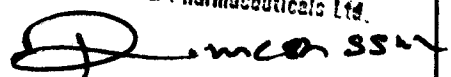


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For Biofil Chemicals & Pharmaceuticals Ltd.



Director.

**BIOFIL**

*Health for All*

BIOFIL CHEMICALS & PHARMACEUTICALS LTD.



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**Board of Directors :**

Shri Ramesh Shah  
 Shri Ketan Shah  
 Shri Smitesh Shah  
 Ms. Shaila Jain  
 Shri Navneet Bagree

Chairman  
 Executive Director  
 Director  
 Director  
 Director

**Bankers :**

Canara Bank  
 M.G. Road, Indore.

**Auditors :**

S. N. Gadiya & Co.,  
 Chartered Accountants  
 241, Apollo Towers,  
 2. M.G. Road, INDORE.

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**Registered Office :**

11/12, Sector "E"  
 Sanwer Road, Industrial Area,  
 INDORE - 452 004.

**Share Transfer Agent**

Ankit Consultancy Pvt. Ltd.,  
 4-A, Geeta Bhawan Chouraha,  
 INDORE - 452 001(M.P.)

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### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 18th Annual General Meeting of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LTD.** will be held on Tuesday, the 30th September, 2003 At 11.30 A.M. at 11/12, Sector E, Sanwer Road, Industrial Area, Indore

#### **ORDINARY BUSINESSES:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the profit & Loss Account for the year ended on same date and the Reports of Board of Directors & Auditors thereon.
2. To appoint Director in place of Shri Ramesh Shah, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

#### **SPECIAL BUSINESS :**

To consider and if, thought fit, to pass with or without modification(s) the following resolutions:

#### **4. AS AN ORDINARY RESOLUTION**

"Resolved that Ms. Shaila Jain, who was appointed as an additional Director w.e.f. 31st January, 2003 by the Board of Directors and who holds office as such director up to the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the company retiring by rotation."

#### **5. AS AN ORDINARY RESOLUTION**

"Resolved that Shri Navneet Bagree, who was appointed as an additional Director w.e.f. 31st January, 2003 by the Board of Directors and who holds office as such director up to the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the company retiring by rotation."

#### **6. AS SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 [Including any statutory modification(s) or re-enactments thereof for the time being in force], the securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreement and all other applicable rules, regulations and guidelines and subject to the approval(s), consent (s) permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulators as may be prescribed or imposed by any authority while granting such approval(s) permission (s) and sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at Madhya Pradesh Stock Exchange, Indore."

By Order of the Board.  
For Biofil Chemicals & Pharmaceuticals Ltd.

Sd/-  
(Ramesh Shah)  
Chairman

Place : Indore  
Date : 25.08.2003

#### **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 and such a proxy need not be a member of the company. The proxies in order to valid must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. Register of the members and share transfer book of the company will remain closed from Saturday, the 27th September, 2003 to Tuesday, 30th September, 2003 (both days inclusive) in terms of section 154 of the Companies Act, 1956.
3. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the special business set out in the Notice is annexed hereto.
4. Members are requested to send their queries, if any at least 10 days in advance so that the information can be made available at the meeting and to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
5. SEBI has notified for compulsory trading of shares of the Company in demat form so members, who have not dematerialised their shares are advised to contact Depository Participant in this regard.
6. All Documents referred to in the accompanying notice and explanatory statement, are open for inspection at the Registered Office of the Company on all working days, between 11.00 a.m. and 1.00 p.m. up to the date of meeting.
7. Pursuant to the recommendation of SEBI Committee on Corporate Governance for reappointment of the Directors and retiring directors, a statement details of the concerned directors is attached hereto.

By Order of the Board.  
For Biofil Chemicals & Pharmaceuticals Ltd.

Sd/-  
(Ramesh Shah)  
Chairman

Place : Indore  
Date : 25.08.2003

**Statement Regarding the Directors Proposed for Appointment**

Name & Designation of Appointee	Age	Qualification	Expertise/ Experience	Date of Appointment/ Reappointment
Shri Ramesh Shah	68	Pharmacy Graduate	Pharmaceuticals Management	30-09-2003
Ms. Shaila Jain	36	B.S.C	Chemist Quality control	30-09-2003
Shri Navneet Bagree	26	B.Com	Sales & Marketing	30-09-2003

**Explanatory Statement**

pursuant to section 173(2) of the Companies Act, 1956

**Item No.4 & 5**

Ms. Shaila Jain & Shri Navneet Bagree were appointed as Additional Directors of the Company. pursuant to section 260 of the Companies Act, 1956, they will hold their office upto the date of ensuing Annual General Meeting of the Company. Ms. Shaila Jain and Shri Navneet Bagree have rich and wide experience in the pharmaceutical line particularly technical and marketing respectively. The Company has received notices alongwith requisite deposits under section 257 of the Companies Act, 1956 for appointment of them as Directors of the Company at the ensuing Annual General Meeting.

Yours Board of Directors feels that their continuation on the Board will be highly beneficial to the company and recommend the adoption of the resolutions proposed under these items.

None of the Directors of the Company is concerned or interested in the proposed Resolutions except proposed appointee.

**Item No. 6**

The Company's equity shares are presently listed at National Stock Exchange, Mumbai Stock Exchange, Mumbai and M.P. Stock Exchange, Indore. The equity shares are actively traded on Mumbai & National Stock Exchange whereas practically there are no transaction on the remaining stock exchanges. Computerization of the Stock Exchanges have offered opportunities to the shareholders to have better accessibility to the exchanges where shares are actively traded. It is, therefore, proposed to delist the Company's equity shares from Madhya Pradesh Stock Exchanges to save cost and compliance requirement.

The Board recommends the adoption of the resolutions proposed under these items.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

By Order of the Board.  
For Biofil Chemicals & Pharmaceuticals Ltd.  
Sd/-  
(Ramesh Shah)  
Chairman

Place : Indore  
Date : 25.08.2003

## DIRECTOR'S REPORT

Dear Members,

Your Directors hereby present the eighteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2003.

### **FINANCIAL RESULTS :**

	Rs. In Lacs <u>Year ended 31/03/2003</u>	Rs. In Lacs <u>Year ended 30/06/2002</u>
Income from Operation	269.76	322.22
Total Expenditure	554.61	786.67
Loss before depreciation	284.85	464.45
Depreciation	29.67	50.54
Loss before tax	314.52	514.99
Provision for taxation	-	-
Loss after tax	314.52	514.99
Paid up Equity Share Capital	1056.13	1056.13
Reserves	281.92	596.44

### **OPERATION & REVIEW.**

During the year Industrial Development Bank of India filed the case before Debt Recovery Tribunal, Mumbai for their outstanding amount with out considering our rehabilitation proposal. Further board has made submission before the Ministry of Small Scale Industries, New Delhi for proposal of rehabilitation of sick limit under the guidelines issued by Reserve Bank of India vide their circular No. PRCD No. PLNFS.BC.57/06.04.01/21-2002 Dated 16th January 02.

### **DIVIDEND**

In view of losses, your Directors have not declared any dividend for the year under review.

### **PUBLIC DEPOSIT**

During the period the company did not invite public deposits within the meaning of section 58A of the companies Act, 1956 and rules made thereunder.

### **DIRECTORS**

During the year Ms. Shaila Jain and Shri Navneet Bagree were co-opted on the Board as additional Directors and are proposed to be appointed as Directors in forthcoming Annual General Meeting for which Company has received notices under section 257 of the Companies Act, 1956 from the members.

Shri Sandeep Shah and Shri Pragnesh Shah resigned from the Board of Directors of the Company and ceases to be Directors of the Company. Your Board places on record its deep appreciation of the valuable contribution made by Shri Sandeep Shah and Shri Pragnesh Shah during their tenure as Directors of the Company.

Shri Ramesh Shah retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer himself for re-appointment. Further IDBI has withdrawn the name of Shri Milind Jaywant Vichare from the Nominee Directorship. Your Board places on record its deep appreciation of the valuable contribution made by Shri Milind Jaywant Vichare during his tenure as Nominee Director of the Company.

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- ii) That the Directors have selected such accounting policies and applied them consistently and 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 at the end of financial year and of the loss of the Company for the year and review.
- iii) That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the annual accounts on a going concern basis.

### **AUDITORS**

The Auditors S.N. Gadiya & Company, Chartered Accountants, statutory Auditors of the company, retire and being eligible, offer themselves for re-appointment.

### **AUDITOR'S REPORT**

The Auditors in their report have referred to the notes forming part of the Accounts which are self explanatory and do not require any explanation.

### **DISCLOSURE OF SPECIAL PARTICULARS**

Information as per section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended 31st March, 2003.

### **CONSERVATION OF ENERGY**

The Company's operations do not involve substantial consumption of energy in comparison to cost of production, wherever possible energy conservation measures have been implemented with a view to conserve and optimize the use of energy.

### **TECHNOLOGY ABSORPTION :**

The Company has neither purchased within India nor imported any technology.

### **Foreign Exchange Earnings and Outgo:**

Total foreign exchange earned	:	Rs. Nil
Total foreign exchange used :	:	Rs. Nil

### **PARTICULARS OF THE EMPLOYEE**

There was no employee during the period drawing remuneration attracting provisions of section 217 (2A) of the companies Act, read with the companies (particulars of Employees) Rules 1975.

### **CHANGE OF FINANCIAL YEAR**

The Financial accounts have been prepared for the period of Nine months start from 1st July, 2002 to 31st March, 2003 and further new financial Year would be start from 1st April to 31st March.

### **DEPOSITORY SYSTEM**

Your Company's shares are tradable compulsory in electronic form and your Company have connectivity with both the Depositories i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantage offered by the Depository System, members are requested to avail of the facility of Dematerialization of the Company's shares on either of Depositories as aforesaid.

### **CORPORATE GOVERNANCE**

A Report on the corporate Governance code along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement as also the Management Discussion and Analysis Report are annexed to this report.

### **AUDIT COMMITTEE**

Under the provisions of Companies Act, 1956 and Listing Agreement with the Stock Exchanges a Audit Committee was re-constituted. Audit Committee comprises of Shri Smitesh Shah, Shri Navneet Bagree and Ms. Shaila Jain.

### **DUES OF MPAKVN**

The company has received demand notice from MPAKVN for Rs. 4015341/-, and company has made some partial payment to the MPAKVN inspite of poor financial condition.

### **LISTING OF THE SHARES**

Presently the Equity Shares of the Company are listed at National Stock Exchange, Mumbai Stock Exchange and M.P. Stock Exchange, Indore. However the National Stock Exchange and Mumbai Stock Exchange had suspended the trading in the Equity Shares of the Company during the year. The Company has made due compliances and now permission to restart the trading is awaited.

### **ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for the devoted services rendered by the staff members of the Company. Your Company & Directors wish to extend sincere thanks to the IDBI and other institutions along with all the Shareholders of the Company for extending their sincere support and hope that the same support will be extended in future also.

By Order of the Board.  
 For Biofil Chemicals & Pharmaceuticals Ltd.  
 Sd/-  
 (Ramesh Shah)  
 Chairman

Place : Indore  
 Date : 25.08.2003

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY OUTLOOK

Your Company is engaged in the business of Pharmaceuticals, Bulk Drug & Formulations. The long term view of the industry is positive and at present consider as a fast growing industry.

Being Small Scale Industry in Pharma Sector looks gloomy. There are multiple reasons attached to it, one of them is decontrolling and delicensing of the items, which do not allow special protection for SSI industries nor reservation for items for SSI's in pharma section.

Introduction of WHO GMP and increasing the licensing fee would adversely affect the industry.

### BUSINESS STRATEGY

Your company had always endeavoured to optimize shareholder value but due to various factors, the company has not been able to sustain its profitable working.

### INTERNAL CONTROL AND ADEQUACY

The Company has instituted adequate internal control procedure commensurate with the nature of its business and size of its operations. Internal audit is conducted at regular intervals at all the plants and covers the key areas of operations. All significant audit observations and follow up actions there on are reported to the audit committee.

### ISO 9001:2000

The company has obtained the certificate for ISO 9001:2000 for quality management system (Exclude Design) in accordance with the requirement of standard.

### DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Industrial relations of the company continues to remain harmonious inspite of grave financial position resulting into delayed payment.

### FINANCIAL REVIEW, ANALYSIS AND OUTLOOK

In view of limited scale of operations and accumulated business losses as mentioned Director's report the same are not repeated again in this Chapter.

### CAUTIONARY STATEMENT

Estimates and expactions stated in this management discussion and analysis may be "forward looking" statement with in the meaning of applicable securities laws and regulations, actual results could differ materially from the expressed or implied important factors that could make a difference to your company operation include economic conditions affecting demand / supply and price conditions in the Domestic and International Markets, change in the Government, regulations, tax laws, other statutes and other incidental factors.

### REPORT ON CORPORATE GOVERNANCE

In Compliance with clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practices as followed by the Company.

#### **1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Biofil Chemicals & Pharmaceuticals Ltd.(BCPL),has been practicing of good corporate governance over the years. The Board of Directors supports the broad principle of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

#### **2. BOARD OF DIRECTORS**

A. The Board of Directors together with their other details are as under. During the period 2002-2003 ( 1st July, 2002 to 31st March 2003) the Board met four times viz. 31st July,2002, 31st October,2002, 30th November,2002 and 31st January,2003. The last Annual General Meeting was held on 31st December,2002. The chairman is Non-executive Director.

The following table gives details of Directors, attendance of directors at the board meeting and at the last annual general meeting.

Name of Directors	Category of Directors	No. Of Board Meetings Attended	Attendance at the last AGM
Shri Ramesh Shah	Chairman	4	Yes
Shri Ketan Shah	Executive Director	4	Yes



Shri Smitesh Shah	NED	4	Yes
Ms. Shaila Jain	ID	1	-
Shri Navneet Bagree	ID	1	-
Shri Sandeep Shah	NED	2	-
Shri Pragnesh Shah	NED	2	Yes
Shri M.j.Vichare	Nominee Director	2	-

NED ----Non-Executive Director

ID- Independent Director

Number of membership held by directors in the board/committees of various companies:-

Name of Director	No. of Directorships in other Boards *	No. of Memberships in other Board Committees#	No.of Chairmanships in other Board Committees #
Shri Ramesh Shah	2	1	1
Shri Smitesh Shah	2	1	1
Shri Ketan Shah	1	1	-
Shri Navneet Bagree	-	-	-
Ms. Shaila Jain	-	1	-

\* Directorships in Private Limited Companies are also included in the above table.

# Memberships in Audit Committees/ Shareholders' Grievance Committee/ Remuneration Committee of all public limited companies have been considered.

None of the Directors is a member in more than ten Committees and acts as a chairman in more than five committees across all companies in which he is a director.

### BOARD PROCEDURE

A detailed agenda folder is sent to each Director in advance of Board and Committee meetings. To enable the Board discharge its responsibilities effectively, the chairman briefs the Board at every meeting on the overall company performance.

#### C. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS.

There have been no materially significant related party transactions, pecuniary transactions or relationship between Biofil Chemicals and Pharmaceuticals Ltd. and its directors for year ended 31st March, 2003.

#### D. REMUNERATION OF DIRECTORS: SITING FEES, SALARY, PERQUISITES AND COMMISSION

During the year remuneration was to be paid to Mr. Ramesh Sha & Shri Ketan Shah for Rs. 1.35 Lacs and 0.90 Lacs respectively.

### 3. AUDIT COMMITTEE

The Audit Committee constituted by the Board of directors consists of three Non executive Directors namely, Mr. Smitesh Shah, Shri Navneet Bagree and Ms. Shaila Jain as on financial year ending on 31st March 2003. The constitution of Audit Committee also meets with the requirement of section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

Audit Committee Meeting were held on 30th November, 2002 and 31st January, 2003, during the period from 1st July, 2002 to 31st March, 2003.

### TERMS OF REFERENCE:

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Agreement and the Companies Act, 1956. Brief description of terms of reference:

- Review with the Management the annual/half -yearly/ quarterly financial statements.
- Hold separate discussion with Head-internal Audit, Statutory Auditors and among members of the Audit Committee to find out whether the Company's financial statements are fairly presented in conformity with the Accounting Standards issued by ICAI.