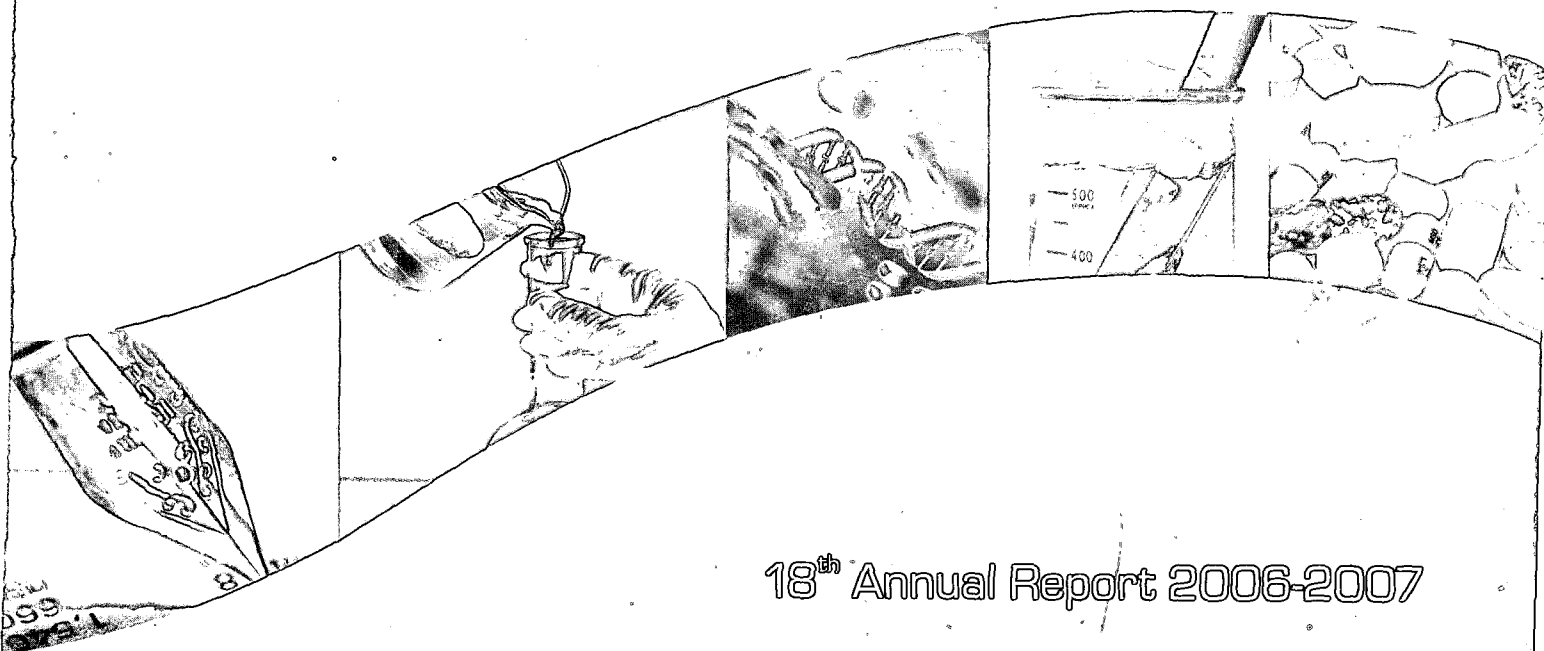


# Sharon



18<sup>th</sup> Annual Report 2006-2007

**BOARD OF DIRECTORS**

Ms. Savita Gowda  
 Mr. Lalit Misra  
 Mr. Mohan P. Kala  
 Mr. Vijay Kirpalani  
 Dr. V. N. Badoni  
 Mr. Anand Paul Eddy  
 Mr. Sohel I. Sheikh  
 Mr. Sanjay Shah  
 Dr. Nivvedita Patil Kartik

Managing Director  
 Whole Time Director  
 Director  
 Whole Time Director  
 Independent Director  
 Independent Director  
 Independent Director  
 Independent Director

**AUDITORS**

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

Jagdish Patel & Co.  
 Company Secretaries (in Practice)

**BANKERS**

Canara Bank  
 New Marine Line Branch, Mumbai

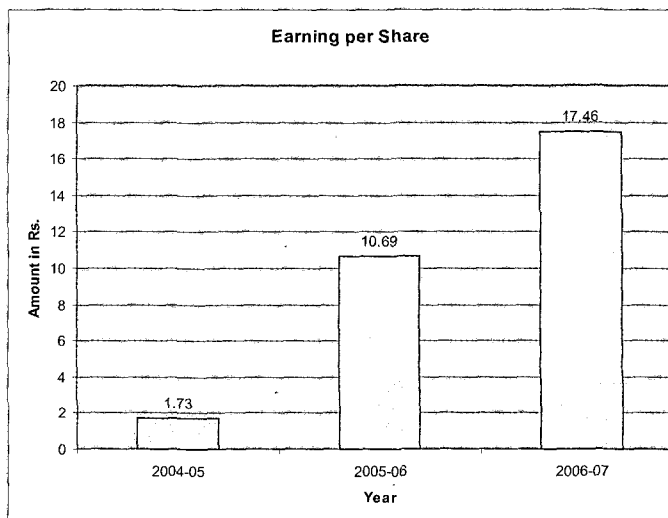
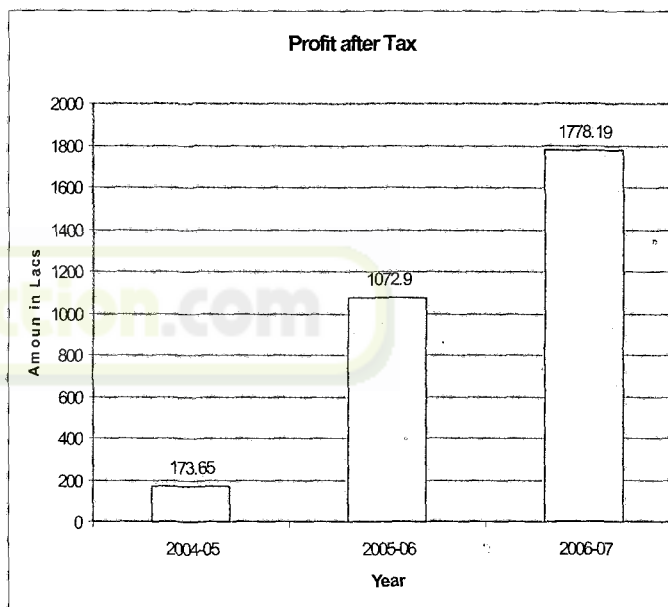
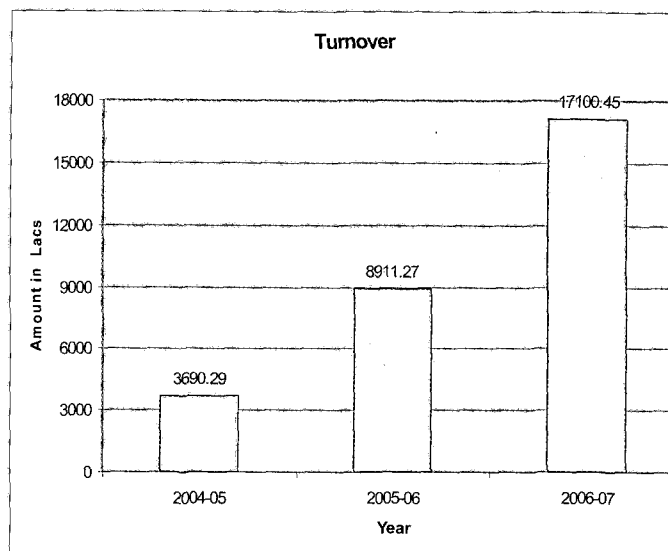
State Bank of India  
 Overseas Branch, Mumbai

**COMPANY SECRETARY**

Mr. R. M. Gaud

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**Dear Shareholders,**

India going Global is the buzz word and Sharon is already on the path. We are proud to inform you that the first step taken last year for the entry to Regulated markets has become now a strong foothold. We have successfully commissioned and started the operations in our plant at Dehradun, Uttarakhand. We are confident that in this year we shall get the International Approval of UK MHRA and become one of the few Contract Manufacturers of Finished Dosages in India.

We have our growth plan in place and moving ahead this year the Company has purchased two plots in Taloja near Navi Mumbai for setting up additional manufacturing facilities. The Company has issued USD 16.5 million Foreign Currency Convertible Bonds @ Rs 315 per share which is at premium of 38.13% of the floor price computed as per SEBI Guidelines.

We have pleasure to inform you that our shares which were being traded in BSE in the Indo-Next Category are now from 29<sup>th</sup> October 2007 directly listed in Bombay Stock Exchange Ltd.

We have performed well in our financial result and the Board of Directors have recommended 15% dividend on Equity Shares for the year ended on 30/06/2007 keeping in mind that your company is in expansion mode and more funds will be required for the upcoming projects in future.

We believe that the achievement made by us is small but significant keeping in the growth that we have had in the years and we strongly believe it's just the beginning. The success has been achieved with the committed support of our entire team at the plants and the offices. We have been able to move leaps and bounds and move ahead in our growth plans so efficiently as the team has provided us the backing and each one has performed to his best.

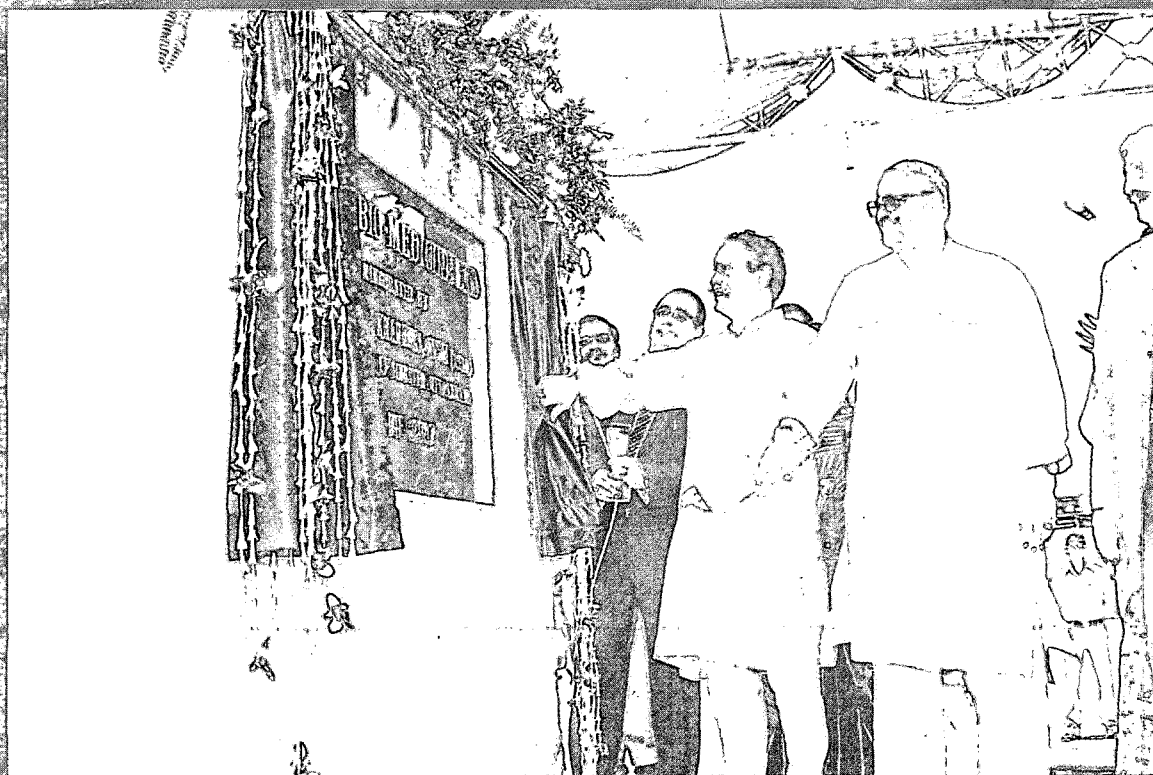
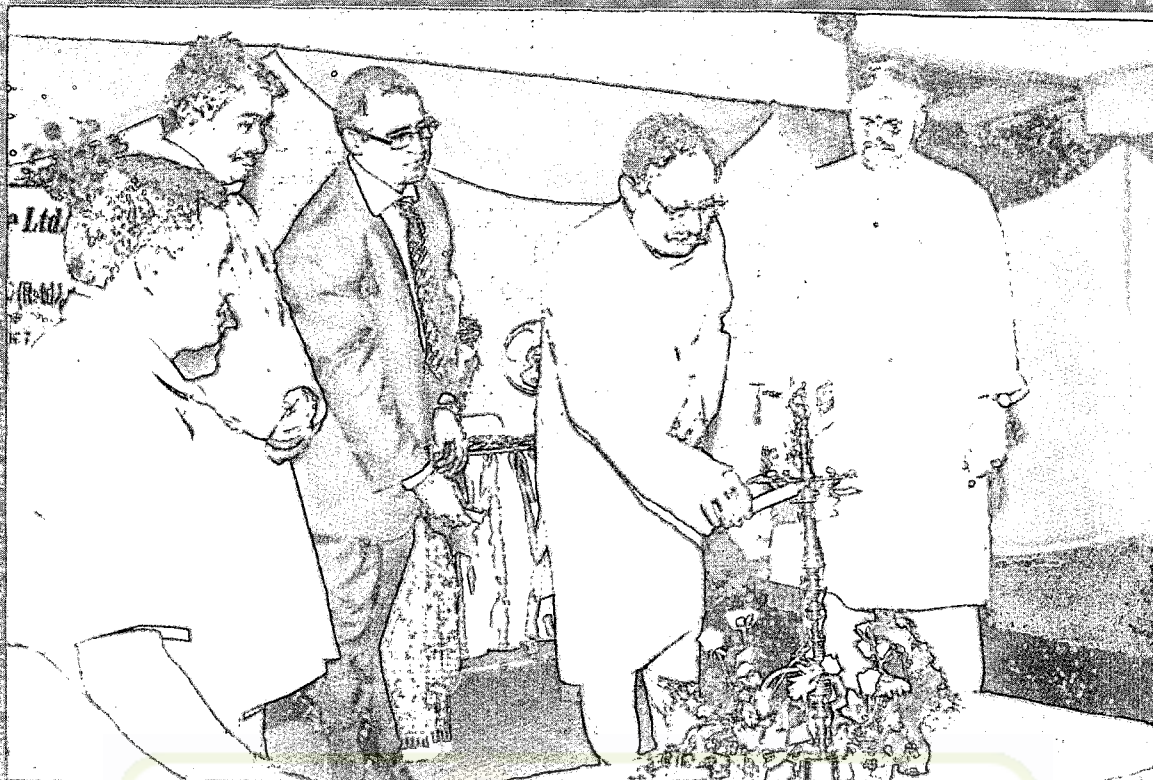
We are grateful to the Board of Directors of Sharon for their unwavering support and would like to convey my gratitude to the Board, customers, suppliers, bankers, employees and our shareholders for their resolute support and belief in our ability to deliver maximum shareholder value. We assure you and believe in caring for relationships.

**For Sharon Bio-Medicine Limited.**

**Sd/-**  
**Mrs. Savita Gowda**  
Managing Director



**Formulation Plant Inaugurated by the Hon'ble Chief Minister, Uttarakhand  
Major General B. C. Khanduri (Retd.)**



**NOTICE**

**NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Sharon Bio-Medicine Limited will be held at the Registered office at Plot No.W-34, W-34/1 MIDC, Taloja, Dist. Raigad, Maharashtra 410 208 on 31st December, 2007 at 9.30 a.m. to transact following business:**

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at June 30, 2007 and Profit and Loss Account for the Financial year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare divided.
3. To appoint a Director in place of Mr. Mohan P. Kala, who retires by rotation, and being eligible, offers himself for appointment.
4. To appoint a Director in place of Mr. Lalit Misra, who retires by rotation, and being eligible, offers himself for appointment.
5. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Sanjay Shah, who was appointed as an Additional Director of the Company by the Board of Directors, who holds office under section 260 of the Companies Act, 1956, until the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, who has given his consent to act as Director and declaration in Form DD-A, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of section 198, 269 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the consent of the members be and is hereby accorded for revision of remuneration payable to Mr. Vijay Kirpalani as a Whole time Director for a residual period with effect from 1<sup>st</sup> January, 2008 from Rs.100000 p.m. to upto Rs.200000 p.m. and the appointee be given an annual increment not exceeding 50% on 1<sup>st</sup> day of April every year.

The other terms and conditions remain same.

8. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of section 198, 269 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, consent of the members be and is hereby accorded for revision of remuneration payable to Mrs. Savita Gowda as a Managing Director for a residual period with effect from 1<sup>st</sup> January, 2008 from Rs.60000 p.m. to upto Rs.100000 p.m. and the appointee be given an annual increment not exceeding 50% on 1<sup>st</sup> day of April every year.

The other terms and conditions remain same

9. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of section 198, 269 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, consent of the members be and is hereby accorded for revision of remuneration payable to Mr. Lalit Misra as a Whole time Director for a residual period with effect from 1<sup>st</sup> January, 2008 from Rs.60000 p.m. to upto Rs.100000 p.m. and the appointee be given an annual increment not exceeding 50% on 1<sup>st</sup> day of April every year.

The other terms and conditions remain same



10. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

"RESOLVED THAT Pursuant to the provisions of section 81 (1A) and other applicable provisions of the Companies Act, 1956 and further subject to all necessary approvals, consents, permissions and/or sanctions of the Government of India, Reserve Bank of India, under Rules and Regulation thereof (including any statutory modification or re-enactment thereof for the time being in force as may be applicable at the time of FCCB issue) and all other appropriate authorities, institutions or Bodies and subject to such conditions as may be prescribed by them while granting such approval, consent, permission or sanction, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any duly authorised Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized on behalf of the Company to issue/offer and allot, in the course of international offerings in one or more foreign markets, Equity Shares, Foreign Currency Convertible Bonds(FCCB) and/or securities convertible into Equity Shares at the option of the Company and/or holders of the securities and/or securities linked to Equity Shares, and/or any Instruments or securities representing Equity Shares and/or convertible securities, or Non-Convertible debt/bonds with or without warrants, entitling the holder to Equity Shares and/or depository receipts (hereinafter collectively referred to as the "Securities") to be subscribed in foreign currency(ies) to such investors (whether Institutions and/or incorporated bodies and/or individuals or otherwise, and whether or not such investors are members of the Company) as the Board may, in its sole discretion deem appropriate, through prospectus and/or letter of offer or circular and/or on private placement basis for an amount not exceeding Rs. 500 Crores (inclusive of such premium as may be determined by the Board), such issue and allotment to be made at such time or times, in such tranche or tranches, at such price or prices, at a premium or discount to market price or prices and in such manner and on such terms and conditions including security, rate of interest etc. as the Board may in its absolute discretion think fit, in consultation with the lead managers and/or underwriters and/or other advisers as may be appointed by the Board, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have all or any terms or combination of terms in accordance with international practice including but not limited to terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the Securities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enter into and execute all such arrangements with any Lead Managers, Managers, Underwriters, Guarantors, Depositories, Custodians and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like, and also to seek the listing of such Securities in one or more International/National Stock Exchanges.

RESOLVED FURTHER THAT the Company and/or an agency or a body authorized by the Company may issue Depository Receipts representing the underlying Equity Shares issued by the Company or such other Securities in registered or bearer form with such features and attributes as are prevalent in the international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practice prevalent in the international markets.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such shares ranking pari passu with the existing Equity Shares of the Company in all respect, excepting the right as to dividend as may be provided under the terms of the issue and in the offering document.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Equity Shares or Securities, as aforesaid, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing, depository and custodian arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."



## Annual Report 2006-07

11. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:  
**RESOLVED THAT** pursuant to the provisions of section 314 and other applicable provisions of the Companies Act, 1956, and Subject to approval of the Central Government, the consent of the Company the remuneration be and is hereby increased from Rs. 40,000 to Rs. 1,00,000 per month plus perquisites as per the Company policy and an annual increment not exceeding 50% on 1st day of April every year to Mrs. Asha Kala, relative of Non executive Director of the Company with effect from January 1, 2008.

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself, and proxy so appointed need not be a member of the Company. In order to be effective, proxy form must be lodged with the company not less than 48 hours before the commencement of the meeting.
2. The register of members and the share transfer book of the Company shall remain closed from 28<sup>th</sup> December, 2007 to 31<sup>st</sup> December, 2007 (both days inclusive).
3. The Dividend as recommended by the Board, if approved at the members meeting will be payable on or after 31<sup>st</sup> December, 2007 to those members whose names are on the Register of Members of the Company as on 28<sup>th</sup> December, 2007.
4. Members are requested to bring their copy of the Annual Report along with them as copies of the same will not be distributed at the meeting.
5. Members desirous of asking any questions in regards to accounts published herein at the Annual General Meeting are requested to send in their questions in writing so as to reach the Company at least 7 days before the Annual General Meeting so that the same can be suitably replied.
6. Members/Proxies are requested to produce the Attendance Slip at the entrance of the Hall.
7. Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.
8. The Members holding shares in dematerialized form, may please note that while opening a depository account with participants, they may have given their bank account details, which will be printed on their dividend warrants. However, if Members want to change/ correct the bank account details, they should sent the particulars to their depository participant with MICR code. The Company will not entertain any direct request from Members for deletion/ Changes in the bank account details furnished by the Depository Participants to the Company.
9. As required under Clause 49 (IV) of the Listing Agreement the details of the appointment of new Director or re-appointment of a Director.

Name of the Directors	Date of Appointment	Age	Qualification & Experience	No. of Shares held	Directorship in other Companies	Chairman ship/ membership in any committee	
						Chairman	Member
Mr. Mohan P. Kala	13.02.1995	48	Chartered Accountant	1903630	2	Nil	1
Mr. Lalit Misra	06.08.1999	31	B.E (Chemical)	300000	1	Nil	1
Mr. Sanjay Shah	15.11.2006	56	M.Sc.	Nil	Nil	Nil	Nil

FOR AND ON BEHALF OF THE BOARD

Sd/-  
**Savita Gowda**  
 (Chairman)

Place : Mumbai  
 Date : 6.12.2007



**Sharon**

## **ANNEXTURE TO THE NOTICE**

### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT 1956.**

#### **Item No. 6**

Mr. Sanjay Shah, was appointed as an Additional Director of the Company on 15<sup>th</sup> November, 2006, and pursuant to Section 260 of the Companies Act, 1956. Mr. Sanjay Shah holds office of Director upto the date of ensuing Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. Sanjay Shah for the office of Directorship under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors of the Company, except Mr. Sanjay Shah is interested and concerned in this resolution.

#### **Item No. 7, 8 & 9**

Mrs. Savita Gowda, Managing Director Mr. Vijay Kirpalani, & Mr. Lalit Misra are Whole time Directors respectively, looking to cost of index and general rise in prices, and their contribution in day to day business activities of the company and the progress of the company, the present remuneration is very moderate and resolution appointing them did not provided for graded increment, therefore this resolution is recommended for your approval.

This may be treated as an abstract under section 302 of the Companies Act, 1956

None of those Directors of the Company, except Mrs. Savita Gowda, Mr. Vijay Kripalani and Mr. Lalit Misra are interested and concerned in these resolution.

#### **Item No. 10**

This resolution relates to a proposal by the Company to issue/offer and allot any securities convertible into Equity Shares including Equity Shares, Foreign Currency Convertible Bonds(FCCB) and/or securities convertible into Equity Shares at the option of the Company and/or holders of the securities and/or securities linked to Equity Shares, and/or any Instruments or securities representing Equity Shares and/or convertible securities, or Non-Convertible debt/bonds with or without warrants, entitling the holder to Equity Shares and/or depository receipts for an aggregate value not exceeding Rs.500 Crore (inclusive of premium) in the course of international offering. The proposed utilization of the proceeds is to fulfill the additional fund for normal long term capital expenditure.

The detailed terms and conditions for the offer will be determined in consultation with the Advisers, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The pricing of the international issue will be a free market pricing and may be at a premium or discount to market price in accordance with international practice. Since the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of securities or shares to be issued. For reasons aforesaid, an enabling resolution is being passed to give adequate flexibility and discretion to the Board to finalise the terms. Securities issued pursuant to the international offer would be listed on Luxembourg Stock Exchange and/or Singapore Stock Exchange and/or London Stock Exchange and/or any other Stock Exchange outside India and may be represented by Depository Receipts or other securities outside India.

The Special Resolution seeks to give the Board powers to issue securities in such tranche or tranches at such time or times, at such price or prices and to such persons including institutions and/or incorporated bodies and/or individuals or otherwise as the Board may, in its absolute discretion, deem fit.

The Board recommends for consent of the Shareholders by passing special resolution pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchange in India where the Equity Shares of the Company are listed.

The said Special Resolution, if passed, shall have the effect of allowing the Board on behalf of the Company to issue and allot the Securities otherwise than on pro-rata basis to the existing shareholders.



## Annual Report 2006-07

The Board of Directors believes that such issue is in the interest of the Company and therefore recommends this special resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

**Item No. 11**

Mrs. Asha Kala relative of director is paid remuneration of Rs. 40,000, looking to the contribution and efforts made by her; the present remuneration is much lower than the remuneration being paid to other employee of similar cadre and the cost of index. There for the board has proposed increasing in remuneration by a special resolution.

None of those Directors of the Company, except Mr. Mohan Kala is interested and concerned in this resolution.

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Mrs. Savita Gowda**  
Managing Director

**Place : Mumbai**

**Date : 6.12.2007**

**Corporate Office:**

Plot no.163, Sharon House,  
SVP Nagar, Smt.Jankidevi Public School Road,  
Andheri(w), Mumbai 400053

Report Junction.com


**Sharon**

## DIRECTORS' REPORT

Dear shareholders,

Your directors are pleased to present their 18<sup>th</sup> 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, 2007. The Financial highlights for the period under review are given below.

### COMPANY'S PERFORMANCE:

Your Company has achieved turnover of Rs. 17100.45 lacs for the year-ended 30.06.2007 as against the turnover of Rs. 8926.61 lacs for the year-ended 30.06.2006.

The Financial Results are as under:

	30.06.2007	30.06.2006
Turnover & Other Income	17100.45	8926.61
Profit Before Depreciation, Interest, Extra ordinary items & Tax (PBID&T)	2638.07	1403.42
Interest	249.88	63.48
Depreciation	117.93	55.70
Profit Before Tax & Extra-ordinary Item	2270.26	1284.24
Provision for Tax	475.00	200.00
Provision for Deferred Tax Liability	14.07	8.82
Provision for Fringe Benefit tax	3.00	2.75
Earlier Year Tax Adjustment	—	0.23
Profit after Tax	1778.19	1072.90
Amount brought forward	1035.62	277.10
Amount available for appropriation	2813.81	1350.00
APPROPRIATIONS:		
General Reserve	200.00	200.00
Provision for Proposed Dividend	152.73	100.32
Provision for Dividend Tax	25.96	14.07
Balance Carried Forward	2435.12	1150.00

### PERFORMANCE REVIEW :

The Directors are pleased to report to Shareholders a highly successful year not only in terms of financial performance but also overall growth of the Company during the year. The turnover of the Company was Rs 17100.45 Lacs against Rs 8926.61 lacs in the previous year. During the year, the Company has scaled new heights and set several new benchmarks in terms of sales, profits, net worth and assets.

The net profit for the year was Rs.2270.26 Lacs against Rs 1284.24 Lacs in the previous year.

### DIVIDEND:

The Directors are pleased to recommend dividend of 15% (i.e. Rs. 1.50 per Equity share) on equity capital for the year ended June 30,2007.The dividend shall be paid on 1,01,81,900 equity shares of the company. Divided payout will be Rs. 1,52,72,850/- and Dividend Distribution tax will be Rs. 25,95,621/-

Your Directors believe in sustained increase in shareholders value, eventually resulting in a higher return therein and accordingly the Board of Directors has considered the final Dividend for the financial year ended 30<sup>th</sup> June, 2007.

The Dividend pay out for the year under review has been formulated in accordance with the Company's need for Capital for its growth plans and the intent to finance such plans through internal accruals to the maximum

### MARKETING :

Sharon has a clear strategy of Direct Marketing for its API and Intermediates and Contract Manufacturing for Finished Formulations. The company has launched new products from its plant at Taloja for the domestic and international markets. The operations from the dehradun facility have begun and we have started manufacturing products for the domestic companies. We have also signed the contract with the European pharmaceutical companies for the contract manufacturing of their products in the facility of Dehradun.