



Sharon Bio-Medicine Ltd.

15TH
ANNUAL REPORT
2003 - 2004

BOARD OF DIRECTORS

Ms. Savita Gowda

Mr. Mohan P. Kala

Dr. V. N. Badoni

Mr. T. N. Raghunandan

Mr. Lalit Misra

Mr. Mangesh Tondwalkar

Mr. Nand Kishore Uniyal

Managing Director

Director

Director

Director

Director

Director

Director

AUDIT COMMITTEE

Mr. Mangesh Tondwalkar

Mr. M. P. Kala

Mr. Nand Kishore Uniyal

Chairman

AUDITORS

M/s. K. K. Gangwal & Associates,

Chartered Accountants

BANKERS

Bank of Baroda

REGISTERED OFFICE

W-34 ,34/1, MIDC, Taloja,

Raigad, Maharashtra,

Pin-410208.

CORPORATE OFFICE

Sharon House,

Phot No. 163, Park Street,

Smt. Jankidevi Public School Road,

S.V.P. Nager, Andheri (W), Mumbai - 53.

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**SHARON BIO-MEDICINE LTD.****FROM THE DESK OF MANAGING DIRECTOR**

To,
Dear Members,

It gives me an immense pleasure to write a letter to you and brief you about your company. It is obvious and crystal clear that India is changing for better future and so is your company. With change in time your company has achieved better results in terms of turnover and net profit in the previous year. Turnover has increased from Rs. 1,973.15 Lacs To Rs. 2,366.83 Lacs and net profit from Rs. 25.28 Lacs To Rs. 57.56 Lacs. We expect better results to come in near future.

Further, your company is acquiring a land in Uttranchal for setting up a Pharmaceutical Plant (Based on Bio Products) very soon and start the work to implement the project. Your management has identified the land near Dehradun and formalities for acquiring the same will be completed in 2 to 3 months time. The reason for putting up Pharmaceutical plant in Uttranchal is to get the benefits of Excise duty, Sales Tax and Income Tax in future.

Your management is trying to move with the time for the better future so that we both prosperous – YOU and THE COMPANY.

Thanks & Regards,

Sd/-
Savita Gowda.

NOTICE

Notice is hereby given that the fifteenth Annual General Meeting of the members of Sharon Bio-Medicine Limited. Will be held on Thursday 30th December 2004 at 10:00 AM at its Registered office W-34, W-34/1 MIDC, Taloja Dist. Raigad, Maharashtra to transact the business.

ORDINARY BUSINESS

1. To receive, consider, and adopt the audited Balance Sheet as at 30.06.2004 and the Profit & Loss account for the year ended on that date together with the reports of the Director & Auditor.
2. To appoint a Director in place of Mr. Mohan P. Kala who retires by rotation at ensuing Annual General Meeting and has confirmed his eligibility and willingness to accept the office, if re-appointed.
3. To appoint a Director in place of Mr. T. N. Raghunandan who retires by rotation at ensuing Annual General Meeting and has confirmed his eligibility and willingness to accept the office, if re-appointed.
4. To appoint auditors and fix their remuneration.

Registered Office:

W-34, 34/1, M.I.D.C Taloja,
Raigad
Maharashtra-410208

By The order of the Board of Directors
For Sharon Bio-Medicine Limited

Sd/-
Savita Gowda
Managing Director

Place : Mumbai
Date : 27th November, 2004.

NOTES

1. A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
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 REMAINED CLOSED FROM 24th DECEMBER TO 30th DECEMBER 2004.

The Member 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 folio consolidate 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 annual reports and 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 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 Gowda
Managing Director

Place : Mumbai
Date : 27th November, 2004.



SHARON BIO-MEDICINE LTD.

DIRECTORS' REPORT

Dear shareholders,

Your directors are pleased to present their 15th annual report on the business and operations of your Company together with the Audited Statement of Accounts and the Auditors Report for the financial period ended June 30, 2004. The Financial highlights for the period under review are given below.

COMPANY'S PERFORMANCE:

Your Company has achieved turnover of Rs.2366.83 lacs for the year ended 30.06.2004 as against the turnover of Rs. 1973.15 lacs for the year ended 30.06.2003.

The Financial Results are as under:

	<u>30.06.2004</u>	<u>Rs. In Lacs</u> <u>30.06.2003</u>
Profit Before Depreciation, Interest, Extra ordinary items & Tax (PBID&T)	140.48	96.88
Interest	32.21	47.19
Depreciation	39.35	24.41
Profit Before Tax & Extra-ordinary Item	68.92	25.28
Loss on sale of Motor Car	11.36	00.00
Provision for Tax	4.00	1.25
Provision for Deferred Tax Liability	13.79	14.11
Amount brought forward	119.21	114.30
Amount available for appropriation	158.98	124.22
APPROPRIATIONS:		
General Reserve	5.00	5.00
Balance Carried Forward	153.98	119.22

DIVIDEND:

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

DIRECTOR'S

RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2003-2004, the Board of Directors reports that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed;
- 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 & 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;
- 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;
- 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 2004-2005 has been paid.

OPERATIONAL REVIEW:

The operational results of the Company during the year under review remained satisfactory. The total turnover has been enhanced by 20% as compared to the previous year and which has attributed in increasing profits by 128% as compared to last year. The Company has done good exports during the year. The Exports has increased from Rs. 258.49 Lacs to Rs. 420.77 Lacs in comparison to last year. Increase of 62.78% has been achieved by the Company in Overseas Sales During the year. The Company exports its products mainly to European and North American Countries.

The standards of quality, perfection and specifications has been meticulously maintained. The unabated steps for continued modernization at plants and for operation with new technical knowhow 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.

INDUSTRIAL RELATIONS:

Industrial relation of the Company continued 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 none of the employee fall under the provision of said Act.

**SHARON BIO-MEDICINE LTD.****CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:
FOREIGN EXCHANGE TRANSACTIONS (Rs. In Lacs)**

	2003-2004	2002-2003
A. CIF value of Goods Imported	3.85	5.76
B. Value of Goods Exported (FOB and service charges)	420.77	258.49
C. Traveling Expenses	4.53	3.13
D. Commission	2.73	1.46

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :

	Unit	Avg. Rate	(Rs. In Lacs)
Power & Fuel Consumption :			
Electricity	714217	4.15	29.64

INSURANCE:

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

DIRECTORS:

Mr. Mohan P. Kala & Mr. T. N. Raghunandan retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS:

M/s. K. 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 own 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 disciplined growth strategy.

Profitability that would ultimately enhance the shareholder's value

To achieve this mission your management has thought to put another Pharmaceutical Plant in the State of Uttranchal very soon.

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 :

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 services 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 ORDER OF THE BOARD

Place : Mumbai

Date : 27th November, 2004

Sd/-
SAVITA GOWDA
MANAGING DIRECTOR



SHARON BIO-MEDICINE LTD.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

1. Your Company, since inception, is committed to good corporate Governance and constantly strive to achieve excellence in all its dealings. The philosophy of your company on Corporate Governance, apart from envisaging attainment of the highest levels of accountability and equity in all its action and enhancement of values of all stake holders, is fulfillment 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 6 meetings held during the year.

Name of the Director	Category of Directorship	No. of Board meetings attended	Attendance of last AGM	No. of other directorship	Membership/ Chairmanship In other committee
Ms. Savita Gowda	Executive/Managing Director	6	Yes	Nil	No
Mr. Lalit Misra	Executive	4	Yes	Nil	1
Mr. Mohan P. Kala	Non-Executive	6	Yes	Nil	1
Mr. T. Raghunandan	Independent Non-Executive	Nil	No	6	No
Dr. V.N. Badoni	Independent Non-Executive	3	No	Nil	No
Mr. Mangesh Tondwalkar	Independent Non-Executive	6	Yes	Nil	2
Mr. Nand Kishore Uniyal	Independent Non-Executive	6	Yes	Nil	2

3. Two Directors retire by rotation :

Mr. Mohan P. Kala and Mr. T. Raghunandan retire by rotation and eligible for reappointment offers themselves for reappointment.

Mr. Mohan P. Kala Aged 44 years is Chartered Accountants, is eligible and willing to serve the Company as a Director and will be contributing to the growth of the Company's business.

Mr. T. Raghunandan Aged 55 years, has sound experience in Pharmaceutical Industry and his Management Traits and Foresight has helped the company in attaining its milestones and its short and long term objectives.

4. Audit Committee :

During the year 2003-2004, Four audit committee meetings were held on 29th July 2003, 29th October 2003, 27th January 2004 and 28th April, 2004. All committee members were present in all the committee meetings. The audit committee is in compliance of section 292A of the Companies Act, 1956.

Composition:

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. Kala	Director	4
Mr. Nandkishore Uniyal.	Director	4

5. REMUNERATION COMMITTEE :

The Company does not have a formal Remuneration Committee. Ms. Savita Gowda appointed as Managing Director of the Company receiving remuneration as approved by the members in the General Meeting held on 21st March 2001 w. e. f 11/08/2000.

**SHARON BIO-MEDICINE LTD.****6. SHAREHOLDERS GRIEVANCE COMMITTEE :**

The Board has constituted the shareholders/investors grievance committee consisting Mr. Mangesh Tondwalkar, non-executive director who was appointed as the chairman of the committee, along with Mr. Nandkishore Uniyal and Mr. Lalit Misra. The committee meets at frequent intervals to consider, interalia, share transfer/transmission, shareholders complaints etc.

7. GENERAL BODY MEETINGS :

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
2000-2001	W-34, M.I.D.C Taloja, Raigad, Maharashtra-410208.	31.12.2001	10.00 a.m.
2001-2002	W-34, M.I.D.C Taloja, Raigad, Maharashtra-410208.	03.03.2003	10.00 a.m.
2002-2003	W-34, M.I.D.C Taloja, Raigad, Maharashtra-410208.	30.12.2003	10.00 a.m.

Other Disclosures:

- The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the Company
- The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.

8. Means of Communication:

The company has published quarterly results in the,

- Free Press Journal (English)
- Navshakti (Marathi)

The Company has also opened a separate email address www.Sharon@bom3.vsnl.net.in

General Shareholders Information:**1. Annual General Meeting**

Date : 30.12.2004.
Venue : W-34, MIDC, Taloja, Raigad, Maharashtra-410208.

- Accounting Year : 01.07.2003 to 30.06.2004
Annual General Meeting : 30.12.2004.

Board Meetings:

Results for quarter ending 30th September, 2003 : Last week of October, 2003.
Results for quarter ending 31st December, 2003 : Last week of January, 2004.
Results for quarter ending 31st March, 2004 : Last Week of April, 2004
Results for quarter ending 30th June, 2004 : Last week of July, 2004.

- Book Closure : 24th December 2004 to 30th December, 2004
- Registered Office : W-34, MIDC, Taloja Raigad, Maharashtra.
- Equity Shares Listed on. : 1) The Pune Stock Exchange Ltd.
Code No.: SHAPH160274
2) The Hyderabad Stock Exchange Ltd.
Code No. : SOH
3) NSDL-ISIN-INE028B01011
4) CDSL ISIN-INE028B01011