

**18th
ANNUAL REPORT
2004-2005**

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BACIL PHARMA LIMITED

401, Rajshila, 597 J.S.S. Marg, Near Princess Street,
Girgaon, Mumbai – 400 002

BACIL PHARMA LIMITED

Board of Directors

Dr. L. L. Hingorani – Director
Shirish Shetye – Director (Independent – Non-Executive)
Dr. Nitin Kochar – Director (Independent – Non-Executive)
Ramkishore R. Darak – Director
Prakash Shah – Director

Auditors

M/s. Lukad & Jain
Mumbai

Registered Office

401, Rajshila, 597, J.S.S. Marg,
Near Princess Street,
Girgaon, Mumbai-400002.

Factory Site

D-11/1/2, MIDC,
Lote Parshuram Industrial Area,
Taluka Khed, Dist. Ratnagiri 415 722

Bankers

- 1 Union bank of India
Mumbai Samachar Marg, Mumbai – 400 023
- 2 The Vysya bank Ltd.
Khar (West), Mumbai – 400 052

Registrar & Share Transfer Agents

BIGSHARE SERVICES PVT. LTD.
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,
Andheri (East), Mumbai 400 072.
Phone: 28470652, 28470653, 28473747, 28473474,
Fax: 28475207

BACIL PHARMA LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of BACIL PHARMA LIMITED will be held at 10.00 A.M. on Friday, 30th September 2005 at its office at 10, Vashani Chambers, 47, Vithaldas Thackersey Marg, New Marine Lines, Mumbai -400 020 to transact the following ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2005 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shirish Shetye, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Nitin Kochar, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory Auditors and fix their remuneration.

Mumbai : June 30, 2005

By Order of the Board of Directors

REGISTERED OFFICE

401, Rajshila, 597, J.S.S. Marg,
Near Princess Street, Girgaon,
Mumbai 400 002.

SHIRISH SHETYE
Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER. Proxies must be received at the registered office of the Company not less than forty-eight hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th September 2005 to Friday, 30th September 2005 (both days inclusive).
3. Members are requested to expeditiously intimate any change in their address registered with the Company.
4. Members are requested to bring their copies of the Annual Report at the time of Annual General Meeting.
5. Members are requested, in case of non-payment, to pay the allotment money due on the shares held by them alongwith interest @ 15% p.a. payable w.e.f. 16.7.1994, failing which the concerned equity shares would be liable to be forfeited.

BACIL PHARMA LIMITED**DIRECTORS' REPORT**

To
The Members,
BACIL PHARMA LIMITED.

The Directors have pleasure in submitting the Annual Report alongwith the audited statement of accounts for the year ended March 31, 2005.

PROJECT IMPLEMENTATION

The company has shifted the major machineries installed at Vapi to its Lote Plant and thereafter Land and Building at Vapi were disposed off and part of the funds were utilized to revamp the activities at Lote Plant. While carrying out revamping activities, certain balancing equipments were set up at Lote Plant. The Company has received necessary power connection in the month of June, 2005 and the permission under pollution control regulations is awaited.

Delay in starting the Production is due to delay in financial arrangement and receipt of calls in arrears. The Company has already initiated the proceedings for forfeiture of shares. After receipt of pollution control consent, the Company has decided initially to undertake conversion/job work from other manufacturers of nutraceutical/ herbal and the same is expected to start before 30th September, 2005.

Since there was no commercial operation during the year ended 31st March, 2005 and corresponding previous year, no Profit and Loss Account is prepared.

CORPORATE GOVERNANCE

Your Company has ever been an ardent practitioner of the core values of corporate governance. A separate report on Corporate Governance is attached herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- 1) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- 2) Appropriate accounting policies as mentioned in Schedule No. 9 have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2005;
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) The annual accounts have been prepared on a going concern basis.

DIRECTORS

Mr. Shirish Shetye and Dr. Nitin Kochar, Directors retire by rotation and being eligible offer themselves for reappointment.

LISTING AGREEMENT

Pursuant to Clause 32 of the listing agreement with Mumbai Stock Exchange, the Company declares that its securities are listed on Mumbai Stock Exchange. Listing Fees have been duly paid to the Mumbai Stock Exchange for the year 2005-2006.

PERSONNEL

No employee is receiving remuneration beyond the limit prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended up to date.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Since the Company has not commenced any manufacturing activity, information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is not applicable.

The Company has no foreign exchange earning and outgo during the year under review.

AUDITORS

M/s. Lukad & Jain, Chartered Accountants, Auditors of the Company, retires on conclusion of the ensuing Annual General Meeting. However they are eligible for reappointment and members are requested to appoint the Auditors for the year 2005-2006 and fix their remuneration.

ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation for the valuable Co-operation and support extended by Employees, Registrars and other agencies. We are also grateful to all the Shareholders for reposing their confidence in the Company.

By Order of the Board of Directors

Place : Mumbai
Dated : June 30, 2005

PRAKASH SHAH
Director

SHIRISH SHETYE
Director

Annexure to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The Company has setup manufacturing facilities at its factory premises at MIDC, Lote (Maharashtra). The report contains certain forward-looking statements, which are based on certain assumptions and expectations of future events.

Opportunities and threats

Herbal & Aurvedic products and formulations are on demand both in the local and export market. The Company has plans to tie up with various prospective buyers (for test marketing) of indigenous as well as foreign market.

As far as threats are concerned no significant threats except the general market conditions are perceived in the near future.

Outlook

The outlook for herbal products and formulations in general is good for the years to come. The Company is taking necessary measures to arrange the required finance for the project implementation and working capital requirements.

Internal control systems

The company has a proper and adequate system to ensure that all assets are safeguarded and protected against any possible loss from unauthorised use or disposition. The internal systems and other records are reliable, for preparing financial statements and other information, and for maintaining accountability of assets. Proper security arrangements are being made for safety of all assets. As there is no commercial production carried out, insurance cover for plant and machinery is not obtained.

Financial and operational performance

During the year under review, the Company took steps to revamp the facilities for production of nutraceutical products and herbal extracts and have installed some balancing equipments and are hopeful to get some orders for these products.

Cautionary Statement

The delay in project implementation may cause, increase in project preoperative expenses. Statements in this Management Discussion and Analysis Report are based upon the data available with the company at this point of time and on certain assumptions having regard to the economic conditions, government policies, political developments within and outside the country. The management is not in a position to guarantee the accuracy of the assumptions and the projected performance of the company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein. Delay in project implementation and commercial production has already caused depletion of the existing plant & machinery, due to plant being in chemical zone and the same will have a barring in the near future for extensive repairs & maintenance.

Annexure to Directors' Report

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of corporate governance

Bacil Pharma Limited's philosophy on corporate governance envisages the attainment of transparency, accountability and equity, in all facets of its operations and all its transactions with its stakeholders, including shareholders, employees and government.

Bacil Pharma Limited is committed to achieve the goal of enhancing shareholders satisfaction over a period of time.

2. Board of Directors

i) Composition and Category of directors:

The Board of Directors comprises of Five Directors, all are being Non-Executive Directors. Out of five Directors, three directors are promoters and remaining two directors are independent. All Directors are liable to retire by rotation.

ii) Attendance of each director at Board Meetings and the last Annual General Meeting (AGM):

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at Last AGM
Mr. Shirish Shetye	Independent	6	Yes
Dr. Nitin Kochar	Independent	5	Yes
Mr. Ramkishore R. Darak	Promoter	6	Yes
Mr. Prakash Shah	Promoter	5	Yes
Dr. L. L. Hingorani	Promoter	5	Yes

- iii) Number of other Board of Directors or Board Committees where Directors of the Company are a Director/ Member/ Chairman

Name of Director	No. of Directorships in other Boards*	No. of Memberships in other Board Committees**	No. of Chairmanships in other Board Committees
Mr. Shirish Shetye	1	0	0
Dr. Nitin Kochar	0	0	0
Mr. Ramkishore R. Darak	0	0	0
Mr. Prakash Shah	2	0	0
Dr. L. L. Hingorani	0	0	0

* These exclude directorship held in foreign companies, private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, associations not carrying on business for profit or which prohibit the payment of dividend, statutory entities and also alternate directors as provided under Section 278 of the Companies Act, 1956

** Membership in Audit Committees/ Shareholder Grievance Committee/ Remuneration Committee of all Public Limited Companies have been considered.

- iv) Details of Board Meetings held for the period 1/04/2004 to 31/03/2005

Sr. No.	Date
1	30/06/2004
2	31/07/2004
3	30/10/2004
4	29/11/2004
5	27/01/2005
6	18/03/2005

3. Audit Committee

- i) Brief description of terms of reference:

The terms of reference of this committee cover matters specified under the Listing Agreement and the Companies Act, 1956

- ii) Composition, name of members and Chairperson:

The Audit Committee comprises two independent, non-executive directors, Mr. Shirish Shetye, Dr. Nitin Kochar and promoter, non-executive director Mr. Prakash Shah with Mr. Shirish Shetye as chairman of the Committee.