

*25th  
Annual Report  
2009 - 2010*



**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 **25th Annual General Meeting** of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LTD.** will be held on **Tuesday 28th September, 2010** 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, 2010 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 Chimanlal Shah, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

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

Place : Indore  
Date : 31/07/2010

**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. Register of the members and share transfer book of the company will remain closed from Friday 24th September, 2010 to Tuesday, 28th September, 2010 (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 detail of the concerned directors is attached hereto.
6. 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.
7. 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.
8. 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).

**ADDITIONAL INFORMATION FOR RE-APPOINTMENT OF DIRECTORS.**

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.

**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 Chimanlal Shah	74	Graduate	Technical	29/04/2006	Nil

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

Place : Indore  
Date : 31/07/2010

## DIRECTOR'S REPORT

Dear Members,

Your Directors hereby present the 25th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2010.

### **FINANCIAL PERFORMANCE**

Rs. In Lacs

	<b>Year ended 31/03/2010</b>	<b>Year ended 31/03/2009</b>
Total Income	314.92	154.01
Total Expenditure	218.20	137.85
<b>Operation Profit and loss before Depreciation</b>	<b>96.72</b>	<b>16.16</b>
Depreciation	10.73	10.86
Written of Preliminary Expenses	31.50	31.50
<b>Profit/Loss before tax</b>	<b>54.48</b>	<b>(26.20)</b>
Provision for tax MAT	-	-
Provision for F.B.T	-	0.12
<b>Profit/Loss after tax</b>	<b>54.48</b>	<b>(26.32)</b>

The year under review your company performed better than previous year. Even during the sluggish market condition your company was able to achieve total income of Rs. 314.92 Lacs in comparison to previous year's total income of Rs. 154.01 Lacs and this time company earned net profit of Rs. 54.48 lacs in comparison to previous year's net loss of Rs. 26.30 lacs.

### **BUSINESS REVIEW**

In order to enhance shareholder value and to sustain profitable working, Board of Directors of the Company has entered into Tri party agreement with HLL Lifecare Limited (Formerly Hindustan Latex Ltd) an undertaking of Government of India and with Cyano Pharma Limited. As per the agreed terms Company has provided manufacturing facility to HLL Lifecare Limited for manufacturing of Iron and Folic Acid Tablets ( IFA) and other Pharmaceuticals products as required by HLL. IFA Tablets have huge demand in domestic market. Tie up with such a renowned business group will definitely benefit the Company. Being a Government of INDIA concern HLL gets priority in State and Central Government Pharmaceuticals Business.

Board of Directors have also decided to start the Plastic Division for Manufacturing of Sprinkler Jets required for Irrigation purposes, this tool basically saves water requirement. For the manufacturing of Sprinkler Jets Board of Director of your company have placed advance order of Machineries and Dies. Directors are hopeful that in forthcoming fiscal year there will be substantiality growth in the company's turnover and the company will be able to achieve its long term business objectives.

### **DIVIDEND**

In order to set off previous year losses and inadequate profit, your directors 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 Shri Ramesh Chimanlal Shah, 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:

- i) that in the preparation of the annual accounts for financial year ended 31st March, 2010 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 2010.

##### **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:**

Foreign Exchange Earnings and Outgo	:	Rs. Nil
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.

#### **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 of 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 specially HLL, 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 : 31/05/2010

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 pharmaceuticals, Bulk Drug & Formulation industry. The pharmaceuticals space in India has witnessed action, transaction and growth in the past few years. The industry has achieved a growth of over 25% in the last year; but it is yet to achieve its optimal. During the year pharmaceuticals grew 24.6% in aggregate terms to Rs. 20.0 billion against Rs 16.0 billion for FY 2008-09. The Indian pharmaceutical industry has grown from a humble Rs 1,500 crore turnover in 1980 to approximately Rs 1,00,611 crore in 2009-10, the Pre-Budget survey said. Indian Pharmaceutical market has become increasingly attractive for the large multinational pharmaceuticals companies as they aggressively pursue growth opportunities in the emerging markets. The pharmaceutical industry is still on its growth path, the key drivers being market expansion and development and innovation. Although to ensure the continual double digit growth, more government attention than what came forth in this Budget is warranted.

On the other hand if we talk about global pharmaceutical market than we will find that in global market pharmaceutical sales are expected to reach \$1.1 trillion in 2014 as growth in emerging markets helps offset the impact of generic competition for many of the world's top selling drugs, according to a forecast by IMS Health.

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

**OUTLOOK**

The Indian Pharmaceutical industry showing its presence globally and has become the third largest in world in terms of volume and ranks 14th in terms of value at over Rs one lakh crore, as per economic survey. The 5 per cent to 8 per cent compound annual growth rate for prescription drugs expected over the next five years translates into sales growth of nearly \$300 billion as IMS said, and that would considered good company prospects. Your company remains optimistic about the bright future lying ahead for the company.

Although, Pharmaceutical industry has still not reached the inflexion point where it can challenge big MNCs. Meanwhile, through greater interaction, MNCs have become aware of the strengths of the Indian pharma industry: low-cost manufacturing, large domestic market and quality personnel. Our huge and potential domestic market, and the global opportunity, provide a potent reason to strengthen our industry.

The industry needs support - to invest in R&D, in scale; to mitigate the risks of global business; as also contribute to better access of medicine in India.

**BUSINESS STRATEGY.**

In order to enhance shareholder value and to sustain profitable working, Board of Directors of the Company has entered into Tri party agreement with HLL Lifecare Limited (Formerly Hindustan Latex Ltd) an undertaking of Government of India and with Cyano Pharma Limited. As per the agreed terms Company has provided manufacturing facility to HLL Lifecare Limited for manufacturing of Iron and Folic Acid Tablets ( IFA) and other Pharmaceuticals products as required by HLL. IFA Tablets have huge demand in domestic market. Tie up with such a renowned business group will definitely benefit the Company. Being a Government of INDIA concern HLL gets priority in State and Central Government Pharmaceuticals Business. As per terms of agreement Biofil Shall get profit on turnover of HLL Indore Plant. Expected Turnover for 1st year shall be around Rs. 8 to 10 Crores.

Your Company has also decided to start the Plastic Division for Manufacturing of Sprinkler Jets required for Irrigation purposes, this tool basically saves water requirement. Revenue expected from this project shall be around Rs.1,5 Crore. For the manufacturing of Sprinkler Jets Board of Director of your company have placed advance order of Machineries and Dies.

**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.

A spate of acquisitions of Indian pharma companies by large multinationals over the last few years has again raised the fears that the local industry will be reduced to mere sub- agents of pharma majors That slightly alarmist view is only partly true. Unlike big Indian auto and IT companies, pharma industry has still not reached the inflexion point where it can challenge big MNCs.

**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.**

There has been no material adverse development on the Human Resources/ Industrial Relation front during the year. Employee relation at all level continues to remain cordial

**FINANCIAL OPERATION.**

The review of financial performance is mentioned in 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 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 2009-2010 the Board met 10 (Ten) times on the following dates, namely:

30/04/2009	30/06/2009	31/07/2009	10/08/2009	25/08/2009
31/10/2009	30/11/2009	30/01/2010	20/03/2010	31/03/2010

The last Annual General Meeting was held on 30th Sept. 2009.

Name of Directors	Category	No. Of Board Meeting Attended	Other Directorship		Othetr Committee Position	
			Chairman	Member	Chairman	Member
Shri Ramesh Shah	MD	10	---	2	---	---
Ms. Shaila Jain	ID	4	---	---	--	3
Shri Navneet Bagree	ID	4	---	1	---	3
Shri Romil Shah	NED	10	---	---	---	---
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, 2010.

**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 2010. The reconstituted 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

30/06/2009	31/07/2009	31/10/2009	30/01/2010
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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 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 eight (8) 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 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 2006-2007	29.09.2007	3.00 P.M.	Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore - 452015 (M.P.)
Annual General Meeting 2007-2008	30.09.2008	2.00 P.M.	Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore 452015(M.P.)
Annual General Meeting 2008-2009	30.09.2009	3.00 P.M.	Registered Office of Company at 11/12, Sector "E" Sanwer Road, Indore 452015 (M.P.)

**No resolutions were passed by postal ballot in the year under review.**

AGM : Date, Time and Venue	28th September 2010 at 2.00 P.M. at 11/2, Sector "E" Sanwer Road, Indore 452015 (M.P.)
Financial reporting for 2010-11: 1st Quarter ending 30th June, 2010 2nd Quarter ending 30th September, 2010 3rd Quarter ending 31st December, 2010 4th Quarter ending 31st March, 2011	Before 15th August, 2010 Before 15th November, 2010 Before 15th February , 2011 End of May, 2011
Date of Book Closure	24th September to 28th September 2010 [Both days inclusive]
Listing on Stock Exchanges	1. The Bombay Stock Exchange, Mumbai 2. The National Stock Exchange, Mumbai 3. M.P. Stock Exchange Ltd. (The listing of Shares has been Suspended on National Stock Exchange & delisting application pending with M.P. Stock Exchange Ltd.)
Stock Code -Physical	Bombay Stock Exchange 524396 National Stock Exchange: BIOFILCHEM
ISIN Number of NSDL & CDSL	<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. <b>Market Data at BSE in Annexure B available From</b>
Share Transfer System	All the transfer received are processed by the Registrar and share transfer Agent
Share holding Pattern as on 31.03.2010	As per Annexure A
Dividend Payment for Financial year 2009-10	Nil
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	Not issued