Sharon Bio-Medicine Ltd.

13TH

ANNUAL REPORT

2001 - 2002

BOARD OF DIRECTORS

Mr. Savli Mora	Managing Director
Mr. Mohan P. Kale	Director
Dr. V. N. Badde	Director
Mr. T. N. Raghavendan	Director
Mr. Lalit Mora	Director
Mr. Mangesh Tondwalkar	Director
Mr. Nand Kishore Uttyal	Director

AUDIT COMMITTEE

Mr. Mangesh Tondwalkar	Chairman
Mr M. P. Kale	
Mr. Nand Kishore Uttyal	

AUDITORS

M/s. R. K. Gangwal & Associates,
Chartered Accountants

BANKERS

Bank of Baroda

REGISTERED OFFICE

W-34 /34/1, MIDC, Taloja,
Raigad, Maharashtra.
Pin-410208.

CORPORATE OFFICE

B26-B, Khandke Bldg.,
R.K.Vaidya Marg,
Dadar (W),
Mumbai-400 028.

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NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Sharon Bio-Medicine Ltd. will be held on Monday, the 03rd March, 2002 at 10.00 AM at the Registered Office W-34, W34/1 MIDC, Taloja, Dist. Raigad, Maharashtra to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, and adopt the audited Balance Sheet as at 30.09.2002 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors & Auditors.
2. To appoint a Director in place of Mr. Mangesh Tondwalkar, who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Nandkishore Umyal, who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

Registered Office :
W-34,34/1,MIDC,Taloja,
Raigad, Maharashtra, Pin : 410208

By the order of Board of Directors
For SHARON BIO-MEDICINE LTD.

sd/-
Savita Misra
Managing Director

Place : Mumbai
Date : 14th January, 2003.

NOTES

1. A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of members and the Share Transfer Register of the Company shall be remain closed from 1st March, 2002 to 3rd March, 2002 (both days inclusive).
4. The Members are requested to
   a) Intimate changes, if any, in their registered address to the Registrar and Transfer Agents of the Company.
   b) Quote ledger folio number in all their correspondence.
   c) Get the multiple folios consolidated and also get the shares transferred in joint names if they are held in single name to avoid inconvenience in future and,
   d) Bring their copies of the annual reports and the attendance slips with them at the Annual General Meeting.
   e) Write atleast 10 days prior to the date of meeting, any information which they desire on the accounts, to enable the management to keep the information ready.

Registered Office :
W-34,34/1,MIDC,Taloja,
Raigad, Maharashtra, Pin : 410208.

By the order of Board of Directors
For SHARON BIO-MEDICINE LTD.

sd/-
Savita Misra
Managing Director

Place : Mumbai
Date : 14th January, 2003.

DIRECTORS' REPORT

Dear shareholders,

Your directors have pleasure in presenting the 13th Annual Report of the Company with the audited statements of accounts for the year ended 30.06.2002.

COMPANY'S PERFORMANCE:

Your Company has achieved turnover of Rs1320 lacs for the year ended 30-06-2002 as against the turnover of Rs 2077 lacs for the year ended 30.06.2001.

The Financial Results are as under :

	30.06.2002	Rs. in Lacs 30.06.2001
Profit Before Depreciation, Interest, Extra-ordinary items & Tax (PBIDBT)	69.82	89.00
Interest	10.66	45.11
Depreciation	25.39	17.87
Profit Before Tax & Extra-ordinary Item	14.47	28.02
Loss on sale of Motor Car	(02.43)	00.17
Provision for Tax	0.75	00.50
Provision for Deferred Tax Liability	(5.13)	—
Amount brought forward	100.43	78.54
Amount available for appropriation	106.98	103.33
APPROPRIATIONS:		
General Reserve	2.50	2.50
Balance Carried Forward	104.48	100.83

DIVIDEND:

Your Directors do not recommend any dividend on the equity share capital of the Company so as to conserve the resources for better requirement in the Company.

RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act,1956 in relation to financial statements for the year 2001-2002, the Board of Directors reports that:

i. in the preparation of the annual accounts, the applicable accounting standards had been followed;

ii. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. 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 safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the directors had prepared the annual accounts on a going concern basis.

LISTING:

Your Company is Listed with the Stock Exchanges at Hyderabad and Pune Stock Exchange. Annual Listing Fee for the Financial year 2001-02 has been paid.

OPERATIONAL REVIEW:

The operational results of the Company during the year under review remained satisfactory. The total turnover has been maintained despite fire in the plant and being an all round depression in the economy. The Company has done good exports during the year. The standards of quality, perfection and specifications has been meticulously maintained. The unabated steps for continued modernisation of plants and for operation with new technical know-how has been taken by the management to keep its head high as a leader in pharmaceutical business. The operational results of the first quarter of the current year are also satisfactory.

During the year major fire broke out in the factory premises on 08.02.2002 resulting in major loss of raw materials, finished goods, plant & machineries, furniture & fixtures, electrical installation and lab equipments. The total estimated loss due to fire was Rs. 2,48,73,846.00 and accordingly claim was lodged with The New India Assurance Company Ltd. but claim is not settled yet.

INDUSTRIAL RELATIONS:

Industrial relation of the Company continues to be cordial and peaceful. The Directors express their appreciation to all the employees for their dedications and support.

PARTICULARS OF EMPLOYEES:

Information regarding particulars of employees required Under Section 217(2A) of the Companies Act,1956 is not applicable to the Company since there is no employee falls under the provision of said Act.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

FOREIGN EXCHANGE TRANSACTIONS

		(Rs. In Lacs) 2001-2002	2000-2001
A.	CIF value of goods imported	14.86	27.04
B.	Value of Goods Exported (FOB and service charges)	57.66	4.27
C.	Traveling Expenses	3.03	0.23
D.	Commission	0.94	—

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :

	Unit	Avg. Rate	(Rs. In Lacs)
Power & Fuel Consumption :			
Electricity	491864	4.40	21.66

INSURANCE :

All the properties of the Company including Plants & Machineries, Stocks etc. have been adequately insured.

DIRECTORS :

Mr. Mangesh Tondwalkar & Mr. Nandkishore Uniyal retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS :

M/s. R. K. Gangwal & Associates, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

MANAGEMENT DISCUSSION AND ANALYSIS :

A report under management discussion and analysis for the financial year under review is annexed and form part of the report.

I **MISSION AND BUSINESS STRATEGY**

Your company's mission is to attain the " World Class " in all the product in this line of business, setting new standards, in terms of product quality, technology, product offering and efficiencies. The objective is to offer diverse products to its customers, local as well as overseas, which are given at low costs and efficiently, and reduce dependence on any single activity to achieve healthy growth and profitability. Your Company is committed to achieve this, while ensuring high levels of ethical standards, professional integrity and regulatory compliances.

Your Company's Business Strategy emphasizes the following :

Focus on high earnings growth.

Increase market share by following accelerated growth strategy.

Profitability that would ultimately enhance the shareholder's value.

II **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES :**

Human Resources :

The company continues to lay great emphasis on human resources development to make its employees attain high standards in efficiency and productivity. A number of focused initiatives have been undertaken by the company constantly upgrading employees knowledge and skills to ensure significant performance and reward them suitably. Every Executive Officer of the Company shall be a profit center is being enforced and implemented.

III **INDUSTRY OUTLOOK :**

The slowdown in the individual sector which had direct effect on this industry for last 2 to 3 years posed a great challenge. Further, wide array of products and services offered by certain aggressive players in the market has made impact on the industry. These challenges have carved out more opportunities to creative players to innovate and satisfy the needs of the customers.

With our fundamental strength, large customer base and wider reach, we are fully prepared to face the challenges alive to the business environment and geared up to provide best services to our customers.

IV **MANAGEMENT OUTLOOK :**

To cope with the present and future market competitive threats and to live upto the expectations of the customers your company has a sound management structure. Your company have operating policies and procedures and well laid authority limits to ensure that the operational controls are maintained on the business. The policies and procedures are continuously reviewed through an interactive mechanism between the business heads and other support functional heads. Your Company also has an adequate internal control system to ensure feed back on adherence to the defined policies and procedures.

Your Company realized the importance of the use of the technologies in improving operational controls, analysis of information to enable better credit decisions apart from enhancing the Company's ability to service customers better. Your Company proposes to implement state of the art technology for its operations in the ensuing year.

Your Company is managing efficiently legal, statutory, regulatory, corporate governance aspects.

ACKNOWLEDGEMENTS :

On behalf of the Company the Board of Directors place their sincere thanks to the Government, Bankers, Financial Institutions and various other statutory Authorities for their kind cooperation. The Board is extremely thankful to all the Shareholders, Employees, Customers and Dealers for reposing their confidence and strong support.

BY THE ORDER OF BOARD OF DIRECTORS

sd/-
SAVITA MISRA
MANAGING DIRECTOR

Place : Mumbai
Date : 14th January, 2003

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

1. Your Company, since inception, is committed to good Corporate Governance and constantly strives to achieve excellence in all its dealings. The philosophy of your company on Corporate Governance, apart from envisaging environment of the highest levels of accountability and equity in all its action and enhancement of values of all stake holders, is fulfilment of the role of a responsible corporate representative. Your Company recognises the rights of all stake holders to know information about your company and towards this end continuous efforts are made to provide maximum information.

2. **BOARD OF DIRECTORS**

The Board of Directors of the Company is comprised of

- 4 Independent non executive directors
- 2 Non Executive Directors (Promoter Group)
- 1 Executive Director (Promoter group)
- **7 Total Directors**

The size and composition of the Board of Directors conforms the requirements in the Stock Exchanges Listing Agreement.

Composition of the board and attendance record for 7 meetings held during the year.

Name of the Director	Category of Directorship	No.of Board meetings attended	Attendance of last AGM	No. of other directorships	Membership/ Chairmanship in other committees
Mr. Savita Nidhi	Executive/Managing Director	7	Yes	Nil	No
Mr. M P Kale	Non Executive	5	Yes	Nil	1
Mr. Lalit Misra	Non Executive	7	Yes	Nil	1
Mr. T.Raghunandan	Independent Non Executive	Nil	No	8	No
Mr. V N Bedore	Independent Non-Executive	3	No	Nil	No
Mr. Mangesh Tondwalkar	Independent Non-Executive	7	Yes	Nil	2
Mr. Nand Kishore Uniyal	Independent Non-Executive	7	Yes	Nil	2

3. **Two Directors retire by rotation :**

Mr. Mangesh Tondwalkar and Mr. Nandkishore Uniyal retire by rotation and eligible for reappointment offers themselves for reappointment.

Mr. Mangesh Tondwalkar aged 27 years is B.Com. and having sound experience in Banking Transaction and Financial Accounting. His joining as Company as a Director will contribute to the growth of the Company's business.

Mr. Nandkishore Uniyal aged 25 years, B.Com. helped the Management of the Company for maintenance of general administration in the Company. His joining in the Company as a Director will provide great efforts to the prospects of the Company.

4. **Audit Committee :**

During the year 2001-2002, four audit committee meetings were held on 16th August, 2001, 23rd November, 2001, 15th February,2002 and 4th June, 2002. All committee members were present in all the committee meetings. The audit committee is in compliance of section 292A of the Companies Act, 1956

<u>Composition:</u>

In terms of Section 292A of the Companies Act,1956 the Company has set up an Audit Committee The Audit Committee consists of following directors ;

Name	Designation	No.of Meetings Attended
Mr. Mangesh Tondwalkar	Chairman	4
Mr. Mohan P. Kale	Director	4
Mr. Nandkishore Uniyal	Director	4