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

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Financial Highlights

Accounting periods ₹ in Lacs

Particulars	2010 - 11	2011 - 12	2012 - 13	2013-14	**2014-15**
Turnover	60,604.66	78,506.14	105,949.66	131,376.82	**83,395.46**
Other Income	112.18	92.69	88.65	167.71	**263.21**
EBIDTA	7,152.43	9,620.49	12,137.54	15,873.58	**(3,165.84)**
Interest	2,680.81	3,425.97	4,305.80	5,862.76	**9,364.48**
Depreciation & Amortisation	824.40	886.38	1,212.78	1,535.44	**1,925.93**
PBT	3,647.22	5,308.14	6,618.96	8,475.39	**(14,456.25)**
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	**(22,586.41)**
EPS	29.52	37.31	38.84	5.23	**(16.97)**
Adjusted EPS	2.95	3.73	3.88	5.23	**(16.97)**
Diluted EPS	2.95	3.73	3.01	3.69	**(11.91)**

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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 lead 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 difficultly 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/-

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

Place: Mumbai
Date: 29.8.2015

Notice

NOTICE is hereby given that the 26th 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 31st 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 30th June, 2015 and the statement of the Profit and Loss of the Company for the Financial Year ended 30th 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 25th 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 28th 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:

Salary	Rs. 2,75,000/- p.m.
Perquisites and allowances	Leave Travel Concession, Medical Reimbursement, Club Fees, Personal Accident Insurance, Key man insurance, Car with Driver, Telephone at Resi., Mobile, internet etc.
Others	• 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. • Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. • Leave Encashment at the end of the tenure.

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 Directorof the Company for a period of Three Years w.e.f. 11th Aug, 2015 to 10th Aug, 2018 at a remuneration and other terms and conditions as mentioned below:

Salary	Rs. 2,75,000/- p.m.
Perquisites and allowances	Leave Travel Concession, Medical Reimbursement, Club Fees, Personal Accident Insurance, Key man insurance, Car with Driver, Telephone at Resi., Mobile, internet etc.
Others	• 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. • Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. • Leave Encashment at the end of the tenure.
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/-

Savita Satish Gowda (Ms.)

DIN: 00042957

(Chairperson & Managing Director)

Place: Mumbai

Date: 10.11.2015

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 authorisng 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 25th Dec, 2015 to 31st 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. 24th 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. 24th 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. 24th Dec, 2015, may obtain the login ID and password by sending a request at **evoting@nsdl.co.in** or **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** 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 28th Dec, 2015 from 9.00 a.m.

End of Remote E-voting : On 30th 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.nsdl.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:

EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN

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.nsdl.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 NDSL.