

*20th Annual Report*  
*2004 - 2005*

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**BIOFIL CHEMICALS & PHARMACEUTICALS LIMITED**

**Board of Directors :**

Shri Ramesh Shah  
 Ms. Shaila Jain  
 Shri Navneet Bagree  
 Shri Romil Shah

Chairman & Managing Director.  
 Director  
 Director  
 Director

**Bankers :**

Canara Bank  
 M.G. Road, Indore.  
 IDBI Bank Ltd.  
 A.B. Road, Indore.

**Auditors :**

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

**Registered Office :**

11/12, Sector "E"  
 Sanwer Road, Industrial Area,  
 INDORE - 452 015.

**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 20th Annual General Meeting of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LIMITED** will be held on Friday, the 30th September, 2005 At 3.30 P.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, 2005 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 Ms. Shaila Jain, who retires by rotation and being eligible offer herself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

#### **SPECIAL BUSINESS :**

4. To consider and if, thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"Resolved that Mr. Romil Shah who was appointed as an additional Director w.e.f. 30/07/2005 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."

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

Place : Indore  
Date : 24.08.2005

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#### **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 Monday, the 26th September, 2005 to Friday, 30th September, 2005 (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 7 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 dematerialized 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)  
Managing Director

Place : Indore  
Date : 24.08.2005

**Statement Regarding the Director Proposed for Re-appointment**

Name & Designation of Appointee	Age	Qualification	Expertise/ Experience	Date of Appointment / Reappointment	Directorship in other company
Ms. Shaila Jain	38	B. Sc	Technical	31/01/2003	Nil
Shri Romil Shah	19	B.E.	Marketing	30/07/2005	Nil

**Explanatory Statement**

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

**Item No.4**

Mr Romil Shah was appointed as Additional Director of the Company. Pursuant to section 260 of the Companies Act, 1956, who will hold his office upto the date of ensuing Annual General Meeting of the Company. Mr. Romil Shah have good experience in the Marketing in Pharma sector. The Company has received notice alongwith requisite deposits under section 257 of the Companies Act, 1956 for appointment of Director of the Company at the ensuing Annual General Meeting.

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

None of the Directors of the Company is concerned or interested in the proposed Resolution except proposed appointee and Mr. Ramesh Shah.

Place : Indore  
Date : 24.08.2005

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

## **DIRECTOR'S REPORT**

Dear Members,

Your Directors hereby present the Twentieth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2005.

### **FINANCIAL PERFORMANCE & REVIEW :**

During the year under review the company achieved total income of Rs. 122.33 Lacs in comparison to previous year's total income of Rs. 99.39 lacs and incurred net loss of Rs. 623.93 Lacs which is mainly due to provision of Bank interest of IDBI for Rs. 493.96 Lacs.

The Compromise proposal for one time settlement for outstanding amount with Canara Bank was accepted by the Board of Directors and same was under consideration.

Further IDBI has transferred, the financial assistance granted by them to your Company together with all security and rights to SASF (Stressed Assets Stabilization Fund). SASF is agreeable in principle for One Time Settlement subject to such terms and condition as may be mutually decided by both the parties.

### **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**

Ms Shaila Jain, retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer herself for re-appointment.

### **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, 2005 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, 2005.

### **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.

**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 an Audit Committee Comprises of Mr. C.M. Varghese, Mr. Navneet Bagree and Ms. Shaila Jain.

**LISTING OF THE SHARES**

The members are aware that The National Stock Exchange and Mumbai Stock Exchange has suspended the trading in the Equity Shares of the Company. Further even though the Company has made all due compliances, still Exchanges have not given any permission for re-listing of its shares. The matter of relisting is pending before listing committee of Mumbai Stock Exchange.

**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 Canara Bank, Indore, IDBI & SASF 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)  
 Managing Director

Place : Indore  
 Date : 30.06.2005

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY OUTLOOK

Your Company is engaged in the business of Pharmaceuticals, Bulk Drug & Formulation. Indian Pharmaceutical industry is growing at the rate of about 9% in the recent past. The growth is not spectacular by itself but can be considered a good growth on the background of sluggish growth of other industries. Indian pharmaceutical industry displays certain characteristics such as growth driven by new products, resurgence of Indian pharmaceutical companies, which are showing a stronger growth compared to the multinational pharmaceutical companies.

### BUSINESS STRATEGY

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

### RISK CONCERN

Speedy implementation of reforms in the area of intellectual property rights to meet WTO commitments is an area of potential concern. Introduction of research based new products and the growth initiatives by pharma Companies are dependent on the successful alignment of Indian policies with global developments.

Further the serious problems created by Government recently for SSI and contract manufacturing unit through MRP based central Excise Systems.

### INTERNAL CONTROL AND ADEQUACY

The Company has instituted adequate internal control procedure commensurate with the nature of its business and size of its operations.

### DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

### FINANCIAL REVIEW

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 expectation 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 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 2004-2005 the Board met four times viz 30.06.2004, 31.07.2004, 30.10.2004, 31.01.2005. The last Annual General Meeting was held on 30th September, 2004.

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 & Managing Director	5	Yes
Mr. C.M. Varghese	NED	3	No
Ms. Shaila Jain	NED	5	No
Shri Navneet Bagree	NED	3	No

NED ----Non-Executive 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	1	Nil	Nil
Mr. C.M. Varghese	Nil	Nil	Nil
Ms. Shaila Jain	Nil	Nil	Nil
Shri Navneet Bagree	Nil	Nil	Nil

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.

#### 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, 2005 which is prejudicial to the interest of the company.

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

Remuneration Committee was constituted and no remuneration was paid to any Director of the Company during the financial year due to losses incurred by the company.

### 3. AUDIT COMMITTEE

The Audit Committee reconstituted by the Board of directors consists of three Non executive Directors namely, Mr. C.M. Varghese , Shri Navneet Bagree and Ms. Shaila Jain as on financial year ending on 31st March 2005. The reconstitution of Audit Committee also meets with the requirement of section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

Four Audit Committee Meeting were held on during the Financial Year.

### 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.
- Review the adequacy of accounting records maintained in accordance with the provisions of the Companies Act, 1956.
- Perform other activities consistent with Company's Memorandum and Articles, the Companies Act, 1956 and other Governing Laws.

### 4. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. C.M. Varghese, Shri Navneet Bagree and Ms. Shaila Jain all non executive director with Shri Navneet Bagree its Chairman.

### 5. SHAREHOLDER'S/ INVESTOR'S GRIEVANCE COMMITTEE

The Committee comprises of Shri C.M. Varghese, Shri Navneet Bagree and Ms. Shaila Jain. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services.

The Share transfer & Investor Grievance Committee meets Regularly.

### 6. GENERAL SHAREHOLDER INFORMATION

#### General Body Meeting:

Financial Year.	Date	Time	Venue
Annual General Meeting 2001-2002	31.12.2002	11.30A.M.	At Registered Office of Company at 11/ 12, Sector "E" Sanwer Road, Indore 452004 (M.P.)

Annual General Meeting 2002-2003	30.09.2003	11.30A.M.	At Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore 452004 (M.P.)
Annual General Meeting 2003-2004	30.09.2004	11.30A.M.	At Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore 452004 (M.P.)

No Special Resolution was put through postal Ballot in the last AGM nor is any proposed for this year.

AGM: Date, Time and Venue	30th September 2005 at 3.30 P.M. at 11/2, Sector "E" Sanwer Road, Indore 452004 (M.P.)
Financial reporting for 2005-06:  1st Quarter ending 30th June, 2005 2nd Quarter ending 30th September, 2005 3rd Quarter ending 31st December, 2005 4th Quarter ending 31st March, 2006	End of July, 2005 End of October, 2005 End of January, 2006 End of June, 2006
Date of Book Closure	26th September to 30th September 2005 [both days inclusive]
Listing on Stock Exchanges	1. The Stock Exchange, Mumbai 2. The National Stock Exchange, Mumbai (The listing of Shares has been suspended by Mumbai & National Stock Exchange)
Stock Code -Physical ISIN Number of NSDL & CDSL	Mumbai Stock Exchange 524396 INE829A01014
Market Price Date: High, Low during each month in last financial year	Not Available due to suspension of trading by National Stock Exchange and Mumbai Stock Exchange .
Dematerialization of Shares	The Shares of the Company are compulsorily traded in dematerialized form under depository system of both the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) Company's Electronic Connectivity Registrar is: Ankit Consultancy Private Ltd. 4A Geeta Bhavan Chouraha, Indore Ph: 0731-2491298 . International securities & Identification Number is INE829A01014
Dematerialization of shares and liquidity	41.16% of the paid-up capital has been dematerialized as on 31.03.2005. Further Trading in the Company's shares is compulsory in dematerialized form
Registrar and Transfer Agents	Ankit Consultancy Private Ltd. 4A Geeta Bhavan Chouraha, Indore PH- 0731-2491298.