

**23rd Annual Report  
2007 - 2008**

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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 23rd Annual General Meeting of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LTD.** will be held on Tuesday, the 30th September, 2008 At 2.00 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, 2008 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 Smt. Shaila Jain, who retires by rotation and being eligible offer herself for reappointment.
3. To appoint Director in place of Shri Romil Shah Shah, who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

#### **SPECIAL BUSINESS :**

5. **To consider and if, thought fit, to pass with or without modificatin(s) the following resolution as special resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, and in terms of Schedule XIII of the Companies Act, 1956 as amended upto date , Shri Ramesh Shah, be and is hereby re-appointed as Managing Director of the Company for a period of further 5 years with effect from 1st October, 2008 to 30th September, 2013 on the following terms, conditions, salary and perquisites:

- a. **Salary :** Rs.25,000/- (Rupees Twenty Five Thousand only) per month.
- b. **Commission:** A commission based on the net profit of the company as may be determined by the Board, subject to overall ceiling laid down in section 198 and 309 of the Companies Act, 1956 and provided, however, the commission will be paid on pro-rata basis in the event of earlier cessation or termination of appointment.
- c. **Perquisites:** In addition to the above salary Shri Ramesh Shah , Managing Director shall also be entitled to the perquisites (evaluated as per Income Tax Rule wherever applicable and at actual cost to the Company in other cases) like benefits of furnished accommodation/House Rent Allowance with gardener and security guard, gas, electricity, water and furnishings, chauffeur driven car and telephone at residence, medical reimbursement, personal accident insurance, leave and leave travel concession, club fees, provident fund, Superannuation fund, exgratia & gratuity in accordance with the scheme(s) and rule(s) applicable to the members of the staff or any modification(s) that may be made in any scheme/rule for the aforesaid benefits. However, perquisites shall be restricted to an amount 25% of annual salary."

**"RESOLVED FURTHER that where in any financial year the Company has no profits during the term of office of Mr. Ramesh shah in that case no remuneration shall be paid to Mr. Ramesh Shah. "**

**"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to vary, alter, increase or enhance / change from time to time, the terms and conditions of appointment and remuneration of Mr. Ramesh Shah subject to the limit laid down under the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if any, being obtained"**

**"RESOLVED FURTHER THAT for this purpose of giving effect to this resolution, the board of directors be and is hereby authorized to do all such acts, deeds, matters and things as may in their absolute discretion deem necessary, expedient, usual and proper."**

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

Place : Indore  
Date : 25/08/2008

#### **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 Tuesday, 23rd September 2008 to Tuesday 30th September 2008 (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. 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.
7. In all correspondence with the Company, members are requested to quote their Account/Folio numbers and in case their shares are held in dematerialised form, they must quote their client ID number and their DP ID number.
8. The Company has designated an exclusive email ID biofil@sancharnet.in which would enable the members to post their grievances and monitor its redressed. Any member having any grievance may post the same to the said Email address for its quick redressal.
9. 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.
10. Pursuant to Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form Shareholders desirous of making nominations are requested to fill and send form 2B (Copy of which will be made available on request).

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

Name & Designation of Appointee	Age	Qualification	Expertise/ Experience	Date of Appointment / Reappointment	Directorship in other company
Smt. Shaila Jain	41	B. Sc	Technical	31/01/2003	Nil
Mr. Romil shah	23	B.E.	Marketing	30/07/2005	Nil
Mr. Ramesh Shah	72	B. Pharma	Pharmaceuticals and technical	04/01/1985	one

#### Explanatory Statement

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

Shri Ramesh Shah is associated with Company since from incorporation and he is founder of the company. Shri Ramesh Shah who in addition to being a B-Pharma has rich and diversified experience specially in Pharmaceuticals line. Further to comply the requirement of section 269 of Companies Act 1956 and looking in to his wide experience and contribution made by him, it is proposed to re-appoint as Managing Director of the Company for the period from 1st October, 2008 to 30th September, 2013 on remuneration as mentioned in said resolution. Further in case of no profit no remuneration will be paid to Mr. Ramesh Shah.

Except proposed appointee and Mr. Romil Shah no other Director is concerned or interested in the proposed resolution. The contents of resolution along with explanatory statement and details contains therein shall be deemed to be abstract of the terms and conditions of re-appointment of Mr. Ramesh Shah under section 302 of the Companies Act, 1956 and memorandum of interest in that behalf.

By Order of the Board.

For Biofil Chemicals & Pharmaceuticals Ltd.

Sd/-

(Ramesh Shah)

Managing Director

Place : Indore  
Date : 25/08/2008



## DIRECTOR'S REPORT

Dear Members,

Your Directors hereby present the 23rd Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2008.

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

	Year ended 31/3/2008	Rs. In Lacs Year ended 31/03/2007
Total Income	87.85	197.56
Total Expenditure	144.13	279.97
Profit before depreciation	-56.30	-82.41
Depreciation	10.19	10.18
Profit/Loss before tax	-66.49	-92.60
Provision for tax MAT	-	-
Provision for F.B.T	0.25	0.25
Profit/Loss after tax	-66.75	-92.85

During the year company could achieve total income of Rs. 87.84 Lacs in comparison to previous year's total income of Rs. 197.56 lacs. Due to shortage of working capital limit and financial interest burden your company could not achieve expected target. Further with the approval of members Board has decided to sale the unit situated at Sanwer Road, Indore . your directors are still hopeful and making efforts to induct new business partner to enhance the turnover and profitability of the company.

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

### **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 Smt. Shaila Jain & Mr. Romil Shah, are Directors of the company retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment and further Board has proposed to reappoint Mr. Ramesh Shah as managing Director in ensuing annual general meeting.

### **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, 2008 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 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 2008.

**I. 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.

**II. 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

**III. 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. Board of directors of the company hopeful that trading would be start shortly at Bombay stock Exchange Mumbai as company has complied the all requirement of listing agreement .

**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

Place : Indore  
Date : 30/06/2008

Ramesh Shah  
Managing Director

Romil Shah  
Director



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY SCENARIO AND INDIAN PHARMACEUTICAL INDUSTRY**

Your Company is engaged in the business of Pharmaceuticals, Bulk Drug & Formulation. The pharmaceutical industry saw a decline in its overall growth in FY 08, which has been attributed to fewer drugs going off patent in 2008, uncertainties over regulatory policies in various markets, such as Germany, and increasing competition and pricing pressure in the US market. The rupee appreciation during this period also adversely affected the market scenario.

However, after a period of full, growth in the pharmaceuticals sector seems set to accelerate once again from the financial year ending 2008. opening of the global generics market and newer growth opportunities, such as contract Research and manufacturing services (CRAMS) which are expected to augur well for the industry.

Currently valued at USD 6 bn and growing at over 13% annually, Indian pharmaceutical companies now supply almost all the country's demand for formulations and nearly 70% of demand for bulk drugs.

According to a McKinsey study, the Indian pharmaceutical industry is projected to grow to USD 25 bn by 2010, whereas the domestic market is likely to more than triple to USD 20 bn by 2015, from the current USD 6 bn, to emerge as one of the leading pharmaceutical markets in the next decade. Diversification into various markets, along with contract research and clinical trials are helping Indian companies to explore new avenues in the industry.

### **OUTLOOK**

Your company remains optimistic about the bright future lying ahead for the company. it will endeavor to grow its leadership by building on its strengths for competitive advantage.

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**

Pressure on margins, high raw material prices, availability rise of substitutes, indiscriminate imports, foreign exchange fluctuations, higher overheads are some factors which could impact adversely.

### **INTERNAL CONTROL AND ADEQUACY**

The company has evolved suitable system of internal controls to ensure that assets are safeguarded; transactions are authorized, recorded and correctly reported. The internal

Control system is supported by management reviews. Planned periodic reviews are carried out for identifications of control deficiencies, bridging gaps with best practices and formulation of time bound action plans to minimize risk.

### **DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS.**

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

### **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 2007-08 the Board met 9 (NINE) times on the following dates, namely:

30/06/2007	31/07/2007	20/08/2007	31/10/2007	05/12/2007	20/12/2007
03/01/2008	28/01/2008	31/01/2008			

The last Annual General meeting was held on 29th Sept. 2007

Name of Directors	Category	No. Of Board Meeting Attended	Other Directorship		Othetr Committee Position	
			Chairman	Member	Chairman	Member
Shri Ramesh Shah	MD	9	---	2	---	---
Ms. Shaila Jain	ID	4	---	---	-	3
Shri Navneet Bagree	ID	4	---	1	-	3
Shri Romil Shah	NED	9	---	---	-	--
Shri Ramesh C. Shah	ID	6	-	-	3	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 committee's 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 which is detrimental to the interest of the company for year ended 31st March, 2008.

#### 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 constituted 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 2008. 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

30/06/2007	31/07/2007	31/10/2008	31/01/2008
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#### 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.