,996.59           | 2,516.74          |
|       | <b>Total expenses</b>                                 |          | <b>98,570.58</b>   | <b>124,126.71</b> |
| V.    | <b>Profit/(Loss) before Exceptional Items and Tax</b> |          | <b>(14,460.90)</b> | 8,545.91          |
| VI.   | Exceptional Items                                     | 25       | 8,462.95           | -                 |
| VII.  | <b>Profit/(Loss) before Tax (V-VI)</b>                |          | <b>(22,923.85)</b> | 8,545.91          |
| VIII. | Tax expenses:   |          |                    |                   |
|       | (1) Current Tax                                       |          | -                  | 1301.00           |
|       | (2) MAT Credit  |          | -                  | -                 |
|       | (3) Deferred Tax                                      |          | 151.73             | 212.66            |
|       | (4) Excess/Short provision for Income Tax             |          | 314.64             | -                 |
| IX.   | <b>Profit/ (Loss) for the Year</b>                    |          | <b>(23,390.21)</b> | <b>7,032.25</b>   |
| X.    | Earnings per share:                                   |          |                    |                   |
|       | (1) Basic (Rs)  |          | <b>(17.53)</b>     | <b>5.27</b>       |
|       | (2) Diluted (Rs)                                      |          | <b>(12.37)</b>     | <b>3.72</b>       |

### Significant Accounting Policies

All Notes to Accounts from Note No. "1 to 25" form part of the Financial Statement

As per our Report of Even Date

For **SHYAM C. AGRAWAL & CO.**

Chartered Accountants

Firm Registration No. 110243W

Sd/-

**Shyam C. Agrawal**

Proprietor

Membership No. 31774

Place: MUMBAI

Dated: 29<sup>th</sup> August, 2015

**A**

For **SHARON BIO-MEDICINE LTD.**

For and on behalf of the board

Managing Director **Savita Satish Gowda (Ms.)** Sd/-

Director & CFO **Lalit Misra** Sd/-

Company Secretary **Viral Vora** Sd/-



## Consolidated Cash Flow Statement for the year ending 30<sup>th</sup> June 2015

₹ in Lacs

| <i>Particulars</i>  | <b>30/06/2015</b><br>₹ in Lacs | 30/06/2014<br>₹ in Lacs |
|---|--------------------------------|-------------------------|
| <b>A. Cash flow from operating activities</b>                 |                                |                         |
| Profit before tax   | (14,460.90)                    | 8,545.91                |
| Depreciation  | 1,872.78                       | 1,526.16                |
| Interest income   | (62.85)                        | (193.34)                |
| Income Tax  | (314.64)                       | (1,301.00)              |
| Interest expense  | 9,364.53                       | 5,863.00                |
| Exceptional Item  | (8,462.95)                     | -                       |
| <b>Operating profit before working capital changes</b>        | <b>(12,064.03)</b>             | <b>14,440.73</b>        |
| (Increase)/Decrease in Inventory                              | 2,102.68                       | (6,221.38)              |
| (Increase)/Decrease in Debtors                                | 10,639.27                      | (5,909.12)              |
| Increase in creditors   | (666.62)                       | 131.19                  |
| Increase in provisions  | 1,418.41                       | 401.87                  |
| Decrease/(Increase) in loans & advances                       | 2,558.80                       | (3,942.71)              |
| Interest Paid   | (9,364.53)                     | (5,863.00)              |
| <b>Net cash generated from operation</b>                      | <b>3,851.19</b>                | <b>(21,403.16)</b>      |
| <b>B. Cash flow from investing activities</b>                 |                                |                         |
| Purchase of fixed assets                                      | (1,088.56)                     | (3,180.68)              |
| Receipt of interest   | 62.85                          | 193.34                  |
| Decrease/(Increase) in Investments                            | 19.69                          | 275.00                  |
| <b>Net cash used in investing activities</b>                  | <b>(1,006.02)</b>              | <b>(2,712.34)</b>       |
| <b>C. Cash flow from financing activities</b>                 |                                |                         |
| Proceeds from loans - Secured                                 | 5,273.79                       | 11,722.53               |
| Proceeds from loans - Unsecured                               | 4,296.31                       | (3,572.98)              |
| Increase Preferential Dividend Warrants                       | (6,683.35)                     | 2,580.50                |
| Capital Transalation Reserve                                  | 4.80                           | -                       |
| Increase in Share Capital                                     | 267.33                         | -                       |
| Increase in Share Premium                                     | 6,416.02                       | -                       |
| Proposed Dividend   | -                              | (380.05)                |
| Tax on Distributed Profit                                     | -                              | (64.59)                 |
| Increase in Long Term Provision                               | -                              | (8.16)                  |
| <b>Net cash (used in)/generated from financing activities</b> | <b>9,574.89</b>                | <b>10,277.25</b>        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>356.03</b>                  | <b>602.48</b>           |
| Cash and cash equivalents at the beginning of the year        | 1,234.30                       | 631.82                  |
| Cash and cash equivalents at the end of the year              | <b>1,590.33</b>                | <b>1,234.30</b>         |
| Cash & Bank Balances (as per schedule : P)                    | <b>1,590.33</b>                | <b>1,234.30</b>         |
| Less : Deposits with maturity more than 3 months              | 689.19                         | 184.52                  |
| Cash & Cash Equivalents for Cash Flow Statement               | 901.14                         | 1,049.78                |

As per our Report of Even Date  
For **SHYAM C. AGRAWAL & CO.**  
Chartered Accountants  
Firm Registration No. 110243W  
Sd/-

**Shyam C. Agrawal**  
Proprietor  
Mermbership No. 31774  
Place: MUMBAI  
Dated: 29<sup>th</sup> August, 2015

For **SHARON BIO-MEDICINE LTD.**  
For and on behalf of the board

Managing Director **Savita Satish Gowda (Ms.)** Sd/-

Director & CFO **Lalit Misra** Sd/-

Company Secretary **Viral Vora** Sd/-



**Consolidated Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2014**

₹ in Lacs

| <i>Particulars</i>   | <b>30/06/2014</b>         | 30/06/2013              |
|--|---------------------------|-------------------------|
| <b>1. SHARE CAPITAL</b>  |                           |                         |
| <b>Authorised</b>  |                           |                         |
| 17,50,00,000 Equity Share of Rs.2/- each<br>(Previous year: 2,02,50,000 Equity Share of Rs.2/- each) | <b>3,500.00</b>           | 3,500.00                |
| <b>Issues, Subscribed and Fully Paid up</b>  |                           |                         |
| 11,89,35,700 (Previous Year 10,55,69,000) Equity Shares<br>of Rs.2/- Each fully paid up.             | 2,111.38                  | 2,111.38                |
| Shares Issued during the Year<br>(133,66,700 Shares of Rs.2/- issued during year)                    | 267.33                    | -                       |
|  | <b><u>2,378.71</u></b>    | <b><u>2,111.38</u></b>  |
| <b>2. RESERVES AND SURPLUS</b>   |                           |                         |
| <b><u>Share Premium Account</u></b>  |                           |                         |
| Balance as per Last Balance Sheet  | 1,522.50                  | 1,522.50                |
| Add : Addition on account of conversion of Share Warrants  | 6,416.02                  | -                       |
| Closing Balance  | <b><u>7,938.52</u></b>    | <b><u>1,522.50</u></b>  |
| <b><u>Reinstatement of Fixed Asset Reserve</u></b>   |                           |                         |
| Balance as per Last Balance Sheet  | 903.94                    | 903.94                  |
| Add : Transfer from Statement of Profit & Loss   | -                         | -                       |
| Closing Balance  | <b><u>903.94</u></b>      | <b><u>903.94</u></b>    |
| <b><u>Revaluation Reserves</u></b>   |                           |                         |
| Balance as per Last Balance Sheet  | 36.25                     | 36.25                   |
| (Less) : Reversal on account of sale of asset  | -                         | -                       |
| Closing Balance  | <b><u>36.25</u></b>       | <b><u>36.25</u></b>     |
| <b><u>General Reserve</u></b>  |                           |                         |
| Balance as per Last Balance Sheet  | 3,259.56                  | 3,290.69                |
| Add : Transfer from Statement of Profit & Loss   | -                         | 1,024.56                |
| (Less) : Reversal on account of issue of Bonus Shares  | -                         | 1,055.69                |
| Closing Balance  | <b><u>3,259.56</u></b>    | <b><u>3,259.56</u></b>  |
| <b><u>Statement of Profit &amp; Loss</u></b>   |                           |                         |
| Balance as per Last Balance Sheet  | 19,342.46                 | 13,779.42               |
| Add : Surplus / (Loss) as per Statement of Profit & Loss   | <b><u>(23,390.21)</u></b> | <b><u>5,563.04</u></b>  |
| Closing Balance  | <b><u>(4,047.75)</u></b>  | <b><u>19,342.46</u></b> |
| <b><u>Capital Translation Reserve</u></b>  |                           |                         |
| Balance as per Last Balance Sheet  | (1.02)                    | 7.14                    |
| Add : Surplus / (Loss) as per Statement of Profit & Loss   | 4.80                      | (8.16)                  |
|  | <b><u>3.78</u></b>        | <b><u>(1.02)</u></b>    |
|  | <b><u>8,094.29</u></b>    | <b><u>25,063.69</u></b> |


**Consolidated Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>   | <b>30/06/2015</b>       | <b>30/06/2014</b>       |
|--|-------------------------|-------------------------|
| <b>3. Long term Borrowings</b>   |                         |                         |
| <b>Secured</b>   |                         |                         |
| Term Loans From Banks<br>(Term Loans are secured by First charge on<br>Fixed Assets & Second charge on Current Assets.)                            | 30,946.36               | 12,455.78               |
| Term Loans from Others - Vehicle Loans   | 2.24                    | 6.84                    |
| <b>Unsecured</b>   |                         |                         |
| Loans & Advance from Related Parties   | 4,131.62                | 1,381.40                |
| Other Loans & Advances - FCCB  | 16,844.00               | 15,297.91               |
|  | <b><u>51,924.22</u></b> | <b><u>29,141.93</u></b> |
| <b>4. Long term Provisions</b>   |                         |                         |
| Provision for Employee benefits  | 40.30                   | 52.94                   |
|  | <b><u>40.30</u></b>     | <b><u>52.94</u></b>     |
| <b>5. Short term Borrowings</b>  |                         |                         |
| <b>Secured</b>   |                         |                         |
| Working Capital Facilities from Banks<br>(Working Capital Loans are secured by First charge on<br>Current Assets & Second charge on Fixed Assets.) | 30,184.23               | 43,396.44               |
|  | <b><u>30,184.23</u></b> | <b><u>43,396.44</u></b> |
| <b>6. Trade Payables</b>   |                         |                         |
| Creditors for Goods & Expenses   | 5,470.57                | 6,137.19                |
|  | <b><u>5,470.57</u></b>  | <b><u>6,137.19</u></b>  |
| <b>7. Other Current Liabilities</b>  |                         |                         |
| Unpaid Dividends   | 1.43                    | -                       |
| <b>Other Payables</b>  |                         |                         |
| Statutory Liabilities  | 172.25                  | -                       |
| Outstanding Expenses   | 363.48                  | 197.29                  |
|  | <b><u>537.16</u></b>    | <b><u>197.29</u></b>    |
| <b>8. Short term Provisions</b>  |                         |                         |
| <b>Provision for Others</b>  |                         |                         |
| Provision for Tax  | -                       | 1,301.00                |
| Provision for Proposed Dividend  | -                       | 380.05                  |
| Provision for Dividend Tax   | -                       | 64.59                   |
|  | <b><u>-</u></b>         | <b><u>1,745.64</u></b>  |


**Consolidated Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2014**

₹ in Lacs

| Particulars | 30/06/2014 | 30/06/2013 |
|-------------|------------|------------|
|-------------|------------|------------|

**9. Fixed Assets under Non Current Assets**

| Fixed Assets                 | Gross Block                 |                           |                |                     | Accumulated Depreciation |                    |                |                           | Net Block         |                     |
|------------------------------|-----------------------------|---------------------------|----------------|---------------------|--------------------------|--------------------|----------------|---------------------------|-------------------|---------------------|
|                              | Balance as on<br>01.07.2014 | Additions/<br>Adjustments | Deletion       | As on<br>30.06.2015 | As on<br>1.7.2014        | During the<br>Year | Deletion       | Accumulated<br>30.06.2015 | As on<br>1.7.2014 | As on<br>30.06.2015 |
| <b>Tangible Assets</b>       |                             |                           |                |                     |                          |                    |                |                           |                   |                     |
| Land                         | 1,203.35                    | -                         | -              | 1,203.35            | -                        | -                  | -              | -                         | 1,203.35          | 1,203.35            |
| Building                     | 7,103.01                    | 299.21                    | -              | 7,402.23            | 766.54                   | 244.30             | -              | 1,010.84                  | 6,336.48          | 6,391.39            |
| Office premises              | 2,992.01                    | 309.36                    | -              | 3,301.36            | -                        | 52.59              | -              | 52.59                     | 2,992.01          | 3,248.77            |
| Plant & machinery            | 22,775.31                   | 1,772.98                  | -              | 24,548.29           | 3,879.84                 | 1,154.87           | -              | 5,034.70                  | 18,895.48         | 19,513.59           |
| Lab equipments               | 1,784.73                    | 31.05                     | -              | 1,815.78            | 256.41                   | 179.65             | -              | 436.06                    | 1,528.32          | 1,379.72            |
| Electrical fittings          | 1,140.56                    | 163.86                    | -              | 1,304.42            | 238.32                   | 127.81             | -              | 366.13                    | 902.25            | 938.29              |
| Office equipment             | 201.39                      | 47.78                     | -              | 249.17              | 42.55                    | 45.81              | -              | 88.37                     | 158.84            | 160.80              |
| Motor car                    | 249.31                      | 2.91                      | (51.93)        | 200.29              | 108.02                   | 31.50              | (43.87)        | 95.64                     | 141.30            | 104.65              |
| Furniture & fixture          | 402.45                      | -                         | -              | 402.45              | 127.44                   | 40.24              | -              | 167.68                    | 275.01            | 234.77              |
| Computer                     | 235.12                      | 6.11                      | -              | 241.23              | 166.24                   | 39.87              | -              | 206.10                    | 68.88             | 35.13               |
| <b>Total-Tangible Assets</b> | <b>38,087.24</b>            | <b>2,633.26</b>           | <b>(51.93)</b> | <b>40,668.57</b>    | <b>5,585.34</b>          | <b>1,916.65</b>    | <b>(43.87)</b> | <b>7,458.12</b>           | <b>32,501.90</b>  | <b>33,210.45</b>    |
| Previous year                | 31,787.41                   | 7,428.28                  | 1,128.44       | 38,087.24           | 4,632.88                 | 1,526.16           | 573.69         | 5,585.34                  | 32,501.90         | 27,154.53           |

**10. Capital Work in progress**

|   |                 |
|---|-----------------|
| - | <u>1,492.77</u> |
|---|-----------------|

**11. Non Current Investments**
**Investment in Equity Instruments**
**Domestic Subsidiaries**
**Investment of Gratuity Fund**
**Overseas Subsidiary**

## Sharon GMBH

|              |              |
|--------------|--------------|
| -            | -            |
| 33.26        | 52.94        |
| 5.74         | 5.74         |
| <u>39.00</u> | <u>58.69</u> |

**12. Long term Loans and Advances**
**Unsecured, Considered Good**

## Advances recoverable in cash

|   |   |
|---|---|
| - | - |
|---|---|

**13. Other Non Current Assets**

## Income Tax - Tax deducted at source

## VAT Receivable

## Staff Advances

## Prepaid Expenses

|               |               |
|---------------|---------------|
| 231.83        | 201.36        |
| 701.95        | 607.34        |
| 2.08          | 1.64          |
| 16.57         | -             |
| <u>952.43</u> | <u>810.33</u> |

**14. Inventories**

## Raw Material

## Work in Process

## Finished Goods

## Consumables, Stores &amp; Tools

|                  |                  |
|------------------|------------------|
| 11,246.37        | 10,615.03        |
| 9,628.01         | 9,006.16         |
| 8,619.31         | 11,705.33        |
| 648.65           | 918.51           |
| <u>30,142.34</u> | <u>32,245.02</u> |




**Consolidated Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>                                       | <b>30/06/2015</b>       | <b>30/06/2014</b>       |
|--|-------------------------|-------------------------|
| <b>15. Trade Receivables</b>                             |                         |                         |
| (Unsecured, Considered Good)                             |                         |                         |
| Outstanding for more than six months                     | 4,942.28                | 2,105.80                |
| Outstanding for more than six months Considered Doubtful | 10,924.83               | -                       |
|  | <u>15,867.11</u>        | <u>2,105.80</u>         |
| Outstanding for Less than six months                     | 15,754.66               | 40,155.23               |
|  | <u><b>31,621.77</b></u> | <u><b>42,261.04</b></u> |
| <b>16. Cash and Bank Balances</b>                        |                         |                         |
| <b>Cash and Cash Equivalents</b>                         |                         |                         |
| Balances with Banks                                      | 894.97                  | 1,017.78                |
| Cash on hand   | 6.18                    | 31.99                   |
|  | <u><b>901.14</b></u>    | <u>1,048.78</u>         |
| <b>Other Bank Balances</b>                               |                         |                         |
| Fixed Deposit / Margin Money                             | 689.19                  | 184.52                  |
|  | <u><b>1,590.33</b></u>  | <u>1,233.30</u>         |
| <b>17. Short Term Loans and Advances</b>                 |                         |                         |
| Advances recoverable in cash or kind                     | 3,566.20                | 7,085.64                |
| Security Deposits  | 75.85                   | 67.64                   |
|  | <u><b>3,642.05</b></u>  | <u>7,153.28</u>         |
| <b>18. Revenue from operations</b>                       |                         |                         |
| Exports (Including Deemed Exports)                       | 10,987.87               | 9,413.07                |
| Local  | 71,991.59               | 130,263.62              |
| Insurance Claim Against Stock                            | -                       | 2,215.66                |
| Direct Income  | 867.02                  | -                       |
|  | <u><b>83,846.48</b></u> | <u>132,479.28</u>       |
| <b>19. Other Income</b>                                  |                         |                         |
| Other Income   | -                       | 25.63                   |
| Commission Received                                      | 59.25                   | 79.29                   |
| Profit On Sale Of Fixed Assets                           | 3.89                    | -                       |
| Interest & Other Income                                  | 200.07                  | 167.71                  |
|  | <u><b>263.21</b></u>    | <u><b>193.34</b></u>    |
| <b>20. Purchase of Raw Material &amp; Traded Goods</b>   | 79,194.87               | 118,516.97              |
| Other Expenses   | -                       | -                       |
|  | <u><b>79,194.87</b></u> | <u>118,516.97</u>       |
| <b>21. Changes in Inventory</b>                          |                         |                         |
| Opening Stock  | 32,245.02               | 26,023.64               |
| Less: Closing Inventories                                | 30,142.34               | 32,245.02               |
| Net (Increase) / Decrease in Inventory                   | <u><b>2,102.68</b></u>  | <u>(6,221.38)</u>       |



**Consolidated Schedule forming part of the Balance Sheet as at 30<sup>th</sup> June 2015**

₹ in Lacs

| <i>Particulars</i>                     | <b>30/06/2015</b>      | 30/06/2014      |
|--|------------------------|-----------------|
| <b>22. Employee benefit expense</b>    |                        |                 |
| Payment to and Provision for Employees |                        |                 |
| Salary, Bonus & Allowances             | 1,828.06               | 1,790.66        |
| Contribution To P.F.& Other Funds      | 63.74                  | 45.72           |
| Staff Welfare                          | 90.51                  | 76.48           |
| Gratuity                               | 3.67                   | 3.09            |
|  | <u><b>1,985.98</b></u> | <u>1,915.94</u> |
| <b>23. Finance costs</b>               |                        |                 |
| Bank Interest (Net)                    | 7,551.37               | 5,852.04        |
| Exchange Difference (Net)              | 1,789.34               | -               |
| Other Finance Expenses                 | 23.82                  | 10.96           |
|  | <u><b>9,364.53</b></u> | <u>5,863.00</u> |
| <b>24. Other expenses</b>              |                        |                 |
| Power & Fuel Expenses                  | 913.77                 | 876.81          |
| Repairs Maintenance                    | 362.19                 | 247.39          |
| Factory Expenses                       | 828.19                 | 117.67          |
| Research & Development                 | 204.63                 | 248.55          |
| Audit Fees                             | 9.35                   | 5.71            |
| Telephone Expenses                     | 14.70                  | 16.71           |
| General Expenses                       | 56.48                  | 50.22           |
| Printing & Stationery                  | 40.02                  | 61.19           |
| Traveling Expenses                     | 113.32                 | 156.20          |
| Rent, Rates & Taxes                    | 210.92                 | 65.09           |
| Legal & Professional Charges           | 346.37                 | 153.44          |
| Product Registration Expenses          | 80.51                  | 7.40            |
| Cost of Sales                          | 152.83                 | -               |
| Car Expenses                           | 35.86                  | 33.35           |
| Advertisement Expenses                 | 7.25                   | 7.36            |
| Conveyance                             | 54.83                  | 47.47           |
| Stock Exchange Listing Fees            | 5.53                   | 3.88            |
| Insurance                              | 113.08                 | 20.50           |
| Directors Remuneration                 | 76.08                  | 61.82           |
| Brokerage & Commission                 | 270.93                 | 225.55          |
| Postage & Telegram Charges             | 13.21                  | 12.36           |
| Business Promotions Expenses           | 60.14                  | 55.94           |
| Exhibition Expenses                    | 26.40                  | 42.15           |
|  | <u><b>3,996.59</b></u> | <u>2,516.74</u> |
| <b>25. Exceptional Item</b>            |                        |                 |
| Loss on Sale of Fixed Assets           | 0.45                   | -               |
| Debtors Written Off                    | 8,462.50               | -               |
|  | <u><b>8,462.95</b></u> | <u>-</u>        |



## Annexure - A

### Significant Accounting Policies

#### 1. **Basis for Preparation of Financial Statements :**

The financial statements of the company have been prepared in accordance with generally accepted accounting Principles in India (Indian GAAP) to comply with accounting standards notified under section 211 (3C) of the companies act, 1956 (which continues to be applicable in respect of section 133 of new companies act, 2013 in term of general circular 15/2013 dated September, 13, 2013 of the ministry of corporate affairs) and the relevant provisions of companies Act 1956 and 2013 Act, as applicable. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting

#### 2. **Revenue Recognition :**

Sales of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods. Exports sales are recognized on the basis of Shipping/Airway Bills. Sales stated are excluding sales tax and net of returns.

#### 3. **Use of Estimates :**

The presentation of financial statement in conformity with the generally accepted principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

#### 4. **Fixed Assets :**

- a) Tangible Fixed Assets are stated at their historical cost, adjusted by revaluation of certain land & building less provision for impairment losses, if any, depreciation, amortization and adjustments on account of foreign exchange fluctuations in respect of changes in rupee liability of foreign currency loans used for acquisition of fixed assets.
- b) Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of intangible asset comprises its purchase price including import duties and other taxes, other attributable direct expenses making the asset ready for its intended use.
- c) Borrowing cost eligible for Capitalization, incurred in respect of acquisition/construction of a qualifying assets, till the asset is substantially ready for use, are capitalized as part of the cost of that assets.
- d) Pre operative, Trial run and incidental expenses relating to the projects are carried forward to be capitalized and apportioned to various assets on commissioning of the Project.

#### 5. **Depreciation :**

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

|                   |             |                      |          |
|-------------------|-------------|----------------------|----------|
| Buildings         | 22-25 years | Electrical Fittings  | 10 years |
| Plant & Machinery | 20 years    | Computer Equipment   | 6 years  |
| Office Equipment  | 5 years     | Furniture & Fixtures | 10 years |
| Lab Equipment     | 10 years    | Vehicles             | 8 years  |

#### 6. **Inventories :**

Items of inventories are valued on the basis given below:



**Raw Materials and Packing Materials:** at Cost net of CENVAT/VAT computed on first-in - first out method. Bulk Drugs produced for captive consumption are valued at cost.

**Work in process and Finished Goods:** at Cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in- process and the same or realizable value, whichever is lower in case of finish goods except physician samples which are valued at cost as computed above.

**Stores and Spares:** Stores and spares parts are valued at purchase cost.

7. **Foreign currency transaction :**

Foreign currency assets and liabilities are translated at exchange rate prevailing on the last working day of accounting year. Gain or loss on the restatement of foreign currency transaction or on cancellation of forward contract, if any, is reflected in the Profit and Loss account except gain or loss relating to acquisition of fixed assets which is adjusted to the carrying cost of fixed assets.

Transaction in Foreign Currency is recorded in the Books of Account in Indian Rupee at the rate of exchange prevailing on the date of transaction.

8. **Investments :**

Long Term Investments are Valued at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management,.

9. **Miscellaneous Expenditure :**

Preliminary Expenses & Public Issue Expenses are amortized in five equal yearly Installments

10. **Borrowing Cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of times to get ready for it's intend use. All other borrowing costs are charged to revenue.

11. **Earning per Share :**

The Company reports basic and diluted earning per share in accordance with Accounting Standard 20 on Earnings per Share. Basic earning per share is computed by dividing the net profit or Loss for the period by the weighted average number of Equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity shares during the period as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

12. **Taxation :**

**Current Tax:** Current Tax is calculated as per the provisions of the Income Tax Act, 1961

**Deferred Tax:** Deferred tax is recognized on timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are subject to the consideration of prudence are recognized and carried forward only to the extent that there is reasonably certainly that sufficient taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end, based on the tax rates and law enacted or substantially enacted on balance sheet date.

13. **Provisions and Contingent Liabilities :**

Provisions are recognized for present obligations, of uncertain timing or amount, arising as a result of past event where reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. Where it is not probable that an outflow of resources embodying economic benefit will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of resources embodying economic benefit is remote.



Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are so also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

#### 14. **Employee Benefits :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

##### i. **Long Term Employee Benefits**

- Retirement Benefits in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss account for the year/period when the contributions are due.
- Gratuity being a defined benefit obligation is invested with Gratuity Fund.
- Leave Encashment is recognized on the basis of payment basis at the end of the year.

##### ii. **Employees Stock Option Scheme**

The company has granted options to selected Employees including Directors under Sharon ESOS 2010. This options have been granted at Market Prevailing Rate at the time of Grant.

Employee Stock Options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed by Guidance Note on 'Accounting for Employee Share-based payments' issued by ICAI read with SEBI (Share Based Employee Benefits) Regulations, 2014 issued by SEBI. The excess of market value, if any, of the stock options as on the date of grant over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding, which is shown under Reserves and Surplus.

#### 15. **CENVAT and Service Tax Credit :**

CENVAT and Service Tax credit utilized during the year is accounted in excise duty and unutilized CENVAT/Service Tax balance at the year end is considered as advance excise duty.

### **NOTES TO ACCOUNTS :**

1. The company had issued 165 Nos. of Zero Coupon Foreign Currency Convertible Bonds of US\$ 1,00,000 each aggregating to US\$ 16.5 Million on 27, November 2007. These Bonds are convertible Bonds at the option of bond holders into equity shares of Rs. 10/- each fully paid at the conversion price of Rs. 315/- per share initially but now conversion price has been reset to Rs. 228.04/- per share, subject to the terms of issue, with a fixed exchange rate of Rs. 39.15 equal to US\$ 1.00 within 5 years and 7 days from the date of issue.  
The bondholders have agreed to extend the bonds for the further period of 5 years. Bondholders have agreed to extend the period between one year to five years and interest to be paid between LIBOR + 3.50% - 5% per annum, as per the ECB guidelines. The bondholders have given their consent as stated above and the company authorize dealer has submitted the documents to Reserve Bank of India (RBI), accordingly.  
The Company is still in process of issue of new Bonds of US\$ 8.046 Million from 30, November 2013. However application for this B series bonds have been filed to RBI. These Bonds are convertible Bonds at the option of bond holders into equity share of Rs.2/- each fully paid at the conversion price of Rs.28.85/- per share, subject to the term of issue within 3 years from the date of issue.
2. In the absence of information as regards to the status/classification of the relevant enterprises into Micro, Small and Medium Enterprises, information as required under Notification No. G.S.R. 719(E) dated 16.11.2007 issued by the Department of the Company Affairs in respect of the total amount payable and amount of interest thereon paid during the year and payable at the end of the year to the Sundry Creditors could not be disclosed.



3. Contingent Liabilities not provided for : (₹ in Lacs)

| Particulars   | 2014 - 2015 | 2013 - 2014 |
|---|-------------|-------------|
| a) Letter of Credit against goods<br>(Margin Money with bank ₹..... Lacs) | -           | 100.62      |
| b) Bank Guarantee for MPCB  | 1.00        | 15.10       |

4. The Previous Year figures have been regrouped / rearranged, wherever necessary to make them comparable with the current years' figures.
5. Sundry Debtors, Sundry Creditors, Loans & advances are subject to confirmation and reconciliation.
6. In the opinion of the Board the current assets, loans and advances are approximately of the value stated if realized in ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

7. **Installed Capacity & Its Utilisation :**

| Class of Goods                                 | Installed Capacity                    | Utilisation   |
|--|---------------------------------------|---------------|
| Active Pharma Ingredients<br>and Intermediates | 90,000 Liters of Reactors<br>Capacity | 85% (Approx)  |
| Formulation                                    | 5 bn Tablets & Capsules per annum     | 68% (Approx.) |

The licensed & installed capacities are as certified by the Management and have not been verified by the Auditors as this is a technical matter.

8. **Directors Remuneration paid :**

| Name of the Directors                               | Salary(Rs.)                  | Perquisite(Rs.) | Total(Rs.)                   |
|---|------------------------------|-----------------|------------------------------|
| <b>Ms. Savita Satish Gowda</b><br>Managing Director | 33,00,000/-<br>(27,50,000/-) | NIL<br>(NIL)    | 33,00,000/-<br>(27,50,000/)  |
| <b>Mr. Lalit Misra</b><br>Whole Time Director       | 33,00,000/-<br>(27,50,000/)  | NIL<br>(NIL)    | 33,00,000/-<br>(27,50,000/)  |
| <b>Mr. Vijay Kirpalani</b><br>Whole Time Director   | 10,08,000/-<br>(13,44,000/-) | NIL<br>(NIL)    | 10.08,000/-<br>(13,44,000/-) |

Figure in bracket ( ) pertains to previous year.

9. The Company has a Single Segment namely Pharmaceuticals/Chemicals. Therefore the company does not fall under different business segments as defined by AS- 17 "Segmental Reporting" issued by ICAI.

10. **Related party disclosure :**

As per Accounting Standards (AS-18) on related party disclosures issued by the Institute of Chartered Accountants of India, detailed disclosure is as follows :

i) **Details of Related Parties :**

1) Key Management Personnel

**Mrs. Savita Satish Gowda** (Managing Director)

**Mr. Lalit Misra** (Whole Time Director)

**Mr. Mohan P. Kala** (Director)



- 2) Related Parties of Key Management Personnel **Mrs. Asha M. Kala**
- 3) Companies over which Key Management Personnel and their relatives have interest **M/s. Ramco Properties Pvt. Ltd.**  
**M/s. Revon Finance & Investments Pvt. Ltd.**  
**M/s. Bagulwani General Trading Pvt. Ltd.**  
**M/s. Venus Global Management & Consultancy Services Pvt. Ltd.**
- 4) Subsidiary Company **M/s. Yusur International FZE, UAE**

**11. Earnings Per Share**

(₹ in Lacs)

| Particulars                                       | 2014-2015    | 2013-2014    |
|---|--------------|--------------|
| Profit/(Loss) Attributable to Equity Shareholders | (23,390.21)  | 5,563.04     |
| Weighted average no. of Equity Share              | 11,89,35,700 | 10,55,69,000 |
| Diluted average no. of Equity Share               | 11,89,35,700 | 17,00,70,450 |
| Nominal value of Equity Share Rs.                 | 2/-          | 2/-          |
| Earning Per Share (EPS) - Basic (Rs.)             | (17.53)      | 5.27         |
| Earning Per Share (EPS) - Diluted (Rs.)           | (12.37)      | 3.72         |

**12. Deferred Tax Liability :**

Deferred Tax Liability relating to earlier years is ₹ 104,499,703/- and liability for current year is ₹ 151,72,523/-.

**13. Foreign Exchange Transactions**

(₹ in Lacs)

| Particulars  | 2014-2015 | 2013-2014 |
|--|-----------|-----------|
| A. CIF value of goods imported                           | 843.61    | 582.68    |
| B. Value of Goods Exported (FOB and service charges)     | 9802.56   | 10,864.92 |
| C. Marketing, Reimbursement, Travelling & Other Expenses | 344.39    | 163.60    |

**14. Auditors Remuneration:**

(₹ in Lacs)

| Particulars    | 2014-2015   | 2013-2014   |
|----------------|-------------|-------------|
| Audit Fee      | 4.20        | 3.50        |
| Tax Audit Fees | 1.00        | 1.00        |
| Other Matters  | 4.15        | 1.21        |
| <b>Total</b>   | <b>9.35</b> | <b>5.71</b> |

**As per attached Report of even date**For **Shyam C. Agrawal & Co.**

Chartered Accountants

Firms Registration No. 110243W

Sd/-

**Shyam C. Agrawal**

(Proprietor)

Membership No. 031774

Place : Mumbai

Date: 29.08.2015

**For and on behalf of the board****Savita Satish Gowda** (Ms.) (Managing Director)

Sd/-

**Lalit Misra** (Director & CFO)

Sd/-

**Viral Vora** (Company Secretary)

Sd/-



## Statement pursuant to Section 212 of the Companies Act, 1956

### Relating to Holding Company's Interest in the Subsidiary Company

(₹ in Lacs)

#### **Yusur International FZE,UAE**

(Formerly known as **Sharon International FZE**)

The Financial Year of the Subsidiary Company ended on June 30,2015

Date from which it became subsidiary August 10,2008

Number of Shares held by **Sharon Bio-Medicine Limited** (Holding Company) 5 equity shares  
in the Subsidiary company at the end of the Financial Year of the Subsidiary company of AED  
1,00,000/- each

Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company. 100%

The Net aggregate amount of subsidiary companies Profit/(Loss) so far as it concerns Members of Holding Company

A) Part of the Profit/(Loss) has not been dealt with in Company's Account for the current year or the previous year since it became subsidiary --

B) Part of the Profit/(Loss) has been dealt with in Company's Account (4.65)  
For the current year or the previous year since it became subsidiary

Issued & Subscribed Share Capital 64.55

Reserves 37.31

Total Assets 110.26

Total Liabilities 110.26

Investments -

Turnover 450.00

Profit/(Loss) before Taxation (803.80)

Provision for Taxation -

Profit/(Loss) after Taxation (803.80)

Proposed Dividend -

Exchange Rate 16.38

For and on Behalf of the Board of Directors

Sd/-

**Savita Satish Gowda** (Ms.)

(Chairperson & Managing Director)

Sd/-

**Lalit Misra**

(Director & CFO)

Sd/-

**Viral Vora**

Company Secretary





## Sharon Bio-Medicine Limited

(CIN : L24110MH1989PLC052251)

Regd. Office: Plot No.W-34, W-34/1 MIDC, Taloja, Dist. Raigad, Maharashtra 410 208

### Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24110MH1989PLC052251

Name of the Company : **Sharon Bio-Medicine Limited**

Regd. Office : Plot No.W-34, W-34/1 MIDC, Taloja, Dist. Raigad, Maharashtra 410 208

|                       |  |
|-----------------------|--|
| Name of the member(s) |  |
| Registered Address    |  |
| Email ID              |  |
| Folio No./ Client ID  |  |
| DP ID                 |  |

I/We, being the member(s) of ..... shares of the above named company, hereby appoint

- Name : .....  
Address : .....  
Email ID : ....., Signature : ....., or failing him
- Name : .....  
Address : .....  
Email ID : ....., Signature : ....., or failing him
- Name : .....  
Address : .....  
Email ID : ....., Signature : .....,

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at **Twenty-Sixth Annual General Meeting** of the Members of Company held at Plot No. V/10, MIDC, Taloja, Dist. Raigad, Maharashtra 410 208 on **31<sup>st</sup> Dec., 2015** at **9.30 a.m.** and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Resolution No.

- To receive, consider and adopt Financial Statements as at 30<sup>th</sup> June, 2015 together with the Directors' Report and Auditors' Report thereon.
- To appoint a Director in place of Mr. Lalit Misra (DIN: 00033689) who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration.
- To Re-appoint Ms. Savita Gowda as the Managing Director of the Company
- To Re-appoint Mr. Lalit Misra (DIN: 00033689) of the Company
- To appoint Cost Auditor of the Company

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Re.1/-  
Revenue  
Stamp

NOTE: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

(Tear Here)

# *Building an Integrated Company*



## **Toxicology Studies:**

- OECD GLP CERTIFIED  
(GLP/C-0033)



## **Active pharmaceutical ingredient:**

- WHO GMP & KFDA APPROVED
- EUGMP APPROVED



## **Oral solid dosage forms:**

- UK MHRA, TGA (AUS), HEALTH CANADA, INVIMA (COLOMBIA), WHO GMP APPROVED



**Sharon**

*...Caring for Relationships*