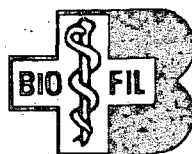


*22nd Annual Report*  
*2006 - 2007*

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**BIOFIL**  
*Health for All*

**BIOFIL CHEMICALS & PHARMACEUTICALS LIMITED**

**Board of Directors :**

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

**Bankers :**

State Bank of Indore,  
 Industrial estate Branch,  
 INDORE.

IDBI Bank Ltd.,  
 Ratlam Kothi Branch,  
 INDORE

**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 22nd Annual General Meeting of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LTD.** will be held on Saturday, the 29th September, 2007 At 3.00 P.M. at 11/12, Sector E, Sanwer Road, Industrial Area, Indore M.P.

#### **ORDINARY BUSINESSES:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 Navneet Bagree, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Director in place of Shri Ramesh chimanlal Shah, who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

Place : Indore

Date : 20/08/2007

By Order of the Board.

For Biofil Chemicals & Pharmaceuticals Ltd.

Sd/-

(Ramesh Shah)

Managing 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 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 24th September, 2007 to Saturday, 29th September, 2007 (both days inclusive) in terms of section 154 of the Companies Act, 1956.
3. 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.
4. 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.
5. 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.

#### **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. Navneet Bagree	30	B. Com	Sales Marketing	31/01/2003	1
Mr. Ramesh Chimanlal Shah	71	Graduate	Technical	29/04/2006	Nil

By Order of the Board.

For Biofil Chemicals & Pharmaceuticals Ltd.

Sd/-

(Ramesh Shah)

Managing Director

Place : Indore

Date : 20/08/2007

**DIRECTOR'S REPORT**

Dear Members,

Your Directors hereby present the 22nd Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2007.

**FINANCIAL PERFORMANCE & BUSINESS REVIEW :**

	Year ended 31/3/2007	Rs. In Lacs Year ended 31/03/2006
Total Income	197.32	228.66
Total Expenditure	279.97	242.48
Profit before depreciation	-82.65	-13.82
Depreciation	10.19	10.18
Profit/Loss before tax	-92.84	-24.00
Provision for tax MAT	-	-
Provision for F.B.T.	-0.25	-
Profit/Loss after tax	-93.09	-24.00

In spite of shortage of working capital, your company has achieved total income of Rs. 197.32 Lacs in comparison to previous year's total income of Rs. 228.66 Lacs. Due to shortage of working capital limit and burden of financial interest your company could not achieve expected target. Directors of the Company still hopeful and making efforts to induct new business partner to enhance the turnover and profitability of the company.

Further members are aware that Company has paid outstanding dues towards secured loan with IDBI and Canara Bank by way of one time settlement Scheme and balance amount has been written off and shown in extra ordinary items in profit and Loss Account.

Further due to accumulated losses and being a small scale industries the Company has applied for Rehabilitation of Sick unit under Madhya Pradesh State Sick Industrial Revival Scheme (MPSSIRS) for Indore and Pithampur unit and same is pending before the appropriate authorities.

**DIVIDEND**

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

**PUBLIC DEPOSIT**

During the year 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 Mr. Ramesh Chimanlal Shah & Mr. Navneet Bagree, are Directors of the company retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves 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:

- that in the preparation of the annual accounts for financial year ended 31st March, 2007 the applicable accounting standards have been followed along with proper explanation relating to material departure;
- 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.
- 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;
- that the Directors have prepared the annual accounts on a going concern basis depends upon the restructuring of the project.



### **AUDITORS**

The Auditors S.N. Gadiya & Company, Chartered Accountants, statutory Auditors of the company, retires 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 2007.

### **CONSERVATION OF ENERGY**

The Company's operations do not involve substantial consumption of energy in comparison to cost of production, however 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 year 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.

### **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 Bank's, 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.

for and on behalf of the Board  
Sd/-

(Ramesh Shah)

Chairman Cum Managing Director

Place : Indore  
Date : 30/06/2007

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

Your Company is engaged in the business of Pharmaceuticals, Bulk Drug & Formulation. The Indian pharmaceutical industry grew at the rate of 14.30 per cent, according to ORG-IMS figures, as compared to 11 per cent in the previous year. Over the last few years, exports have been growing consistently at an average rate of 25 per cent. Today, pharmaceutical products from leading Indian companies are accepted the world over as safe, affordable and effective and are playing a significant role in meeting the healthcare needs of millions. Several companies in the pharmaceutical sector sought to increase their market share and relied on the consolidations and mergers route in order to do so. In this era of global expansion, India has emerged as an important cost-effective destination for pharmaceutical manufacturing. The country's pool of scientific talent has been a major attraction. As domestic pharmaceutical companies continue to make substantial investments in expansion, multinational corporations too, are either stepping in or enhancing their presence.

### **OUTLOOK**

The outlook on the Indian Pharma market continues to be positive, with volume consumption driving the market (only 32% of Indians as of now use allopathic medicines and drug consumption at US \$ 7 per head is one of lowest in the world). With India becoming a signatory to the WTO and introduction of the Patent Product regime, the Indian market will be an attractive option for introduction of research-based products.

The global generics business is becoming more competitive with the entry of newer players from the emerging economies. On the other hand, the government induced changes in select markets and the ongoing consolidation in the industry is bringing forth new challenges in the marketplace. The generic segment has inherent risks of patent litigations, product liability, increasing regulations and compliance related issues, particularly in the developed markets.

### **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 subject to availability of working capital limits.

### **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.

### **DRAFT PHARMACEUTICAL POLICY**

The government of India had announced the draft of a proposed Pharmaceutical Policy under the terms of which it is expected that substantial relief's would accrue on account of customs and excise duties on certain pharmaceuticals preparations in the oncology segment. The impact of these measures would be known once the policy is finalized and implemented.

### **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**

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.

### **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 2006-07- the Board met 8 (eight) times on the following dates, namely:

29/04/2006	30/06/2006	31/07/2006	31/08/2006	31/10/2006	25/01/2007
31/01/2007	31/03/2007				

The last Annual General meeting was held on 30th Sept. 2006

Name of Directors	Category	No. Of Board Meeting Attended	Other Directorship		Other Committee Position	
			Chairman	Member	Chairman	Member
Shri Ramesh Shah	MD	8	---	2	---	---
Ms. Shaila Jain	ID	8	---	---	3	3
Shri Navneet Bagree	ID	4	---	1	-	3
Shri Romil Shah	NED	2	---	---	-	--
Shri Ramesh C. Shah	ID	2	-	-	--	3

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, 2007.

#### 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 2007. 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

30/06/2006	31/07/2006	31/10/2006	31/01/2007
------------	------------	------------	------------

#### 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 Ramesh C Shah, Shri Navneet Bagree and Ms. Shaila Jain all independent directors.

#### 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 meet Regularly.

## 6. GENERAL SHAREHOLDER INFORMATION

### General Body Meeting:

Financial Year.	Date	Time	Venue
Annual General Meeting 2003-2004	30.09.2004	11.30A.M.	At Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore 452015 (M.P.)
Annual General Meeting 2004-2005	30.09.2005	3.30P.M.	At Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore 452015(M.P.)
Annual General Meeting 2005-2006	30.09.2006	2.00 P.M.	At Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore 452015 (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	29th September 2007 at 3.00 P.M. at 11/2 Sector "E" Sanwer Road, Indore 452015 (M.P.)
Financial reporting for 2007-08: 1st Quarter ending 30th June, 2007 2nd Quarter ending 30th September, 2007 3rd Quarter ending 31st December, 2007 4th Quarter ending 31st March, 2008	End of July, 2007 End of October, 2007 End of January, 2008 End of June, 2008
Date of Book Closure	24th September to 29th September 2007 [both days inclusive]
Listing on Stock Exchanges	1. Bombay Stock Exchange, Mumbai 2. The National Stock Exchange, Mumbai 3. M.P. Stock Exchange Ltd (The listing of Shares has been Suspended by Mumbai & National Stock Exchange)
Stock Code -Physical ISIN Number of NSDL & CDSL	Bombay Stock Exchange 524396 <b>INE829A01014</b>
Market Price Date: High, Low during each month in last financial year	Not Available due to suspension of trading by National Stock Exchange and Bombay 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: <b>Ankit Consultancy Private Ltd.</b> 4A, Geeta Bhavan Chouraha, Indore Ph: 0731-2491298 . International securities & Identification Number is <b>INE829A01014</b>
Dematerialization of shares and liquidity	42.73% of the paid-up capital has been dematerialized as on 31.03.2007. 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 M.P. PH- 0731-3042298, 2491298.