

27th
Annual Report
2011 - 2012



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
 Mrs. Shaila Jain, Director

Bankers :

State Bank of India,
 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.)
 E-mail : biofil@sancharnet.in
 Website : www.biofilgroup.com

Share Transfer Agent

Ankit Consultancy Private Limited
 Plot No. 60, Pardeshipura,
 Electronic Complex,
 Indore-452010 (M.P.)
 Phone: 0731-3198601-602
 Fax: 0731-4065798
 Email ID: ankit_4321@yahoo.com

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NOTICE OF 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the **27th Annual General Meeting** of the members of **BIOFIL CHEMICALS AND PHARMACEUTICALS LTD.** will be held on **Friday 28th September, 2012 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, 2012 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.

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

Sd/-

(Ramesh Shah)
Managing Director

Place : Indore
Date : 13/08/2012

NOTES :

- **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.**
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Corporate Members are requested to forward a Certified Copy of Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- Register of the members and share transfer books of the company will remain closed from Monday, the 24th Day of September, 2012 to Friday, 28th Day of September, 2012 (both days inclusive) in terms of section 154 of the Companies Act, 1956.
- Details under clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking re-appointment at the Annual General Meeting is given in corporate governance report forming part of this annual report.
- Members are requested to send their queries, if any at least 7 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.
- The Company has designated an exclusive email ID biofil@sancharnet.in, which would enable the members to post their grievances and monitor its redressal. Any member having any grievance may post the same to the said Email address for its quick redressal.
- Members are requested to contact the Registrar and Share Transfer Agent for all matter connected with Company's shares at Ankit Consultancy Private Limited, 60 Pardeshipura, Electronic Complex, Indore -452010 M.P.
- SEBI have made it mandatory for every participant in the securities/ capital market to furnish the detail of Income Tax Permanent Account Number (PAN). Accordingly, all shareholders holding shares in the physical form are requested to submit details of PAN along with a photocopy of both the sides of the PAN Card, duly attested, to the Registrar and Share Transfer Agent.
- 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).
- 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.
- Members who wish to dematerialize the shares or seek any information regarding transfer of shares are requested to contact the Company Registrar and Share Transfer Agent.
- The Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies and has issued Circular No. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. The Company proposes to send the documents to its Members like notices, annual report, etc. in electronic form. Members are requested to provide their email ID to the depositories who are holding their shares in demat form and the members who are holding their shares in physical form may send the duly filed form to our Registrar Ankit Consultancy Private Limited, 60, Electronics Complex, Pardeshi Pura Indore-452010 M.P. for sending the document in electronic form. The form is enclosed with Annual Report.

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

(Ramesh Shah)
Managing Director

Place : Indore
Date : 13/08/2012

DIRECTOR'S REPORT

To

The members of

Biofil Chemicals and Pharmaceutical Limited

Your Directors have pleasure in presenting the 27th Annual Report of your company together with the Audited statements Accounts for the year ended on 31st March, 2012. The Financial Results of the company in the year under review are as under:

FINANCIAL AND OPERATIONAL PERFORMANCE

Rs. In Lacs

	Year ended 31/03/2012	Year ended 31/03/2011
Total Income	631.32	442.80
Total Expenditure	596.14	328.31
Profit before depreciation & Tax	35.18	114.49
Depreciation	19.08	15.34
Profit/Loss Before Tax	16.10	99.15
Provision for taxation		
• Income Tax	1.04	0.00
• Deferred Tax Assets/Liability`	0.00	0.00
Profit/Loss after tax	15.06	99.15
No. of Equity Shares	16273800	16273800
Earning per Share	0.09	0.61

During the financial year your company has achieved turnover of Rs. 631.32 Lacs in comparison to previous year's turnover of Rs. 442.80 Lac and net profit of the company is Rs. 15.06 lacs in comparison to previous net profit of Rs. 99.15 lacs which was mainly due to written-off of creditors. Board of the directors of the company are hopeful that plastic division will increase the turnover and profitability in forthcoming fiscal year.

REISSUE OF FORFEITED SHARES

The members are aware that during the financial year 2010-2011 Board of the directors have reissued the 5712500 forfeited equity shares to promoters and non promoters with the permission of the members. The company has made the application to stock exchanges but listing confirmation for above said shares are still pending with the stock exchanges.

DIVIDEND

Due to inadequate profit and accumulated losses, your directors not recommended any dividend for the year under review.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and as per Articles of Association of the Company Shri Navneet Bagree, retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer himself for re-appointment.

PUBLIC DEPOSITS

Your Company has not accepted any Public deposit within the meaning of section 58A of the Companies Act 1956, read with the Companies (Acceptance of Deposit) Rules, 1975

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, 2012; 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 profit 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:

M/s S. N. Gadiya & Co., auditors of the company, retires as the auditors at the ensuing Annual General Meeting and being eligible, offers them for reappointment.

AUDITORS REPORT

The Report of Auditors of the Company for the year under reference is self-explanatory and do not call for any comments from the Directors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules 1988, the Further 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	:	Rs. Nil
Total foreign exchange earned	:	Rs. Nil
Total foreign exchange used	:	Rs. Nil

COST AUDITORS

As per the requirements of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956 the audit of the Cost Accounting record maintained by the company for product covered under MCA cost Audit orders for the year 2012. The Company has appointed Shri. Vijay P. Joshi, Cost Auditor, Indore to audit the cost accounts for the year 2011-12 commencing from 1st April, 2011 to 31st March, 2012 for which approval from the Central Government is pending. The Cost Audit Report in respect of financial year 2011-12 will be filled on or before the due date .

PARTICULARS OF EMPLOYEES

The Company did not have any employee, during the year drawing remuneration attracting the provision of section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rule 1975. The company continued to have cordial and harmonious relations with employees. In totality our employees have shown a high degree of maturity and responsibility in responding to the changing environment, economic and the market condition.

CORPORATE GOVERNANCE

A separate section titled "Corporate Governance" including a certificate from the Auditors of the Company confirming compliance of the conditions of the Corporate Governance as stipulated under clause 49 of the Listing Agreement and also the Management Discussion and Analysis Report and CEO certification are annexed hereto and form part of the report.

AUDIT COMMITTEE

Under the provisions of Companies Act, 1956 and Listing Agreement with the Stock Exchanges a Audit Committee Comprises of Mr. Ramesh C. Shah, Mrs. Shaila Jain, and Mr. Navneet Bagree.

CODE OF CONDUCT

The Company has laid down a code of conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed compliance with the code of conduct.

DEPOSITORY SYSTEM

Your Company's shares are tradable compulsorily in electronic form and your Company has connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Service (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 the Depositories mentioned as aforesaid.

INSURANCE

The Company's assets are adequately insured against the loss of fire and other risk, as considered necessary by the Management from time to time .The Company has also taken insurance cover for any claims /losses arising out of its core business of security broking.

ACKNOWLEDGMENT:

Your director wish to place on record their appreciation for the contribution made by employees at all levels and only due to their hard work, solidarity and support company is on again growth path. Your directors also wish to thank the customers, dealers, agents, Suppliers, investors, banks and other stakeholders for their continued support and faith respond in the Company. We look forward to their continued support in the future.

For and on behalf of the Board

Place : Indore
Date : 29/05/2012

Ramesh Shah
Managing Director

Romil Shah
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO

The year under review was challenging on many fronts. Inflationary pressures continued unabated and the depreciation of Indian rupee added to input costs. Liquidity conditions were tight with persistent hardening of interest rates. From the economy perspective, the year saw a mixed scenario of growth. The Indian economy growth is estimated at 6.9% in 2011-2012 compared with 8.4% in the preceding two years on account of a weakening global economy, lower industrial growth and reforms slowdown. In India, the slowdown is likely to extend even as the World Bank has projected GDP growth at 7-7.5% in 2012-2013.

INDUSTRY SCENARIO AND INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharmaceutical industry has shown impressive growth over the last few years and has become one of the sunrise sectors of the Indian economy. The Indian Pharmaceutical Industry currently tops the chart amongst India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. The Indian Pharmaceutical Industry ranks very high amongst all third world countries, in terms of technology, quality and the vast range of medicines that are manufactured.

The pharmaceutical industry is core to the Indian economy, a battle ground of major global majors in the pharmaceutical sector. The industry is increasingly responding to the need to reduce various vulnerable diseases and enhance safety through vast development of life savings drugs and medicines. Its growth is being catalyzed by a significant gap between demand and supply. As a result, with increasing competition, consumer preference will become paramount and product differentiation is expected to play a major role in success.

OUTLOOK AND BUSINESS STRATEGY

The growth of Indian pharmaceutical market has considerably accelerated in the past few years; however it cannot be denied, the industry structure has also been changed. This is on the acquisitions, newer opportunities are being presented in the market.

Your company remains optimistic about the future lying ahead. It will endeavor to grow by building on its strengths for competitive advantage. The Domestic 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 market place. The generic segment has inherent risks of patent litigation, product liability, continuous development in R&D, capital investment, increasing regulations and compliance related issues, particularly in the developed markets.

Now days MSME pharma industries are facing problems because of various amendment under the drugs and cosmetic Act. But your company has always endeavored to optimize shareholder value but due to various factors, the Company has not been able to achieve the anticipated levels. However, in the opinion of Directors, after starting the plastic division turnover and profitability will be increasing sharply and accumulated losses will be wiped out.

INTERNAL CONTROL SYSTEMS:

Your Company has adequate Internal Control Procedures commensurate with its nature and size of business. Internal Controls and Checks are exercised by strict adherence to well-documented policies, guidelines, authorizations and approval procedures listed out in Manual on Delegation of Authority.

INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT:

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:

Statement made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax laws & other statutes

REPORT ON CORPORATE GOVERNANCE

A report of the financial year ended 31st march, 2012 on the compliance by the company with the corporate governance requirement under clause 49 of the Listing agreement, is furnished below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. Good corporate governance leads to long term shareholders value and enhances interest of all stakeholders. It brings into focus the fiduciary and trusteeship role of the Board of align and direct the actions of the organization towards creating wealth and shareholder value.

The company's essential character is shaped by the value of transparency, customer satisfaction, integrity, professionalism and accountability. The Company continuously endeavors to improve on these aspects. The Board views corporate governance in its widest sense. The main objective is to create and adhere to corporate culture of integrity and consciousness, transparency and openness. Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target. The Company's philosophy on corporate governance is guided by the company's philosophy of knowledge, action and care.

A. BOARD OF DIRECTORS

- (i) The Company's policy is to maintain an optimum combination of Executive and non Executive Independent directors. The Composition of your Company's Board, which comprises of five directors, is given in the table below and is in conformity with clause 49 of the listing agreement and with stock exchange.

As will be seen from the following table, none of the directors hold directorship in more than 15 public limited company, nor is any of them a member of more than ten committees of the prescribed nature or holds chairmanship of more than five such committee across all public limited companies in which they are directors. The Board does not have any nominee director representing any institution.

Name of Directors	Category	No. of Board Meeting Attended	Other Directorship		Othetr Committee Position		Whether attended last AGM held on 29.09.2011
			Chairman	Member	Chairman	Member	
Shri Mr. Ramesh Shah	MD	6	NIL	NIL	NIL	NIL	Yes
Mrs. Shaila Jain	ID	4	NIL	NIL	NIL	3	No
Mr. Navneet Bagree	ID	4	NIL	2	NIL	3	No
Mr. Romil Shah	NED	6	NIL	NIL	NIL	NIL	Yes
Mr.Ramesh Chimanlal Shah	ID	4	NIL	NIL	3	3	No

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

Note : This includes directorship in public limited companies and subsidiary of public limited companies and excludes directorship in private Limited companies, overseas companies, companies under section 25 of the Companies Act, 1956 and alternate directorship.

During the year 2011-12 the Board met 6 (six) times on the following dates, namely:

30/05/2011	10/08/2011	10/10/2011	11/11/2011	30/01/2012	13/02/2012
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ii) Inter-se relationship among directors

Mr. Romil Shah is Brother's son of Shri Ramesh Shah.

iii) Role of Independent Director

Independent Directors play a key role in the decision making process of the Board and in shaping various strategic initiatives of the Company. The Independent directors are committed to act in what they believe to be in the best interest of the Company and its stakeholders. The independent Directors are professionals, with expertise and experience in general corporate management, public policy, finance, financial services and other allied fields. The Company benefits immensely from their inputs in achieving its strategic direction.

iv) Shareholding of Non-executive Director

The Number of equity shares held by Non-Executive Directors as on 31.03.2012 were as under:

Name of the Director	No. of Shares
Mrs. Shaila Jain	Nil
Mr. Navneet Bagree	Nil
Mr. Ramesh Chimanlal Shah	Nil

v) Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting as per Clause 49(1) (A) of the Listing Agreement.

Name	Mr. Navneet Bagree
Date of Birth	30/05/1977
Date of Appointment	31/01/2003
Qualification	B.Com.
Expertise in specific functional area	Sales and Marketing activities
Directorship held in other Companies	Bagree Fincom Private Limited Bagree Alloys Limited Mittal Appliances Limited Kanishka N.K. Holdings Private Limited
Number of shares held in the Company	NIL
Relationship	There is no relationship with any other director of the Company.

Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefs the Board at every meeting on the overall Company performance and compliance of the company wherever applicable.

B. COMMITTEES OF THE BOARD

(i) Audit Committee (Mandatory Committee)

The Company has constituted a qualified and independent Audit committee under section 292A of the Companies Act, 1956 read with clause 49 of the listing agreement. All the members of the committee, including committee chairman are independent director. All the members of the committee are financial literate.

(i) Meeting and Composition

The Composition of Audit Committee as on 31.03.2012 and attendance record of the members at the meetings held during the year was as under:

Name of the Member	Category	Status	No. of Meetings Attended	
			Held during tenure	Attended
Mr. Ramesh Chimanlal Shah	Non executive Independent Director	Chairman	4	4
Mrs. Shaila Jain	Non executive Independent Director	Member	4	4
Mr. Navneet Bagree	Non executive Independent Director	Member	4	4

During the year the committee met on four occasions during the year on following dates namely:

30/05/2011	10/08/2011	11/11/2011	13/02/2012
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As mandated by clause 49 of the Listing agreement

1. The representative of statutory auditor of the company are also invited in the audit committee meetings.
2. The gap between two audit committee meetings was not more than four months.

Terms of reference of the Audit Committee

The terms of reference of Audit Committee are as under:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval of payment of any other services:
- Reviewing with management, the annual financial statement before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors responsibility statement to be included in the boards report as per Section 217(2AA) of the Companies Act, 1956.
 - b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings.
 - c. Compliance with listing and other legal requirements relating to financial statements.
 - d. Disclosure of any related party transactions.
 - e. Qualifications in the draft audit report if any.
- Discussing with external auditors before the audit commences on the nature and scope of audit, as well as

having post-audit discussion to ascertain any area of concern,

- Reviewing the management discussion and analysis of the financial conditions and results of operations.
- Reviewing with the management and the statutory auditors anticipated changes in the Accounting Standards.
- Reviewing the Company's financial and risk management policies;
- Undertake such other functions as may be entrusted to it by the Board from time to time.

(II) Shareholder / Investors Grievance Committee

Pursuant to clause 49 of the listing agreement, the Company has constituted a Board Committee designated as shareholder's/investor's Grievance Committee under the Chairmanship of Non Executive independent director to specifically look in the redressal of shareholder's/investor's complaints like transfer of shares, non receipt of balance sheet, and other ancillary matters. Mr. Ramesh Shah is the compliance Officer of the company.

(i) Meeting and Composition

The Composition of Committee as on 31.03.2012 and attendance record of the members at the meetings held during the year was as under:

Name of the Member	Category	Status	No. of Meetings Attended	
			Held during tenure	Attended
Mr. Ramesh Chimanlal Shah	Non executive Independent Director	Chairman	1	1
Mrs. Shaila Jain	Non executive Independent Director	Member	1	1
Mr. Navneet Bagree	Non executive Independent Director	Member	1	1

met one time during the year under review.

- (ii) During the year under review 4 (Four) complaints were received from shareholders and the same were resolved to the satisfaction of the shareholder and there were no complaints pending unresolved as at the end of the year.
- (iii) Share transfer in physical form are registered by the Registrar and returned to respective Transferee / person within a period ranging from one to two weeks provided the documents lodged with Registrar /Company are clear in all respects.

(III) Remuneration Committee (Non mandatory Committee)

The Company has constituted a remuneration committee under Schedule XIII to the Companies Act, 1956 read with clause 49 of the listing agreement. All the members of the committee are Non Executive independent directors.

a) Terms of reference

The terms of reference of remuneration committee is to deal with, decide and recommended to the Board of the Directors on all matters relating to appointment and remuneration to managing director and whole time director.

b) Meeting and Composition

The composition of committee as on 31.3.2012 and attendance record of the members at the meeting held during the year are as under:

Name of the Member	Category	Status	No. of Meetings Attended	
			Held during tenure	Attended
Mr. Ramesh Chimanlal Shah	Non executive Independent Director	Chairman	1	1
Mrs. Shaila Jain	Non executive Independent Director	Member	1	1
Mr. Navneet Bagree	Non executive Independent Director	Member	1	1

c) Remuneration of directors

- No Remuneration paid to any director during the year 2011-2012
- No sitting Fees was paid to any Director of the Company during the financial year
- The company does not have any service contract with any of its directors.
- The company has not granted any stock option to any of its director/employees.
- During the year the committee met on one occasions during the year.
- Composition of the committee and attendance of the members are as follows:

MANAGEMENT

A. The Management discussion and analysis report

The Annual Report has a detailed chapter on Management Discussion and Analysis.

B. Disclosure by Management to the Board

All details relating to the financial and commercial transactions where directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.