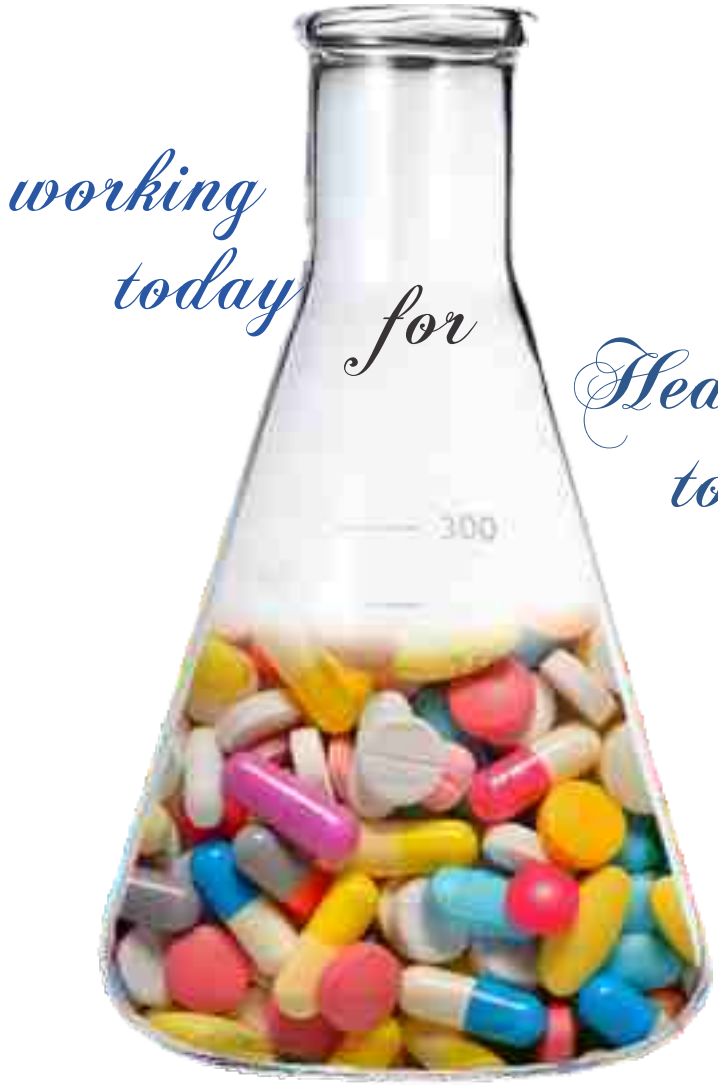
Sharon
BIO-MEDICINE LTD.

25 YEARS OF CARING



working today for Healthy tomorrow

25TH ANNUAL REPORT 2013-2014

Registered Office :

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

Corporate Office :

Sharon House,
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

Contents

Particulars	*Pg. No.*
Financial Highlights	**3**
Managing Directors' Letter	**6**
Notice	**8**
Directors Report	**16**
Corporate Governance	**24**
Management Discussion & Analysis	**33**
Independent Auditors' Report	**36**
Balance Sheet	**40**
Profit & Loss Account	**41**
Cash Flow Statement	**42**
Schedules	**43**
Balance Sheet Abstract	**54**
Reports & Accounts of Subsidiary Company	**55**
Consolidated Financial Statement & Reports	**62**

Chairperson & Managing Director:

Savita Satish Gowda (Ms.)

Whole Time Directors:

Lalit Misra

Vijay Kirpalani

Director:

M. P. Kala

Non-Executive Directors:

Asif Taiyab Rangwala

Nivedita Patil (Dr.)

Harish Palecanda

Madhav Manohar Sapre

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

Statutory Auditors :

Shyam C. Agrawal & Company
(Chartered Accountants)

Company Secretaries (in practice) :

Jagdish Patel & Company

Company Secretaries :

Archana Hemant Andhare

Registrar & Transfer Agent :

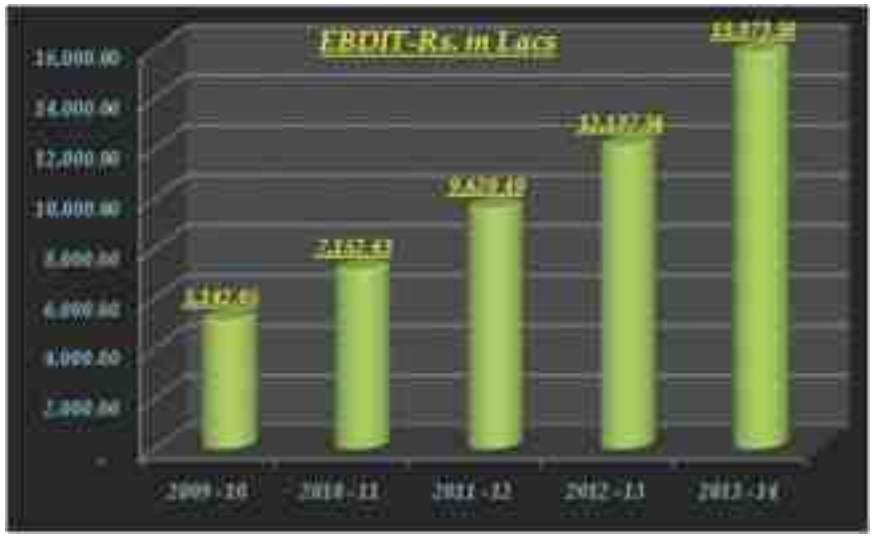
Link Intime India Private Limited

Financial Highlights of your Company

Accounting periods ₹ in Lacs

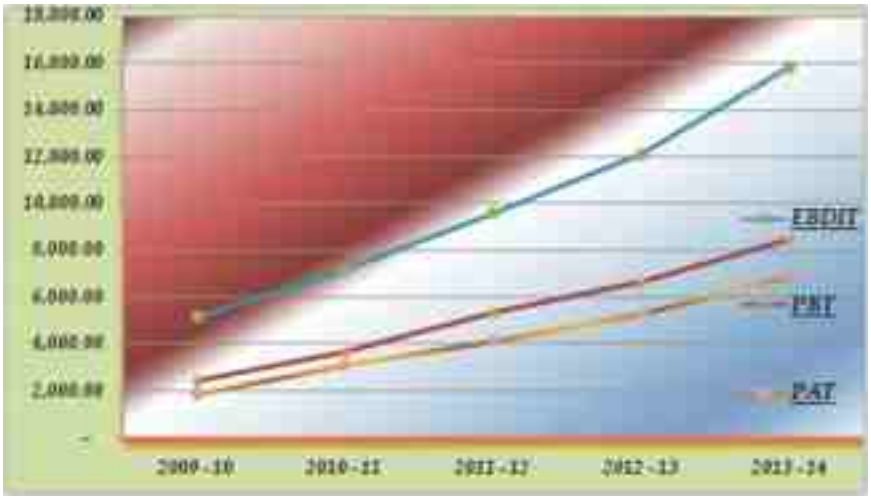
Particulars	2009 - 10	2010 - 11	2011 - 12	2012 - 13	**2013 - 14**
Turnover	49,649.88	60,604.66	78,506.14	105,949.66	**131,376.82**
Other Income	156.97	112.18	92.69	88.65	**167.71**
EBDIT	5,142.05	7,152.43	9,620.49	12,137.54	**15,873.58**
Interest	2,099.88	2,680.81	3,425.97	4,305.80	**5,862.76**
Depreciation	639.98	824.40	886.38	1,212.78	**1,535.44**
PBT	2,402.19	3,647.22	5,308.14	6,618.96	**8,475.39**
Income Tax	350.00	400.00	910.00	1,200.00	**1,301.00**
PAT	1,871.63	3,116.65	4,161.44	5,285.90	**6,961.72**
EPS	17.73	29.52	37.31	38.84	**5.23**
Adjusted EPS	1.77	2.95	3.73	3.88	**5.23**
Diluted EPS	1.77	2.95	3.73	3.01	**3.69**

PBT-Rs. in Lacs
9,000.00
8,000.00
7,000.00
6,000.00
5,000.00
4,000.00
3,000.00
2,000.00
1,000.00
2,402.18
3,547.22
5,388.14
6,615.46
8,475.28


EBDIT-Rs. in Lacs
16,000.00
14,000.00
12,000.00
10,000.00
8,000.00
6,000.00
4,000.00
2,000.00
2009-10
2010-11
2011-12
2012-13
2013-14

Other Income-Rs. in Lacs
180.00
160.00
140.00
120.00
100.00
80.00
60.00
40.00
20.00
2009-10
2010-11
2011-12
2012-13
2013-14

PAT-Rs. in Lacs


EBDIT
PBT
PAT

Adjusted E.P.S in Rs.

Letter from Managing Director

Dear Owners,

Warm greetings from me & Sharon Family.

It's a feeling of great pleasure to present you your company's **25th Annual Report** monitoring the continuing Growth of SHARON for more than 15 years in row.

Financial year 2014 will be one more year to be noted as a momentous year in the history of SHARON. We have been exploring all the opportunities for effective deployment of capitaland other resources to defining and executing growth strategies and driving innovation across various facets of our business area

Emerging as a strong, assertive & sustainable global enterprise, your company has always focused on five factors:-

1. **EXPANSION;** Achieving high levels of Capital Efficiency

As Managing Director of your company I feel proud to announce that your company has invested Rs.85 Crores for doubling the capacity of the formulation plant located at Selaqui, in Uttarakhand. Anticipating good margins from formulation business based on the past year's results and to cater to the increasing export and domestic demand. The management of your company has also deployed Rs. 30 Crores in Bulk Drugs & Intermediates.

2. **RESEARCH & DEVELOPMENT;** Innovations leading sustained Growth

A pharma firm's value proposition is strongly tied to its R&D capabilities, which serve as the engine for innovation and growth. At Sharon, R&D is a strong value creator, managed with vision and built into your company's DNA. Starting from route selection, in-depth analysis is undertaken swiftly throughout the process-chain, to ensure "Quality", "Cost-competitiveness", "High process-efficiencies", "Safety", "Environmental-impact" and Durability & robustness of the process. Another necessary & synergistic area of focus of your company has been in Toxicology studies, this is the bulwark of safety for pharma products.

3. **QUALITY MANAGEMENT;** Quality-centric systems

At Sharon, great stress is put on all 4 attributes of Quality - management, viz. quality planning, qualitycontrol, quality assurance and quality improvement. The focus of Quality management is not only on product and service quality, but also the means to achieve it.

4. **OPERATIONAL EXCELLENCE;** through Asset Productivity, Capital Effectiveness & Operations Risk Management.

Sharon invests in adequate employee strength & compensation coupled with intensive training. Empowered & effective, trained employees are Sharon's main assets.

- **Asset Productivity :** We strive to optimize facilities, infrastructure, manufacturing capacities by ensuring reliability of equipment, process control, manpower training and energy-optimization.

  -Eg. : we have shifted from Furnace Oil to cleaner & cheaper LPG with large cost savings.

- **Capital Effectiveness :** Efficient and swift planning of business, facilities, projects, value-improving practices has led to overall quantum increase in effectiveness of the Capital employed.
- **Operations & Risk Management :** Management of technical & facility safety systems, occupational health, environmental foot-prints, effective customer-relationship management and product-stewardship in the market have mitigated the risks in most areas, permitting the company to operate effectively in a competitive market.

5. **MARKET AWARENESS :**

The success of any expansion in any business organization, in the terms of production or growth in market geographically, is purely dependent on the agile decision making and market awareness of upper management. Our market & cost prediction models that form foundation of all our expansion plans have proven correct till now and your company's projects have repeatedly achieved early break-even.

Further, this was only possible due to early benefits that a company can enjoy only if they are have a high level of awareness of the market dynamics in the related Industry.

Combined, these factors make a big impact on the survival and growth of any business organization.

The slow recovery of the global economy after a long period of recession, and the looming fear of slipping into recession again shows that there seems still some time before self sustaining and significant growth patterns emerges in the industry. However, the Indian Pharma Industry is managing to grow well, not only in the Indian context but also in keeping global requirements apart from a few regulatory set-backs some companies have faced from the west. In this regard, your company's management has endeavoured to create a sustainable framework in which to thrive in the future with wider large markets and new products. There seems no doubt that in the coming years, your company will be immensely benefitted as a result of the Expansion projects soon to reach their optimal capacities.

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 to bringing your Company in successful growth and assure our Stakeholders to deliver the maximum value to their stake in future through continued relentless efforts of the Sharon team.

On Behalf of the Board

Sd/-

Savita Satish Gowda (Ms.)

(Chairperson & Managing Director)

Place: Mumbai

Date: 21.11.2014

Notice

NOTICE is hereby given that the Twenty Fifth 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 17th December, 2014 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Financial Statements as at 30th June, 2014 together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Vijay Kirpalani (DIN: 00033759) who retires by rotation, and being eligible, offers himself for re-appointment.
4. **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 provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s Shyam C Agrawal & Co (Firm Registration No. 110243W) the Chartered Accountants, Mumbai, be and are hereby re- appointed as the Auditors of the Company to hold office for the period of three (3) years from the conclusion of this meeting until the conclusion of the Twenty Eighth Annual General Meeting of the Company (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) at a remuneration as may be decided by the Chairman.

SPECIAL BUSINESS :

5. **Appointment of Mr. Harish Palecanda (DIN No.: 02797391) as the Independent Director.**

   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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Harish Palecanda (DIN No.: 02797391), be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) years w.e.f. 01.04.2014 to 31.03.2019, not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director,"

6. **Appointment of Dr. Nivvedita Patil (DIN No.: 00344641) as the Independent Director.**

   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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49