

21st Annual Report *2005 - 2006*

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BIOFIL CHEMICALS & PHARMACEUTICALS LIMITED

Board of Directors :

Shri Ramesh Shah	Chairman & Managing Director.
Ms. Shaila Jain	Director
Shri Navneet Bagree	Director
Shri Romil Shah	Director
Shri Ramesh Chimanlal Shah	Director

Bankers :

Canara Bank
 M.G. Road, Indore. (M.P.)

IDBI Bank Ltd.
 A.B. Road, Indore. (M.P.)

Auditors :

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

Registered Office :

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

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 21st Annual General Meeting of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LIMITED** will be held on Saturday, the 30th September, 2006 At 2.00 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, 2006 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 :

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

"Resolved that Mr. Ramesh Chimanlal Shah who was appointed as an additional Director w.e.f. 29/04/2006 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)
Chairman Cum Managing Director

Place : Indore
Date : 31.08.2006

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 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 25th September, 2006 to Friday, 30th September, 2006 (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 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)
Chairman Cum Managing Director

Place : Indore
Date : 31.08.2006

Statement Regarding the Director Proposed for Re-appointment

Name & Designation of Appointee	Age	Qualification	Expertise/ Experience	Date of Appointment / Reappointment	Directorship in other company
Mr. Ramesh Shah	70	Graduate	Technical	04/01/1985	Two
Mr. Ramesh Chimanlal Shah	70	Graduate	Technical	29/04/2006	Nil

Explanatory Statement

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

Item No.4

Mr Ramesh Chimanlal shah was appointed as Additional Directors 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 Ramesh Chimanlal Shah have good experience in the technical side in pharma sector. His induction on the Board, will prove beneficial for the Company, particularly in the field of pharma. 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.

Report

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

Sd/-

(Ramesh Shah)

Chairman Cum Managing Director

Place : Indore

Date : 31.08.2006

DIRECTOR'S REPORT

Dear Members,

Your Directors hereby present the 21st Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2006.

FINANCIAL PERFORMANCE & REVIEW :

During the year under review the company has achieved total income of Rs. 201.43 Lacs in comparison to previous year's total income of Rs. 115.71 Lacs and incurred net loss of Rs. 24.00 Lacs in comparison to previous year's net loss of Rs. 623.93 lacs which was mainly due to charging of interest of Rs. 493.96 Lacs.

However company has performed very well in comparison to previous year but due to shortage of working capital requirement company could not achieve expected target. In spite of rigorous effort, your company could raise adequate finance. However board of Directors are making efforts to induct new financier, so that adequate fund will be made available to the Company and its future progress would not be hampered due to non availability of fund. In the opinion of Directors that turnover and profitability would be increased in forthcoming years.

Further Your Directors are extremely happy to announce that compromise proposal for one time settlement for outstanding amount with Canara Bank and IDBI have been approved and the company has paid all outstanding dues against the IDBI and Canara Bank by way one time settlement scheme and for the same proper compliance have been made.

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

Mr. Ramesh Shah, retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer himself for re-appointment.

During the year Mr. Ramesh Chimanlal Shah was co-opted on the Board as additional Director and is proposed to be appointed as Director in forthcoming Annual General Meeting for which Company has received notice under section 257 of the Companies Act, 1956 from the member.

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, 2006 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, 2006.

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. Ramesh Chimanlal Shah, 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. Even though the Company has made all due compliances, still Exchanges have not given any permission for re-listing of its shares.

However company is now hopeful that BSE shall revoke the suspension of trading as company has made all compliances and business performance of the Company is improving.

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, 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)
Chairman Cum Managing Director

Place : Indore
Date : 30.06.2006

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY OUTLOOK**

Your Company is engaged in the business of Pharmaceuticals, Bulk Drug & Formulation. The Indian pharmaceutical industry is going through major structural changes. The key factors influencing the industry are boost in healthcare spend due to rising incomes, growth in patient population, intense price rivalry amongst industry players, entry of private insurers, changes in patent laws, changes in price control regime, enhanced drug regulatory standards, patent expiry of blockbuster molecules in key overseas markets, increased R&D investments and consolidation within the industry.

These changes pose many challenges and opportunities to companies operating in this environment.

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. However, In the opinion of Directors that turnover and profitability would be increased in forthcoming years.

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.

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, 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 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.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Biofil Chemicals & Pharmaceuticals Limited (BCPL) is committed to high standards of corporate governance in all its activities. The basic objective of corporate governance policies adopted by the company is to attain the highest levels of transparency, accountability and integrity. The company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

2. BOARD OF DIRECTORS

A. The Board has an optimum combination of Executive and non Executive Directors, and is in confirms by with clause 49 of the listing agreement entered in to with the Stock Exchange in which the Company's shares are listed.

The Board of Directors together with their details are as under. During the year 2005-06 the Board met 6(six) times on the following dates, namely:

30/06/2005	31/07/2005	24/08/2005	31/10/2005	31/01/2006	30/03/2006
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The last Annual General meeting was held on 30th Sept. 2005

Name of Directors	Category	No. Of Board Meeting Attended	Other Directorship		Othetr Committee Position	
			Chairman	Member	Chairman	Member
Shri Ramesh Shah	MD	6	---	2	---	---
Ms. Shaila Jain	ID	6	---	---	---	---
Shri Navneet Bagree	ID	4	---	1	---	---
Shri Romil Shah	NED	2	---	---	-	--
Shri Ramesh C. Shah	ID	-	-	-	-	--



MD = Managing Director, ID = Independent Director, NED = Non executive Director

None of the Director on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees. All the Directors have made the requisite disclosure regarding committees position held by them in other Companies.

B. 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, 2006.

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.

3. AUDIT COMMITTEE

The Audit Committee reconstituted by the Board of directors consists of three Independent Directors namely, Mr. Ramesh Chimanlal Shah, Shri Navneet Bagree and Ms. Shaila Jain as on financial year ending on 31st March 2006. 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:

- i) Review with the Management the annual/half -yearly/ quarterly financial statements.
- ii) Review the adequacy of accounting records maintained in accordance with the provisions of the Companies Act, 1956.
- iii) 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 Ramesh Chimanlal Shah, 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 2002-2003	30.09.2003	11.30A.M.	At Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore - 452015 (M.P.)
Annual General Meeting 2003-2004	30.09.2004	11.30A.M.	At Registered Office of Company at at 11/12, Sector "E" Sanwer Road, Indore - 452015 (M.P.)
Annual General Meeting 2004-2005	30.09.2005	03.30P.M.	At Registered Office of Company at at 11/12, Sector "E" Sanwer Road, Indore - 452015 (M.P.)