

**24th
Annual Report
2008 - 2009**

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BIOFIL
Health for All

BIOFIL CHEMICALS & PHARMACEUTICALS LIMITED

Board of Directors :

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.)
 E-mail : ankit4231@yahoo.com

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**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the **24th Annual General Meeting** of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LTD.** will be held on Wednesday, the 30th September, 2009 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, 2009 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 Auditors of the Company and to fix their remuneration.

AS SPECIAL BUSINESS :

4. To, consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"**RESOLVED THAT** Consent of the Company be and is hereby accorded to the Board of Directors of the Company for appointment of Mr. Ketan Shah as an executive in the Company at a remuneration not exceeding the maximum permissible limits prescribed under the provisions of section 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 with effect from 1st October, 2008.

"**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution. "

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

(Ramesh Shah)
Managing Director

Place : Indore
Date : 25/08/2009

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, the proxy form must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The relative Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
3. Register of the members and share transfer book of the company will remain closed from Friday 25th September, 2009 to Wednesday 30th September, 2009 (both days inclusive) in terms of section 154 of the Companies Act, 1956.
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 detail 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 dematerialized 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. 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
Mr. Navneet Bagree	32	B. Com	Sales Marketing	31/01/2003	One

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

Place : Indore
Date : 25/08/2009

Explanatory Statement

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

ITEM NO. 4

The Board of Directors of the Company has appointed Mr. Ketan Shah as an executive in the Company, who shall be part of the management team of the Company. He would be paid a remuneration in accordance with provisions of Section 314 (1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 with effect from October, 1st, 2008."

Mr. Ketan Shah is a Graduate in B.SC and approved manufacturing chemist and having 25 years experience in pharmaceutical business particularly manufacturing activities. He contributes in the operational and production activities. He is associated with the company since incorporation and he is paying full time attention in production activities. Mr. Ketan Shah is son of Shri Ramesh Shah, Managing Director of the Company. In accordance with the provisions of the Companies Act, 1956 the consent of the Company is required to be accorded by a special resolution for holding any office or place of profit by relative of Director of the Company carrying a total monthly remuneration of not less than Rs. 10,000/- per month upto a maximum limit of Rs. 50,000/- per month.

The Board of Directors accordingly recommend the resolution set out at Item No. 4 of the accompanying notice for the approval of the members.

Shri Ramesh Shah, Managing Director, and Shri Romil Shah, Director of the Company, are concerned or interested in this resolution.

None of the other Directors of the Company is, in any way, concerned or interested in this resolution.

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

Sd/-

(Ramesh Shah)
Managing Director

Place : Indore
Date : 25/08/2009

DIRECTOR'S REPORT

Dear Members,

Your Directors hereby present the 24th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL PERFORMANCE & BUSINESS REVIEW :

	Year ended 31/3/2009	Rs. In Lacs Year ended 31/03/2008
Total Income	154.01	87.84
Total Expenditure	137.85	112.64
Operational Profit and loss before Depreciation	16.16	(24.80)
Depreciation	10.86	10.19
Written of Preliminary Expenses	31.50	31.50
Profit/Loss before tax	(26.20)	(66.49)
Provision for MAT tax / Provision for F.B.T	-0.12	-0.25
Profit/Loss after tax	(26.32)	(66.74)

During the year under review your Company has achieved turnover of Rs. 135.30 Lacs and registered 54.13% growth in comparison to previous financial year RS 87.78 Lacs. Further during the year inspite of operational profit, Company has incurred net loss of Rs 26.20 Lacs in comparison to previous year's net loss of Rs 66.49 Lacs which was mainly due to written off preliminary expenses and Depreciation.

Further after due approval of the members, the company has sold its partial unit situated at Sanwer Road, Indore and out of this proceed Company has paid its liabilities and now assets of the Company is free from all encumbrances except outstanding lease rent of MPAKVN and unsecured loan.

Further, the Company is proposed to enter into agreement with Hindustan Life Care Limited (Formerly Hindustan Latex Ltd) for lease of plant situated at Sanwer Road, Indore. Directors are hopeful that after completion of this contract company would be able to increase its turnover and profitability.

DIVIDEND

Due to non-availability of profit, 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. Navneet Bagree, Director of the company retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer himself 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, 2009 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 2009.

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, 1956 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

Members are pleased to inform that after completion of all compliance Bombay Stock Exchange has revoked the suspension of trading in shares of the company, now equity shares of the company is freely tradable at Bombay stock Exchange, Mumbai.

DEPOSITORY SYSTEM

Your Company's shares are tradable compulsory in electronic form and your Company has 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 the facility of Dematerialization of the Company's shares on either of Depositories as aforesaid.

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 customers, 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.

Place : Indore
Date : 30/06/2009

for and on behalf of the Board

Ramesh Shah
Managing Director

Romil Shah
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY SCENARIO AND INDIAN PHARMACEUTICAL INDUSTRY

Your Company is carrying on its business activity as a Pharmaceuticals, Bulk Drug & Formulation industry. The global pharmaceutical market is forecasted to grow to US\$ 842 billion in 2010. The Indian Pharmaceutical Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. India is the world's fourth largest producer of pharmaceuticals by volume, accounting for around 8% of global production.

The exports constitute almost 40% of the total production of pharmaceuticals in India. India's pharmaceutical exports are to the tune of \$3.5bn currently, of which formulations contribute nearly 55% and the rest 45% comes from bulk drugs.

The pharmaceutical industry saw a decline in its overall growth in Financial year 2008-09 result of fewer new drug launches, generic competition and deepening global economic crises.

India is emerging as a competitive outsourcing hub and is playing a major role in the global pharmaceuticals industry in manufacturing Active Pharmaceuticals Ingredients and intermediates for drug makers. Generic drugs produced in India are increasingly being accepted worldwide.

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.

India's pharmaceutical industry is one of the fastest growing sectors in Indian economy. The Indian pharmaceutical industry is ready to become globally competitive.

Thus, in the coming days, Biofil is expected to play a significant role in Indian pharma industry and could contribute towards the enhancement of productivity as well as growth of the industry as Company is proposed to enter into agreement with Hindustan Life Care Limited (Formerly Hindustan Latex Ltd) for lease of plant situated at Sanwer Road, Indore.

BUSINESS STRATEGY.

Your company had always endeavored to optimize shareholder value but due to various factors, the company could not able to sustain its profitable working. Now in the opinion of Directors that turnover and profitability would be increased subject to confirmation of proposed contract with Hindustan Life Care Limited (Formerly Hindustan Latex Ltd).

RISK CONCERN

Company has identified various business risks and has laid down the procedure for mitigation of the same. The risk management and mitigation system are reviewed by the directors of the company time to time.

Dual policies of government to promote the SEZ and exemption of excise duty, 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 OPERATION.

The review of financial performance is 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 2008-09 the Board met 8 (eight) times on the following dates, namely:

30/05/2008	30/06/2008	31/07/2008	25/08/2008
04/10/2008	31/10/2008	31/01/2009	31/03/2009

The last Annual General meeting was held on 30th Sept. 2008

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	4	---	---	---	3
Shri Navneet Bagree	ID	4	---	1	---	3
Shri Romil Shah	NED	8	---	---	---	---
Shri Ramesh C. Shah	ID	4	---	---	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, 2009.

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 2009. 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 Meetings were held on during the Financial Year 2008-2009.

30/06/2008	31/07/2008	31/10/2008	31/01/2009
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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 of Association, 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 and only one meeting was held during the financial year. Further no remuneration was paid to any Director during the financial year.

5. SHAREHOLDER'S/ INVESTOR'S GRIEVANCE COMMITTEE

The Committee comprises of Shri Ramesh Chimanlal Shah, Shri Navneet Bagree and Ms. Shaila Jain. This committee is vested with the requisite powers and authorities to specifically look into shareholder and investor grievances. During the year under review five complaints were received from shareholders and the same were resolved to the satisfaction of the shareholders and there were no complaints pending unresolved as at the end of the year. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of