



Independent Auditors Report

To,
The Members of
M/s SHARON BIO-MEDICINE LIMITED,

Report on the Financial Statements

We have audited the accompanying financial statements of **SHARON BIO-MEDICINE LTD.** ("the Company"), which comprise the Balance Sheet as on 9 months for the period ended March 31, 2016, and the Statement of Profit and Loss for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We have conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Auditor's Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid



financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016 and
- b. In the case of Statement of Profit & Loss, of the loss for the period ended on that date and cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i. The Company has pending litigations on its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.

For **Shyam C. Agrawal & Co.** Chartered Accountants
Firm Registration No.110243W

Sd/-

Shyam C. Agrawal

Proprietor

Membership No. 031774

Place : Navi Mumbai

Date : 30/05/2016



Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on other legal and Regulatory requirements" of our report of even date on account of SHARON BIO-MEDICINE LIMITED. (the COMPANY") for the period ended 31st March 2016.

- 1) a) The Company has maintained records showing particulars, including quantitative details and situation of fixed assets. However there are some assets where full particulars are not maintained never the less Company is in process of updating the records.
- b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- 2) In respect of company's inventories:
 - a) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - b) The company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records. The inventories which are returned by customers due to quality issues have been written off.
- 3) (a) As per information furnished, the Company has not granted interest free unsecured loans, to wholly owned subsidiary company during the year. The Maximum amount outstanding during the year was Rs. 8.39 Lacs and the year end balance of such loan was Rs. 8.39 Lacs and same has been written off.
- (b) In our opinion, other terms and conditions on which loans have been granted to wholly owned subsidiary company are not, prime facie, prejudicial to the interest of the company.
- (c) In the case of loans granted to wholly owned subsidiary company, where stipulation have been made, the borrower has not been regular in repaying the principal amounts as stipulated. However subsidiary operations have been closed due to losses during the period.
- (d) There is no overdue amount of more than Rupees One Lacs in respect of loan granted to parties covered in the register maintained under section 189 of the companies Act, 2013
- (e) As per information furnished, the Company has taken Interest Free unsecured loan from parties covered under section 189 of the companies Act, 2013 during the year. The Maximum amount outstanding during the year was Rs. 4057.86 Lacs and the year-end balance of such loan was Rs. 958.09 Lacs.
- (f) In our opinion, other terms and conditions on which loans have been taken from parties covered in the register maintained under section 189 of the companies Act, 2013, prime facie, are not prejudicial to the interest of the company.
- (g) The Company has been regular in repaying the principal amount as stipulated, wherever stipulation exists.
- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories, fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- 5) The Company has not accepted any deposits from the public covered under the provision of section 73 to 76 of the Companies Act, 2013 and the rules made there under. Therefore Clause 3 (v) of the Companies (Auditor's Report) order 2016 is not applicable to the company.
- 6) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section (1) of section 148 of the Companies Act, 2013 in relation to products manufactured, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.



- 7) a. According to the information and explanations given to us and based on the records of the company examined by us undisputed statutory dues including provident fund, employee's state insurance, sales-tax, wealth tax, service tax, custom duty, excise duty, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. However in case of Statutory dues pertaining to dividend distribution tax of Rs. 64.58 Lacs have remained outstanding for the last 2 years, never the less the company has claimed refund in subsequent years and same can be adjusted against the refund.
- b. According to information and explanation given to us and based on the records of the company examined by us there are no dues of income tax which have not been deposited on account of any disputes.
- 8) Based on our Audit procedures and the information and explanation given by management, the company has not borrowed funds from financial institutions, banks and money raised through the issue of debentures during the period under review.
- 9) The company has issued 1,61,11,000 Convertible warrants of Rs.2/- each at a premium of Rs.48/- each during the preceding previous year in two stages i.e. 67,15,400 convertible warrants issued on 30/03/2015 and 66,51,300 convertible warrants issued on 10/06/2015. Out of warrants issued at second stage, 27,44,300 convertible warrants of Rs.2/- each is still pending for allotment. However the same is not converted into shares due to technical reasons at NSDL.
- 10) Based upon the audit procedures performed and information and explanations given by the management, we report that we have not come across any instances of fraud by the company or any fraud on the company by its officers or employees that have been noticed or reported during the year nor have we been informed of such a case by management.
- 11) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- 12) The Company is not a Chit Fund Company / or Nidhi / Mutual Benefit Fund / Society.
- 13) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) The Company has not entered into non-cash transactions covered by Section 192 of Companies Act, 2013 with directors or persons connected with him.
- 16) As per information and explanation given by the management, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SHYAM C. AGRAWAL & CO.**
 Chartered Accountants
 Firm Registration No. 110243W
 Sd/-
Shyam C. Agrawal
 Proprietor
 Membership No.031774

Place : Navi Mumbai
 Date : 30/05/2016